



HANSAMATRIX
Inspired by your trust

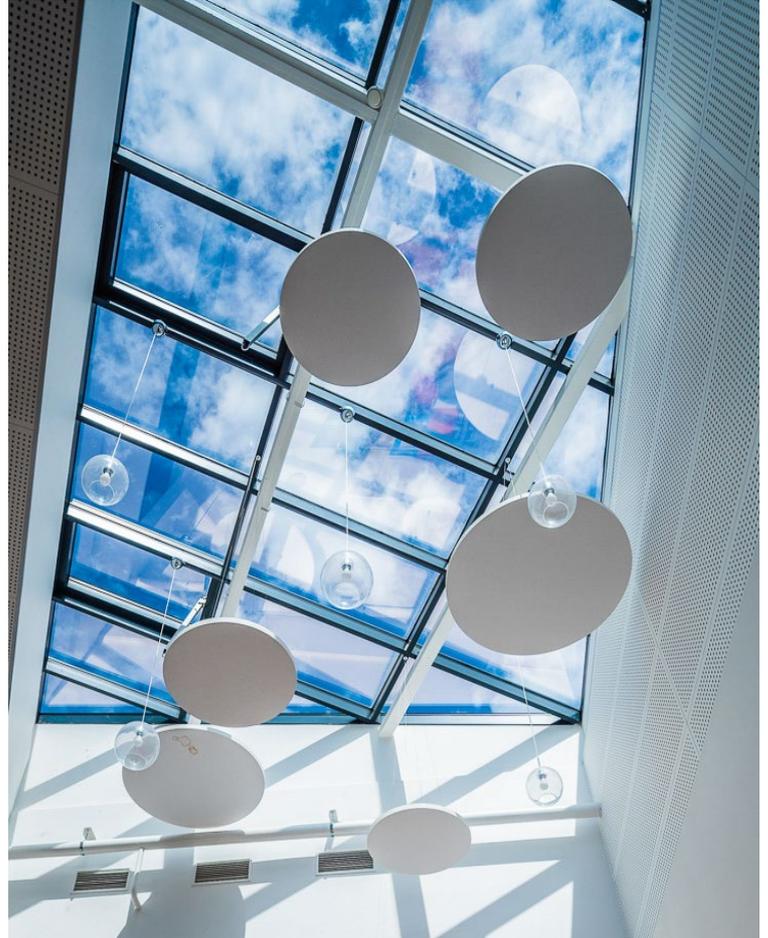
**JOINT STOCK COMPANY
“HANSAMATRIX”
UNIFIED REGISTRATION
NUMBER 40003454390**

**CORPORATE
GOVERNANCE
REPORT
2022**

Introduction

Joint Stock Company "HansaMatrix" (hereinafter referred "HansaMatrix" or "Company") Corporate Governance Report (hereinafter referred to as "Report") has been prepared in accordance with the requirements of the Law on the Financial Instruments Market, Article 56.2 and has based on the Corporate Governance Code, which was published in 2020 by the Corporate Governance Advisory Board established by the Ministry of Justice. The Code was developed considering the requirements set for companies in the regulatory enactments of the Republic of Latvia, as well as the OECD recommendations for corporate governance.

The Report is published simultaneously with HansaMatrix audited consolidated annual report for the year 2022, as a part of the annual report, and is available on the HansaMatrix www.hansamatrix.com website both in English and Latvian, and can be found in section "Investors – Corporate Governance" and has been published on the website of "Nasdaq Riga" AS (www.nasdaqbaltic.com) as well.



In 2022 HansaMatrix complies with the most of the principles of good Corporate Governance. The Company believes that its business operation must be understandable, transparent and effective at the same time it should be well and in good quality reflected in information released to HansaMatrix shareholders.

HansaMatrix management board has prepared and supervisory council approved the Report.

The report was approved in Ogre, at the April 28, 2023 board meeting.

Jānis Sams
Chairman of the Management Board

DOCUMENT IS SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP

¹Available: on the website of the Ministry of Justice in the Corporate Governance section:
<https://www.tm.gov.lv/lv/media/7299/download?attachment>

Company strategy

1. PRINCIPLE

The company has an up-to-date strategy that sets out the company's objectives and progress towards long-term value creation

1.1. The company has an up-to-date strategy, the draft of which is developed by the management board.

HansaMatrix complies with this principle. In 2021, the Company's Management Board developed and the Supervisory Board approved the HansaMatrix 5-year strategy.

1.2. The supervisory board is involved in the strategy development process and approves the strategy at the supervisory board meeting.

HansaMatrix complies with this principle. In 2021, the Company's Management Board developed and on August 26, 2021, the Supervisory Board approved the HansaMatrix 5-year strategy.

1.3. The supervisory board monitors the implementation of the strategy.

HansaMatrix complies with this principle. The company Council regularly (monthly) receives reports and information from the board about business development and achieved financial results.

1.4. The company management board implements the strategy and reports to the supervisory board on its implementation on a regular basis.

HansaMatrix complies with this principle. The Board of the Company regularly (monthly) reports and informs the Council on business development and achieved financial results.



Internal culture and ethical behavior

2. PRINCIPLE

The company develops an internal culture and ethics code which serves as a standard of conduct for the company's management and employees

2.1. The supervisory board defines the company's core values.

HansaMatrix complies with this principle. In 2021, the Company's Management Board, in cooperation with the Supervisory Boards Strategy Committee, developed and on August 26, 2021, the Supervisory Board approved a 5-year HansaMatrix strategy, which also includes the HansaMatrix core values.

2.2. The management board prepares and the supervisory board approves the code of internal culture and ethics.

HansaMatrix complies with this principle. In the development of HansaMatrix's Ethics and Anti-corruption Policy, all suggestions and recommendations of the Council are taken into account in accordance with HansaMatrix's 5-year strategy. The document reinforces the principles of corporate ethics, which were also introduced with the 2021 Sustainability Policy. On June 20, 2022, the board approved the Ethics and Anti-corruption policy.

2.3. The management board ensures compliance with the company's internal culture and ethics code on a daily basis and reacts if there is a breach of the code.

HansaMatrix complies with this principle. The Ethics and Anti-corruption policy stipulates the procedure by which any employees should act in the event of possible ethical and/or behavioral violations, including the use of the whistle-blowing system implemented in the Company. ²

² Information about whistle-blowing system available:
https://hansamatrix.com/lv/investoriem/?popup=finance-documents-block_62a1c64c4773b

Internal control system, risk management and internal audit

3. PRINCIPLE

The company has an internal control system, the effectiveness of which is monitored by the supervisory board

3.1. The company has a documented internal control system, the establishment of which is the responsibility of the management board.

HansaMatrix complies with this principle. On July 29, 2021, the HansaMatrix Council approved HansaMatrix risk management policy and risk register. The Council is regularly reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them.

3.2. The internal audit evaluates the effectiveness of the internal control system at least once a year, taking into account pre-defined criteria and reporting the results of the evaluation to the supervisory board.

HansaMatrix does not currently comply with this corporate governance principle. The Supervisory Board is regularly (at least twice a year) reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them. The company's external auditor is one of the world's leading audit company, Deloitte.

3.3. The supervisory board, at least once a year, evaluates the provided evaluation of the effectiveness of the internal control system

HansaMatrix does not currently comply with this corporate governance principle. The Supervisory Board is regularly (at least twice a year) reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them.



Internal control system, risk management and internal audit

4. PRINCIPLE

The company identifies, assesses and monitors the risks associated with its operations

4.1. The management board develops and the supervisory board approves the company's risk management policy.

HansaMatrix complies with this principle. On July 29, 2021, the Company's Council approved HansaMatrix risk management policy and risk register. Once a year, the company identifies and review risks, identifies significant risks and draws up action plans to reduce them.

4.2. Based on the identified risk assessment, the management board implements risk management measures.

HansaMatrix complies with this principle. Once a year, the company identifies and review risks, identifies significant risks and draws up action plans to reduce them.

4.3. At least once a year, the supervisory board reviews the management board's reports on risk management measures and the implementation of the risk management policy.

Board is regularly (at least twice a year) reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them.

Internal control system, risk management and internal audit

5. PRINCIPLE

An internal audit has been established in the company, it evaluates the company's operations independently and objectively

5.1. The company has an internal auditor who is functionally independent of the management board and reports to the supervisory board.

HansaMatrix does not currently comply with this corporate governance principle. The Supervisory Board is regularly (at least twice a year) reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them. The company's external auditor is one of the world's leading audit company -Deloitte.

5.2. The supervisory board approves the internal auditor.

HansaMatrix does not currently comply with this corporate governance principle.

5.3. The internal auditor develops a risk-based internal audit plan, which is approved by the supervisory board.

HansaMatrix does not currently comply with this corporate governance principle.

5.4. The internal auditor informs the management board and supervisory board on the implementation of the internal audit plan, audit results and recommended actions to address deficiencies, if any.

HansaMatrix does not currently comply with this corporate governance principle. The Supervisory Board is regularly (at least twice a year) reported on the significant risks of HansaMatrix and the implementation of action plans to reduce them.

External auditor

6. PRINCIPLE

The company has an independent external auditor

6.1. The supervisory board and the Audit Committee, (if established), determine the selection criteria for the external auditor.

HansaMatrix complies with this principle. The choice of the external auditor is agreed with the council and approved by the shareholders' meeting.

6.2. The company has an independent external auditor with appropriate qualifications.

HansaMatrix complies with this principle. The company's external auditor is one of the world's leading audit company- Deloitte.

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

HansaMatrix complies with this principle. The company's auditor since 2021 has been Deloitte, before which the auditor was Ernst & Young.

Election of supervisory board members

7. PRINCIPLE

The company ensures transparent procedures for the election and removal of supervisory board members

7.1. The company has approved the procedure for selection and removal of supervisory board members.

HansaMatrix complies with this principle. All applicable laws and regulations are observed in connection with the procedure for selection and removal of council members.

7.2. The company provides timely and sufficient information to the company's shareholders on the supervisory board members who are nominated for election or re-election.

HansaMatrix complies with this principle. All applicable laws and regulations are observed in connection with the procedure for selection and removal of council members.

7.3. The size of the supervisory board corresponds to the specifics of the company's operations

HansaMatrix complies with this principle. The number of members of the supervisory board provided for in the articles of association (6 members) is appropriate to the size of the company.

7.4. A supervisory board member is elected for a term not exceeding 5 years.

HansaMatrix complies with this principle.

Election of supervisory board members

8. PRINCIPLE

Supervisory board members combined have relevant experience and competence

8.1. The supervisory board as a whole has a set of skills, experience and knowledge, including on the sector concerned, to be able to perform their duties fully.

HansaMatrix complies with this principle. The Supervisory Board consists of members with experience in the HansaMatrix industry - electronics manufacturing, corporate finance, strategy development, communication, general management, risk management, as well as personnel management.³

8.2. The principles of diversity are observed when forming the supervisory board.

HansaMatrix complies with this principle. There are currently 1 women and 4 men on the board of HansaMatrix.

8.3. Both sexes are represented in the supervisory board.

HansaMatrix complies with this principle. Currently in the supervisory board there are represented both sexes.

8.4. The management board develops an induction training program and provides new supervisory board members with induction training.

HansaMatrix complies with this principle. The members of the Supervisory Board are provided with basic information about the HansaMatrix operations (including production facility visits), finances and significant risks.

³ Information about the Supervisory board available:
<https://hansamatrix.com/forinvestors/#corporate>

Election of supervisory board members

9. PRINCIPLE

The company's supervisory board has independent supervisory board members

9.1. The company evaluates and the shareholders determine the proportion of independent supervisory board member.

HansaMatrix complies with this principle. Currently 3 of 5 HansaMatrix board members are independent.

9.2. At least half of the members of the board are independent.

HansaMatrix complies with this principle. Currently 3 of 5 board members are independent.

9.3. Independent candidates for supervisory board membership make a declaration that they meet the independence criteria.

HansaMatrix complies with this principle.

9.4. Prior to the election of the supervisory board, the company evaluates the independence of supervisory board members in accordance with the available.

HansaMatrix complies with this principle.



Principles of determining the remuneration for the supervisory board and the management board

10. PRINCIPLE

The company has introduced a remuneration policy

10.1. The company has introduced a remuneration policy, which has been developed by the management board, reviewed by the supervisory board and approved by the shareholders' meeting.

HansaMatrix complies with this principle. On October 29, 2019 the Company extraordinary shareholder meeting approved the remuneration policy of the Board of Directors and Supervisory Council. On 22 May 2020, the remuneration policy of the Management Board and the Supervisory Board was amended. These documents are available at HansaMatrix web site www.hansamatrix.com⁴ and at HansaMatrix management office.

10.2. Once a year, the supervisory board determines the financial and non-financial goals to be achieved by the management board, their impact on the variable part of remuneration and controls their fulfilment.

HansaMatrix complies with this principle.

10.3. No variable part of remuneration is determined for supervisory board members, and no compensation is paid in case of removal or resignation from office.

HansaMatrix complies with this principle.

10.4. Once a year, the management board prepares a report on the remuneration granted to each current and former management board and supervisory board member.

HansaMatrix complies with this principle. HansaMatrix continues to publish the management board and supervisory council directors remuneration report since 2021 and they are available on the website of "Nasdaq Riga" AS.⁵

⁴ Available: <https://hansamatrix.com/forinvestors/#documents>

⁵ Available: <https://view.news.eu.nasdaq.com/view?id=b3aa53e1dd92ed70b97085c4ecc2811f2&lang=en>

Organization of the supervisory board's work and decision-making

11. PRINCIPLE

The company's supervisory board work organization is clear and understandable

11.1. The supervisory board organizes its work in accordance with regulations of the supervisory board and the work calendar.

HansaMatrix complies with this principle. On June 4, 2021 HansaMatrix Supervisory Council approved Supervisory council regulation available on www.hansamatrix.com.⁶

11.2. The supervisory board holds at least one separate supervisory board meeting per year to discuss the company's strategy and its implementation.

HansaMatrix complies with this principle.

11.3. The company's budget provides the financing necessary to ensure the operation of the supervisory board.

HansaMatrix complies with this principle.

11.4. Once a year the supervisory board conducts a self-assessment of the work of the supervisory board and reviews its results at the supervisory board meeting.

HansaMatrix complies with this principle.

11.5. The supervisory board has evaluated the need to set up committees.

HansaMatrix complies with this principle. The Company has established Human Resources and Strategy Committees, which include some of the members of the Supervisory Board. According to the decision of the shareholders' meeting, a separate audit committee has not been established, but its functions, according to the decision of the shareholders' meeting, have been fully entrusted to the Company's Supervisory Board.

⁶ Available: <https://hansamatrix.com/forinvestors/#documents>

Organization of the supervisory board's work and decision-making

12. PRINCIPLE

The supervisory board takes informed and well-balanced

12.1. The supervisory board has access to information prepared by the management board necessary for decision-making in a timely manner and in sufficient amount.

HansaMatrix complies with this principle. In accordance with the regulations of the council, the materials to be reviewed are sent to the council no later than 5 working days before the relevant council meeting.

12.2. The supervisory board determines the procedure for the circulation of information, including the right of the supervisory board to request from the management board information, which the supervisory board needs to make decisions.

HansaMatrix complies with this principle.

12.3. A supervisory board member analyses the information and prepares proposals for decisions to be adopted by the supervisory board.

HansaMatrix complies with this principle. In order to ensure more efficient and high-quality work and appropriate decision-making, the council practices pre-discussion of the issues under consideration, assessing the risks, the impact of decisions on the value of the HansaMatrix, only within the council, before each council meeting.

12.4. When making decisions, the supervisory board assesses the risks, short-term and long-term impact on the company's value, sustainability and responsible development.

HansaMatrix complies with this principle. In order to ensure more efficient and high-quality work and appropriate decision-making, the council practices pre-discussion of the issues under consideration, assessing the risks, the impact of decisions on the value of the HansaMatrix, only within the council, before each council meeting.

Organization of the supervisory board's work and decision-making

12.1. PRINCIPLE

A committee prepares proposals for supervisory board decision making

12.1.1. The supervisory board determines the tasks and the procedures for organization of work of the committee.

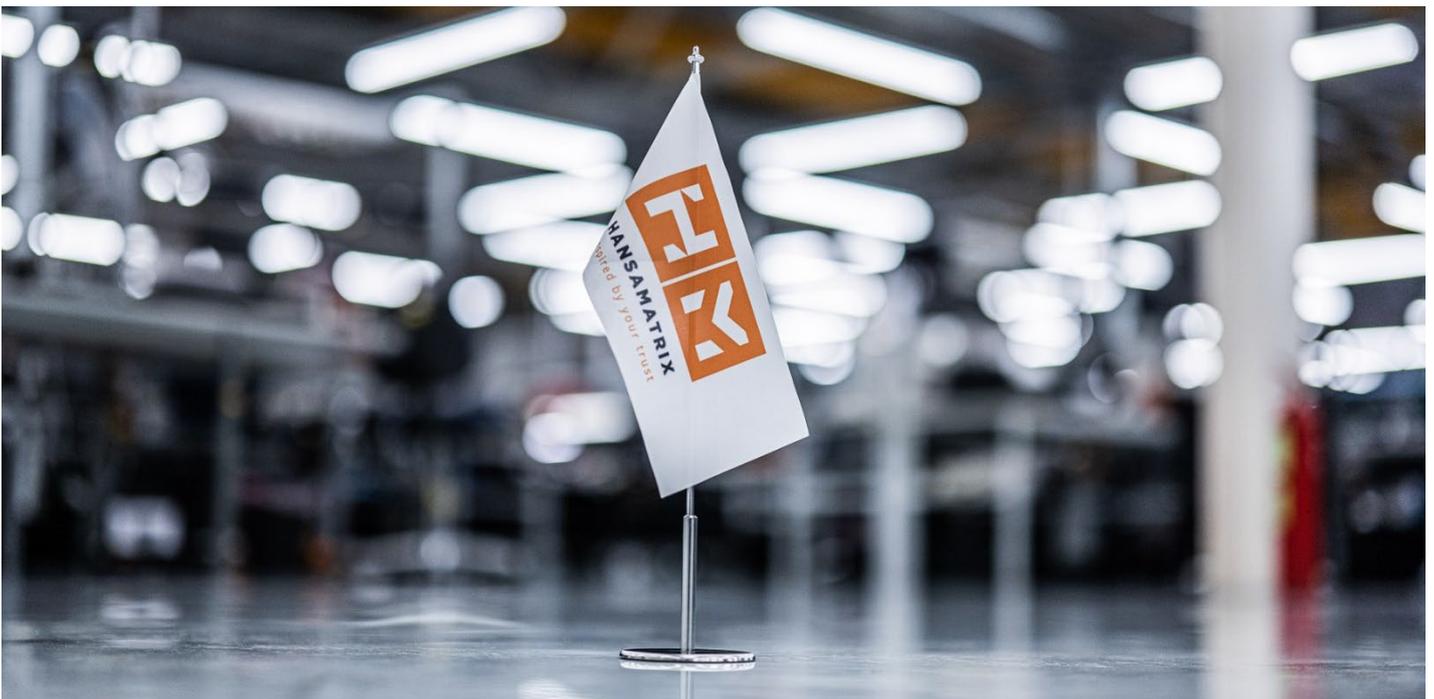
HansaMatrix complies with this principle. The Company has established Human Resources and Strategy Committees, which include some of the members of the Supervisory Board. HansaMatrix does not have a separate audit committee, but its functions have been entrusted to the Company's Supervisory Board in accordance with the decision of the shareholders' meeting.

12.1.2. The supervisory board establishes a committee of at least 3 supervisory board members with appropriate experience and expertise in the field of work of the committee (remuneration, nomination, audit or other field).

HansaMatrix complies with this principle. The Company has established Human Resources and Strategy Committees, which include some of the members of the Supervisory Board. HansaMatrix does not have a separate audit committee, but its functions have been entrusted to the Company's Supervisory Board in accordance with the decision of the shareholders' meeting.

12.1.3. 12.1.3. The committee analyses the information and makes proposals for decisions by the supervisory board, as well as informs the supervisory board of the work of the committee.

HansaMatrix complies with this principle.



Prevention of the conflict of interests

13. PRINCIPLE

Management board and supervisory board members are clearly aware of the manifestations of conflicts of interest and are informed of the action to be taken in the event of a conflict of interest

13.1. The supervisory board defines the indications of a conflict of interest and identifies the conflict of interest prevention and management procedures.

HansaMatrix complies with this principle. On June 20, 2022 the HansaMatrix Ethics and Anti-Corruption Policy was approved, strengthening the principles of corporate ethics, for identifying and preventing conflict of protected interests. The purpose of the policy is to strengthen the work culture, for which the HansaMatrix group and its corporate management responsibilities and employees are responsible. The order of the principles of reporting and responsibility for violations of the established are also provided for, as well as reporting possible violations through the internal whistleblowing system.

13.2. Supervisory board or management board members do not participate in decision-making on matters in which the company's interests conflict with the interests of the supervisory board, management board members or persons related to them.

HansaMatrix complies with this principle. For example, in order to prevent a conflict of interest, during the period of preparation and validity of SIA Emsco's voluntary share buyback offer, a member of the council representing Baltcap, a private equity fund manager, which is related to a shareholder of SIA Emsco and is also an existing minority shareholder of HansaMatrix, did not participate in the HansaMatrix Supervisory board meeting.

13.3. Persons subject to the conflict of interest obligation participate in training on dealing with conflicts of interest on a regular basis.

HansaMatrix complies with this principle.

Shareholders meeting

14. PRINCIPLE

The company provides shareholders with timely information on conduction of shareholders' meetings providing all the information necessary for decision-making

14.1. The company informs shareholders in a timely manner about the agenda, course and voting procedures of the shareholders' meeting, as well as about any related changes.

HansaMatrix complies with this principle, the circulation of information takes place in accordance with the relevant regulatory enactments.

14.2. Simultaneously with the announcement of the meeting, the company provides an opportunity for the shareholders to get acquainted with the draft decisions, which are initially planned to be voted on at the meeting. The company informs the shareholders immediately of any additional draft decisions submitted.

HansaMatrix complies with this principle. The company publishes the information required for shareholders' meetings in accordance with the relevant regulatory enactments.

14.3. The company provides shareholders with an opportunity to submit questions on the matters included in the agenda and draft decisions before the shareholders' meeting.

HansaMatrix complies with this principle.

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

HansaMatrix complies with this principle.

Shareholders meeting

15. PRINCIPLE

The company promotes effective shareholder involvement in decision-making and a participation in shareholders' meetings

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

HansaMatrix complies with this principle.

15.2. The company provides shareholders with the opportunity to participate in the shareholders' meeting remotely.

HansaMatrix complies with this principle.

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

HansaMatrix complies with this principle.

15.4. The company announces a new shareholders' meeting if the matters included on the agenda of the meeting cannot be considered at the expected time.

HansaMatrix complies with this principle.

15.5. The company invites management board and supervisory board members, candidates for supervisory board members, auditors and internal auditors, as well as other persons to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting.

HansaMatrix complies with this principle.

15.6. The shareholders' meeting makes decisions in accordance with the previously announced draft decision.

HansaMatrix complies with this principle.

16. PRINCIPLE

The company develops and discusses dividend policy with shareholders

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

HansaMatrix does not comply with this corporate governance principle and has not formally documented its dividend policy. In practice, HansaMatrix has paid a minimum dividend in recent years, with most of its profits going to development investments.

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

HansaMatrix does not comply with this corporate governance principle and has not documented its dividend policy. In practice, the company has paid a minimum dividend in recent years, with most of its profits going to development investments.

Transparency of company operations

17. PRINCIPLE

The company informs shareholders and other stakeholders on a regular basis and in a timely manner of business operations, financial results, management and other relevant issues of the company

17.1. The company discloses complete, accurate, objective, up-to-date and true information in a timely manner.

HansaMatrix complies with this principle. The Company discloses accurate, objective and truthful information in a timely manner through the Nasdaq Baltics AS Information Exchange System. In addition, HansaMatrix regularly organizes online investor webinars (publicly available) to inform about financial results and business development news.

17.2. The company discloses information to all shareholders at the same time and to the same extent.

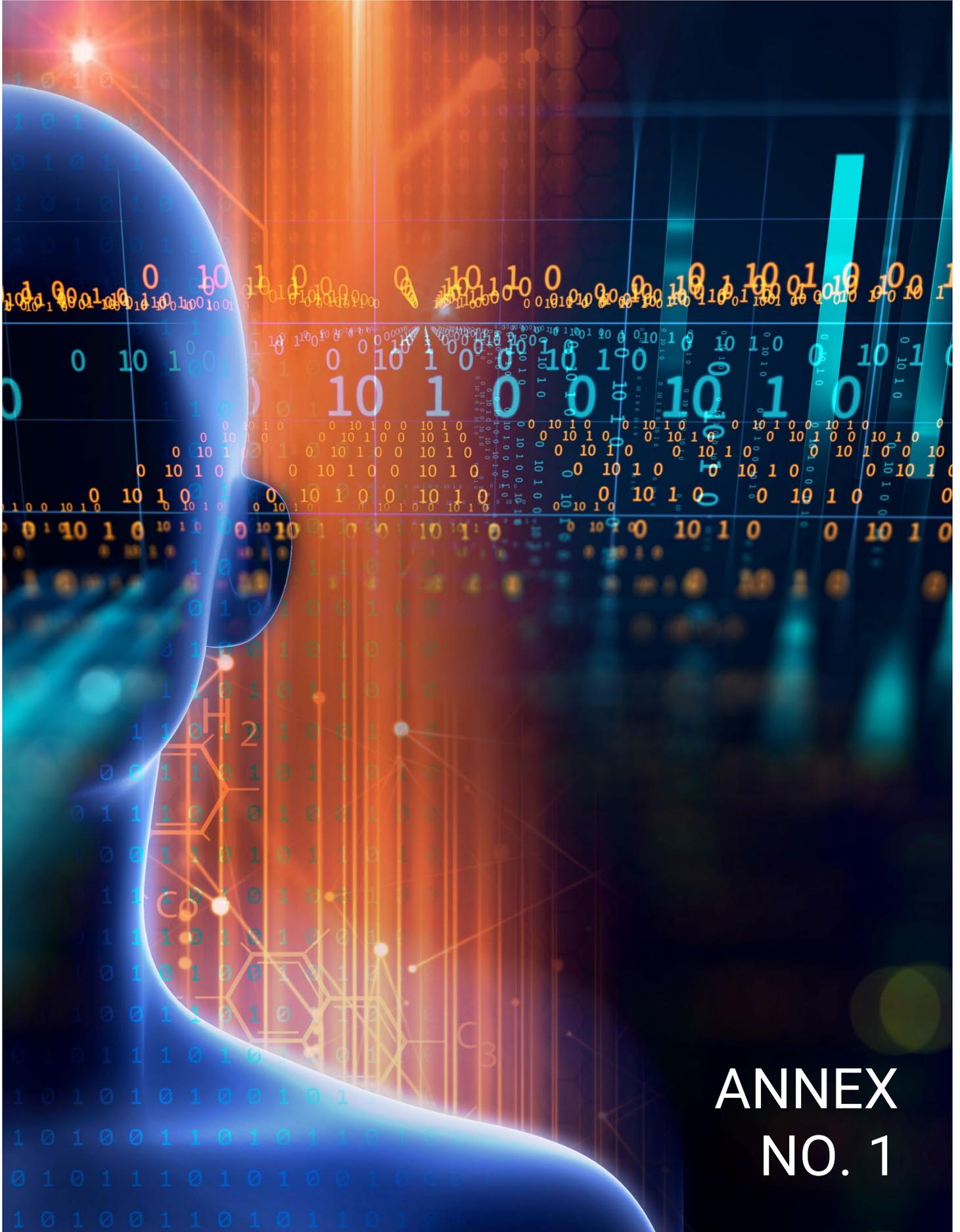
HansaMatrix complies with this principle. HansaMatrix discloses accurate, objective and truthful information in a timely manner through the Nasdaq Baltic AS Information Exchange System.

17.3. The company discloses information about the company's management, strategy or lines of business on the website and publishes financial statements as well as other information in accordance with Annex No. 1.

HansaMatrix complies with this principle. In 2022, HansaMatrix completely redesigned its website www.hansamatrix.com, all the information recommended in Appendix 1 of the Corporate Governance Code is available there, and only the most important policies of the Company are added sequentially.

17.4. The company provides information both in Latvian and in at least one other language that is understandable to most of the company's foreign shareholders and other stakeholders.

HansaMatrix complies with this principle. Information in the Nasdaq Baltics AS news exchange system is published in Latvian and English.



ANNEX NO. 1

Information to be published on the company website

1. Company

- Information about the company – history of its establishment and operation, registration data, address, description of the industry, main types of business, place of the company in the group structure (if applicable)
- Information about the company's strategic objectives
- Articles of association of the company
- Information on the corporate governance structure of the company (interaction between shareholders' meeting, supervisory board, its committees, management board, auditors, internal auditors, audit committee, etc.)
- Company Code of Internal Culture and Ethics
- Key company policies (Information Disclosure, Circulation and Privacy Policy, Conflict of Interest Prevention Policy, Risk Management Policy, etc.) in accordance with Annex No. 2

2. Shareholders and beneficial owners

- Information on the company's shareholders holding at least 5% of the company's share capital (indicating the date on which this information was prepared)
- Information on the beneficial owners of the company (indicating the date when this information was prepared)
- Number of company's issued, paid-up and voting shares, bonds or other financial instruments

3. Supervisory board and management board

- Regulations of the management board and the supervisory board or another similar document
- Information on each supervisory board and management board member:
 - term of office;
 - position and area of responsibility (if applicable/assigned);
 - professional work experience and education;
 - up-to-date information on positions in other companies;
 - up-to-date information on the company's shares;
 - statistics on attendance of supervisory board meetings.
- Information on independent supervisory board members:
 - which supervisory board members are considered independent;
 - according to what criteria the independence of a supervisory board member is determined;
 - annual evaluation of dependence of supervisory board members
- Remuneration policy of the management board and the supervisory board and remuneration report
- Information on the selection (nomination) process of the management board and the supervisory board
- Information on supervisory board committees and the audit committee:
 - committee regulations;
 - information on committee members.

Information to be published on the company website

4. Financial and non-financial reports and information

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

5. Information for shareholders and investors

- Information on the planned shareholders' meetings:
 - notices on convention of shareholders' meetings;
 - draft decisions.
- Information on held shareholders' meetings:
 - information on the decisions adopted at the shareholders' meetings
 - Company's dividend policy and information on dividends paid (on at least 10 last years of the company's operations)
- Information on transactions of related parties
- Announcements published by the company and relevant information for investors, including presentations for investors, videos of events for investors, forecasts, if any, etc.
- Contacts of the investor relations person (if any)