AS "RĪGAS KUĢU BŪVĒTAVA"

CORPORATE GOVERNANCE REPORT 2023

Prepared based on the *Latvian Corporate Governance Code* developed by the Ministry of Justice and good corporate recommendations

RIGA
2026

AS "RĪGAS KUĢU BŪVĒTAVA"

CORPORATE GOVERNANCE REPORT ON 2023

Corporative Governance Report on 2023, hereinafter referred to as the *Report*, of AS "RĪGAS KUĢU BŪVĒTAVA", hereinafter referred to as the *Company*, has been prepared based on the *Latvian Corporate Governance Code* developed by the Ministry of Justice, the principles of which summarize the best international practices in corporate management. The Report has been prepared by the Board of Directors of the Company and reviewed by the Council of the Company.

The Principles of Corporate Governance are applied to the Company's business operations to the maximum extent possible and Company complied with most of them in 2023. The purpose of compliance with the principles is not only to improve the Company's structure and operations, transparency of operations, but also to improve the quality of information shared by the Company.

In accordance with the principles of good corporate governance, the Report also provides information on those principles which the Company does not comply with or complies with partially and on the circumstances explaining their non–compliance.

The Report has been submitted to the Stock Exchange simultaneously with the publication of the Company's audited Annual Report for 2023 on Stock Exchange website, as well as published on web site of the Company www.riga–shipyard.com.

Riga,
June 15th, 2026

Chairman of the Board Alexey Aleksandrov

Member of the Board Ainārs Tropiņš

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I. COMPANY STRATEGY

Company strategy is an essential tool for setting the objectives of a company and its progress towards long–term success and value creation.

PRINCIPLE NO.1

The Company has a current strategy that sets out the Company's objectives and progress towards long–term value creation.

Criteria:

1.1. The Company has a current strategy, the draft of which shall be developed by the Board of Directors;

1.2. The Council is involved in the strategy development process and approves the strategy at a meeting of the Council;

1.3. The Council monitors the implementation of the strategy;

1.4. The Board of Directors implements the strategy and reports to the Council on the progress of its implementation The Board of Directors implements the strategy and reports to the Council on its implementation on a regular basis.

The Company ensures partial compliance with this principle, as the Company does not have a procedure for strategic risk management, but the most significant potential and existing risks have been identified, and the Company's Board of Directors is developing risk management documents, which is planned to be completed in 2026, to ensure compliance with this principle. The Board of Directors has coordinated with the Council all significant strategic decisions for the Company's long–term value creation, as well as reported on the progress of the implemented strategy.

II. INTERNAL CULTURE AND ETHICAL BEHAVIOUR

The basic principles of the internal culture and ethical behaviour of the Company and the values on which they are based are a prerequisite for the successful long–term development of the Company.

PRINCIPLE NO.2

The Company develops a code of internal culture and ethical behaviour, which serves as a standard of conduct for the management and employees of the Company.

Criteria:

2.1. The Council defines the fundamental values of the Company;

2.2. The Board of Directors prepares, and the Council approves a code of internal culture and ethical behaviour;

2.3. The Board of Directors ensures compliance with the code of internal cultural and ethical behaviour in the daily activities of the Company and reacts if a breach of the code of ethical behaviour is detected.

The Company ensures compliance with this principle. The Company operates in accordance with the generally accepted ethical principles specified in its internal regulatory documents, where the fundamental values and mission of the Company are determined, as well as guidelines for the employees of the Company in their daily interaction with colleagues, clients and cooperation partners.

III. INTERNAL CONTROL SYSTEM, RISK MANAGEMENT AND INTERNAL AUDIT

The purpose of the internal control system is to ensure efficient, sustainable and successful operation of the Company, the veracity of the information provided and its conformity with the relevant normative acts and operating principles.

The purpose of risk management is to identify, assess, manage and control potential events or situations to ensure confidence in the achievement of the Company's strategic objectives.

Internal audit helps the Company to achieve its objectives by introducing systematic processes to assess and improve the effectiveness of risk management, internal control and management processes.

PRINCIPLE 3

The company has an internal control system, the effectiveness of which is monitored by the council.

Criteria:

3.1. The company has a documented internal control system, the establishment of which is the responsibility of the Board of Directors;

3.2. The internal audit shall, at least once a year, carry out an assessment of the effectiveness of the internal control system, considering pre–defined criteria, and shall report on the results of the assessment to the Board of Directors;

3.3. The Council shall, at least once a year, evaluate the assessment provided on the effectiveness of the internal control system.

The Company ensures compliance with this principle, because the procedures for internal control of the Company are certified by a quality management system certified in accordance with the requirements of the ISO 9001:2015 standard. Elements of the internal control system are determination of the Company's development strategy and objectives, activity planning, organization of activities, accounting records, procedures for the circulation and storage of documents, identification and management of risks, assessment and improvement of efficiency and other elements of internal control. The internal control system is not prepared as a separate internal regulatory document.

PRINCIPLE 4

The Company shall identify, assess and monitor the risks related to its activities.

Criteria:

4.1. The Board of Directors develops, and the Council approves the Company's risk management policy;

4.2. Based on the assessment of the identified risks, the Board of Directors shall implement risk management measures;

4.3. At least once a year, the Council shall review the reports of the Board of Directors on risk management measures and the implementation of the risk management policy.

The Company ensures partial compliance with this principle, because the risk management policy has not been prepared as a separate internal regulatory document, but the Board of Directors of the Company has identified the most significant potential and existing risks, and risk management is carried out within the framework of the quality management system.

PRINCIPLE 5

An internal audit unit has been established in the Company, which independently and objectively evaluates the activities of the Company.

Criteria:

5.1. The company has an internal auditor who is functionally independent of the board of directors and reports to the council;

5.2. The internal auditor shall be approved by the council;

5.3. The internal auditor shall develop a risk–based internal audit plan, which shall be approved by the council;

5.4. The internal auditor shall inform the board of directors and the council regarding the implementation of the internal audit plan, the results of the audit and the recommended actions for the elimination of deficiencies, if any have been detected.

The Company does not ensure compliance with this principle, as it does not have an internal auditor structure, however, independent inspections of the Company's activities are carried out regularly within the framework of the annual quality management audit. Compliance with all internal procedures and rules is audited at least once a year in accordance with the audit plan of internal procedures. Considering the structure, number of employees and type of activity of the Company, it would be counterproductive to establish a separate structure as an internal auditor.

IV. EXTERNAL AUDITOR

The external auditor shall provide the board of directors and the council, all shareholders and investors, creditors and other interested parties with an independent report on the financial condition of the company, the reliability of the financial statements and compliance with the requirements of regulatory enactments.

PRINCIPLE 6

The company shall have an independent external auditor.

Criteria:

6.1. The council and the audit committee, if established, shall determine the criteria for the selection of the external auditor;

6.2. The company shall have an independent external auditor with appropriate qualifications;

6.3. The term of office of one external auditor shall not exceed 5 years.

The Company ensures compliance with this principle, since the applicant with the appropriate qualifications for carrying out the audit of financial statements is coordinated with the council and the external auditor is approved at the shareholders' meeting.

V. ELECTION OF MEMBERS OF THE COUNCIL

A competent and experienced council is a prerequisite for the effective operation of the company and decision-making, which contributes to the growth of the long–term value of the company. The council works in the interests of all shareholders and the company.

PRINCIPLE 7

The company shall ensure transparent procedures for the election and revoke of council members.

Criteria:

7.1. The procedure for the selection and revoke of council members has been approved in the company;

7.2. The Company shall provide timely and sufficient information to the shareholders of the Company regarding the members of the council who are being promoted for election or re–election;

7.3. The composition of the council shall be appropriate to the specifics of the company's activities;

7.4. A member of the council shall be elected for a term not exceeding 5 years.

The Company ensures partial compliance with this principle, since the Company has not approved the procedures for the selection and revoke of council members, but the selection, election and revoke of council members is carried out in accordance with the provisions of all applicable normative acts, as well as in accordance with the procedures specified in the Articles of Association of the Company.

PRINCIPLE 8

The members of the council shall collectively possess the appropriate experience and competence.

Criteria:

8.1. The council shall have a range of skills, experience and knowledge, including on the relevant sector, to be able to fulfil its duties in a comprehensive manner;

8.2. In the formation of the composition of the council, the principles of diversity are observed;

8.3. Both sexes are represented on the council;

8.4. The Management Board shall develop an introductory training programme and provide introductory training to new members of the Council.

The company ensures partial compliance with this principle, since the composition of the council adheres to the principles of diversity, as evidenced by the experience of council members in various sectors, all council members are top-level specialists, as well as both sexes are represented in the council, but although new council members are not provided with introductory training, their competence is sufficient from the outset to be able to fully perform their duties.

PRINCIPLE 9

The Council of the Company shall consist of independent members of the Council.

Criteria:

9.1. The company evaluates and shareholders determine the proportion of independent members of the council;

9.2. At least half of the members of the Council shall be independent;

9.3. Independent candidates for board members shall provide proof of their compliance with the independence criteria;

9.4. Prior to the elections to the Council, the Company shall carry out an assessment of the independence of the members of the Council in accordance with the available information.

The Company shall ensure partial compliance with this principle, as the Company shall assess the compliance of the members of the Council with the independence criteria prior to election.

During the reporting year, 2 members of the Council met the criteria of independence, while 3 members of the Council are among both the Company's leading employees and the largest shareholders, but in the opinion of the Company this does not reduce the professionalism and independence of the aforementioned members of the Council in decision-making, but promotes the ability to make even better decisions in the interests of the Company.

VI. PRINCIPLES FOR DETERMINING THE REMUNERATION OF THE COUNCIL AND THE EXECUTIVE BOARD

Clearly defined principles for the remuneration of the members of the board and the management board contribute to the transparency of the use of finances and the effective management of risks.

PRINCIPLE NO.10

A remuneration policy has been introduced in society.

Criteria:

10.1. The company has implemented a remuneration policy, which has been developed by the board of directors, reviewed by the board and approved by the shareholders' meeting;

10.2. The Governing Council determines annually the financial and non-financial objectives to be achieved by the Management Board, their impact on the variable component of remuneration and monitors their implementation;

10.3. Members of the Council shall not be assigned a variable part of their remuneration or shall not be paid any compensation in the event of removal from office or resignation;

10.4. The Management Board shall, once a year, draw up a report on the remuneration allocated to each current and former member of the Management Board and the Council.

The Company ensures compliance with this principle, because the remuneration policy reviewed at the meeting of the Council and approved at the meeting of shareholders has been introduced in the Company, as well as a report on the remuneration of the Council and the Board of Directors is prepared once a year in the reporting year. The structure of remuneration of the company does not provide for a variable part of the remuneration.

VII. ORGANISATION OF THE COUNCIL'S WORK AND DECISION-MAKING

A specific and understandable organisation of the work of the Council and the availability of timely, high-quality and appropriate information shall promote the effective performance of the tasks of the Council and the full involvement of the Council members in decision-making.

PRINCIPLE 11

In society, the organization of the work of the council is defined and understood.

Criteria:

11.1. The Council shall organise its work in accordance with the by-laws of the Council and the work calendar;

11.2. The Council shall hold at least one separate meeting of the Council per year to discuss the Company's strategy and its implementation;

11.3. The financing necessary for ensuring the operation of the Council shall be provided for in the budget of the Company;

11.4. Once a year, the Council shall carry out a self-assessment of the work of the Council and examine the results thereof at a meeting of the Council;

11.5. The Council has assessed the need to set up committees (if a committee has been set up, see principle #12.1).

The Company shall ensure partial compliance with this principle, since the members of the Council organise their work in accordance with the by-laws of the Council, the members of the Council are involved in the process of developing and evaluating the strategy, but there has not been a meeting of the Council at which the Company's strategy would be approved. The Council of the Company has assessed the need for the establishment of commissions and found that the structure of the Company is optimal so as not to form separate committees.

PRINCIPLE 12

The Council shall take informed and well-considered decisions.

Criteria:

12.1. The Board shall have timely and sufficient access to information prepared by the Management Board for decision-making;

12.2. The Council shall determine the procedures for the circulation of information, including the right of the Council to request information from the Board, which is necessary for the Council to take decisions;

12.3. A member of the Council shall analyse the information and prepare proposals for decision-making in the Council;

12.4. When taking decisions, the Council assesses the risks, short-term and long-term impact on the Company's value, sustainability and responsible development.

The Company ensures compliance with this principle, since all the necessary information for the activities of the Council is prepared, where the information includes both an outline of the current situation and estimates of how a particular issue could affect the further activities of the Company.

VIII. PREVENTION OF CONFLICT OF INTEREST

Identification and management of potential conflict of interest situations reduces the financial and reputational risks of the Company.

PRINCIPLE 13

The members of the Management Board and the Council shall be clearly aware of the manifestations of a conflict of interest and shall be informed of the necessary action in the event of a conflict of interest.

Criteria:

13.1. The Council shall define the characteristics indicating a conflict of interest and determine the procedures for the prevention and management of the conflict of interest;

13.2. Members of the Council or the Board shall not participate in decision-making on issues in which the interests of the Company conflict with the interests of the Council, members of the Board or persons related to them;

13.3. Persons subject to the obligation to prevent conflict of interest shall regularly participate in training on action in conflict of interest situations.

The company ensures compliance with this principle, since it is the duty of each member of the board or council to prevent the occurrence of any conflicts of interest, even if only apparent, in his activities. The members of the Council or the Board shall not participate in decision-making on matters in which the interests of the Company conflict with the interests of the Council, members of the Board or persons related to them.

IX. SHAREHOLDERS' MEETING

Effective involvement of shareholders in decision-making helps to achieve the financial and non-financial objectives of the Company, as well as ensures the sustainable operation of the Company.

PRINCIPLE NO 14

The Company provides shareholders with information on the course of the shareholders' meeting in a timely manner, providing all the necessary information for decision-making.

Criteria:

14.1. The Company shall inform the shareholders in a timely manner about the agenda, course and voting procedure of the shareholders' meeting, as well as about any changes related thereto;

14.2. Concurrently with the announcement of the meeting, the Company shall provide an opportunity for shareholders to get acquainted with the draft decisions, which are initially planned to be voted on at the meeting. The Company shall immediately inform shareholders of the additionally submitted draft resolutions;

14.3. The Company shall provide shareholders with the opportunity to submit questions regarding the issues and draft decisions included in the agenda before the shareholders' meeting;

14.4. The draft decisions and the documents accompanying them shall provide detailed, clear and complete information on the matter under consideration.

The company shall ensure compliance with this principle.

PRINCIPLE 15

The Company promotes effective involvement of shareholders in decision-making and the largest possible participation of shareholders in shareholders' meetings.

Criteria:

15.1. The shareholders' meeting is convened and held at a place and time conveniently accessible to shareholders;

15.2. The Company provides opportunities for shareholders to participate in the shareholders' meeting remotely;

15.3. The company determines the appropriate duration of the shareholders' meeting and provides an opportunity for shareholders to express their opinion during the meeting and obtain the necessary information for decision-making;

15.4. The company shall announce a new shareholders' meeting if it is not possible to examine the issues included in the agenda of the meeting within the specified time;

15.5. The Company invites members of the board and council, candidates for council members, auditor and internal auditor, as well as other persons to participate in the meeting of shareholders in accordance with the issues to be considered at the meeting;

15.6. The meeting of shareholders shall take decisions in accordance with the previously announced draft resolutions.

The Company ensures partial compliance with this principle, since the Company does not determine the duration of the shareholders' meeting and the issues included in the agenda of the meeting are considered at the regular meeting, regardless of its duration.

PRINCIPLE NO 16

The company develops and discusses a dividend policy with shareholders.

Criteria:

16.1. The Company has developed and published an up-to-date dividend policy.

16.2. The dividend policy is discussed with shareholders during the shareholders' meeting.

The company does not ensure compliance with this principle.

X. TRANSPARENCY OF THE COMPANY'S ACTIVITIES

Transparency of the company's activities is the basis for effective investor relations and successful communication with shareholders and other stakeholders.

PRINCIPLE NO 17

The Company regularly and timely informs shareholders and other interested parties about the Company's economic activities, financial results, management and other topical issues.

Criteria:

17.1. The Company shall disclose complete, accurate, objective, current and true information in a timely manner;

17.2. The Company shall disclose information to all shareholders simultaneously and to the same extent;

17.3. The Company shall disclose information on the Company's management, strategy or directions of activities on its website and publish financial statements, as well as other information in accordance with Annex No. 1;

17.4. The Company shall provide information both in Latvian and in at least one other language that is understandable to the majority of the Company's foreign shareholders and other interested persons.

The Company ensures partial compliance with this principle, as it has not published and disclosed all the documents and information referred to in Annex No. 1 on its website www.riga–shipyard.com, but accurate, objective and true information in Latvian and English is available on the website of Nasdaq Riga AS www.nasdaqbaltic.com and in the Official Centralized Storage System of Mandatory Information www.oricgs.lv.

ANNEX 1: INFORMATION TO BE PUBLISHED ON THE COMPANY'S WEBSITE *

COMPANY:

- Information about the Company – history of its establishment and operation, registration data, address, characteristics of the sector, main types of commercial activity, place of the Company in the group structure (*if applicable*);
- Information on the strategic objectives of the Company;
- Articles of Association of the Company;
- Information on the corporate governance structure of the Company (interaction between the shareholders' meeting/shareholders, the council, its committees, the board, the auditor, the internal auditor, the audit committee, etc.);
- The Society's Code of Internal Culture and Ethical Conduct;
- The most important policies of the Society.

SHAREHOLDERS AND BENEFICIAL OWNERS:

- Information on shareholders/members of the Company who own at least 5% of the share capital of the Company (*indicating the date when this information was prepared*);
- Information on the beneficial owners of the Company (*indicating the date when this information was prepared*);
- Number of shares, bonds or other financial instruments issued, paid up and with voting rights of the Company.

THE COUNCIL AND THE BOARD OF DIRECTORS SHALL:

- By–laws of the board and council or another equivalent document;
- Information on each member of the Council and Board of the Company:
    - term of office;
    - position and area of responsibility (*if any*);
    - professional work experience and education;
    - up-to-date information on positions in other capital companies;
    - up-to-date information on the Company's owned shares;
    - Statistics on attendance at Council meetings.
- Information on the independent members of the Council:
    - which members of the Council are to be considered independent;
    - the criteria by which the independence of a member of the Council is determined;
    - an annual assessment of the independence of the members of the Council.
- remuneration policy and remuneration report of the board and council;
- Information on the selection (nomination) process of the board and council;
- Information on the board committees and the audit committee:
    - by-laws of the committee;
    - information on the members of the committees.

FINANCIAL AND NON-FINANCIAL REPORTS AND INFORMATION:

- The company's financial statements and reports for at least the last 3 financial years:
  - annual accounts (*including consolidated accounts, if any*) and auditor's reports (*if any*);
  - interim reports and quarterly reports.
- Non-financial reports of the Company (*on the Company's impact on the environment, social and employee aspects, respect for human rights and anti-corruption measures, including a sustainability report*) for at least the last 3 financial years;
- Corporate governance reports;
- Financial calendar of the company or other calendar of significant and planned communication activities.

INFORMATION FOR SHAREHOLDERS AND INVESTORS:

- Information about the planned shareholders' meetings;
  - notices on the convening of shareholders' meetings;
  - draft decisions.
- Information about the meetings of shareholders that have taken place;
- Information on decisions taken at shareholders' meetings;
- Dividend policy of the Company and information on dividends paid (*for at least the last 10 years of operation of the Company*);
- Information about related party transactions;
- Announcements published by the Company and relevant information to investors, including presentations to investors, video recordings of events for investors, forecasts, if any, etc.;
- Contacts of an investor relations specialist (*if any*).

* in accordance with the requirements laid down in the Corporate Governance Code of Latvia *developed by the Ministry of Justice* and the recommendations of good corporate governance