



Joint Stock Company  
“mogo”

Corporate Governance Report for 2020

Riga, 2021

## INTRODUCTION

The Corporate Governance Report of JSC „mogo” (henceforth – “mogo”) for the year 2020 is prepared based on “The Principles of Corporate Governance and Recommendations on their Implementations” issued by „NASDAQ OMX Riga” in the year 2010.

The Report is prepared by the board of “mogo” and reviewed by the council.

The Principles of Corporate Governance are maximum suitable for business operations of “mogo” and most of them were complied in 2020.

This Report is published on the “NASDAQ OMX Riga”.

Riga, April 21, 2021

Krisjanis Znotins, Chairman of the board

Aivis Lonskis, Member of the Board

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND  
IT HAS A TIME-STAMP

# PRINCIPLES OF GOOD CORPORATE GOVERNANCE

## INTERNAL CONTROL AND RISK MANAGEMENT

The purpose of internal control and risk management is to ensure efficient and successful work of the Issuer, the truthfulness of the information disclosed and conformity thereof to the relevant regulatory acts and business principles. Internal control helps the board to identify the shortcomings and risks in the management of the Issuer as well as facilitates that the council's task - to supervise the work of the board - is fulfilled efficiently.

### **1. Principles of the Issuer's internal and external control**

**To ensure successful work of the Issuer, it shall be necessary to plan regular its controls and to determine the procedure of internal and external (audit) control.**

1.1 To ensure successful operation, the Issuer shall control its work on a regular basis and define the procedure of internal control.

**“mogo” applies this principle.**

1.2 The objective of risk management is to ensure that the risks connected with the commercial activity of the Issuer are identified and supervised. To ensure an efficient risk management, it shall be necessary to define the basic principles of risk management. It is recommended to characterize the most essential potential and existing risks in relation to the business of the Issuer.

**“mogo” applies this principle.**

1.3 Auditors shall be granted access to the information required for the fulfillment of the auditor's tasks and the possibility to attend council and board meetings at which financial and other matters are dealt with.

**“mogo” applies this principle partly. Auditors did not participate in any of the council and board meetings, however, they are granted access to the information required for the fulfillment of their tasks including council and board meeting minutes. In addition they are able to inquire and receive comments from the Issuers council and board members.**

1.4 Auditors shall be independent in their work and their task shall be to provide the Issuer with independent and objective auditing and consultation services in order to facilitate the efficiency of the Issuer's business and to provide support in achieving the objectives set for the Issuer's management by offering a systematic approach for the assessment and improvement of risk management and control processes.

**“mogo” applies this principle.**

1.5 It shall be recommended to carry out an independent internal control at least annually in order to assess the work of the Issuer, including its conformity to the procedures approved by the Issuer.

**“mogo” applies this principle partly. Internal control function is supported by the board and operational activities department.**

1.6 When approving an auditor, it is recommended that the term of office of one auditor is not the same as the term of office of the board.

**“mogo” applies this principle. The term of office of the board is indefinite, whereas the auditor is approved every year.**

## **2. Audit Committee**

**The Audit Committee shall be established by a resolution of the Issuer's shareholders' meeting, and its operations and scope of responsibilities shall be set as guided by the legislation.**

2.1 The functions and responsibility of the Audit Committee should be specified in the regulation of the committee or a comparable document.

**“mogo” does not apply this principle. The functions and responsibility of the Audit Committee is set in the Law on the Financial instruments Market.**

2.2 To assure an efficient functioning of the Audit Committee, it is recommended that at least three of its members have adequate knowledge in accounting and financial reporting, because issues related to the Issuer's financial reports and control are in the focus of the Audit Committee's operations.

**“mogo” applies this principle.**

2.3 All Audit Committee members shall have access to the information about the accounting principles practiced by the Issuer. Board shall advise the audit Committee as to the approaches to significant and unusual transactions, where alternative evaluations are possible, and shall ensure that the Audit Committee has access to all information that has been specified in the legislation.

**“mogo” applies this principle.**

2.4 The Issuer shall ensure that its officials, board members and staff release the information to the Audit Committee that is necessary for its operations. The Audit Committee should also be entitled to carry out an independent investigation in order to identify, within its scope, any violations in the Issuer' activities.

**“mogo” applies this principle.**

2.5 Within its scope, the Audit Committee shall adopt resolutions, and is accountable to the shareholders' meeting for its operations.

**“mogo” applies this principle.**