



European Bank
for Reconstruction and Development

CORPORATE GOVERNANCE LEGISLATION ASSESSMENT PROJECT

2007 ASSESSMENT

based on legislation in force on 1 November 2007

LATVIA

ATTORNEYS-AT-LAW LIEPA, SKOPINA/BORENIUS

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Latvia

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Overall Country Information

No.	Checklist	Brief description
1.	What is the level of dialogue (e.g. conferences, working groups) between the Government (including governmental bodies or other authorities such as Securities Commissions) and the private sector in respect to the need to improve corporate governance in your country?	The level of dialogue is on a level of government to private sector, through the Foreign Investors Council of Latvia. It usually takes form of meeting and working groups that meet on regular basis.
2.	Please describe any ongoing process(es) to improve the level of corporate governance in your country?	The Foreign Investors Council of Latvia is the centre for exchange of information and opinions between international and Latvian business community. The Foreign Investors' Council of Latvia actively participates in legislative processes and organises high level meetings with government (e.g. on 22 May 2007 Action Plan to Improve the Business Environment in Latvia was approved by the Government of Latvia).
3.	Which bodies in the public and private sectors (both domestic and foreign) have initiated, supported and been active in promoting corporate governance reform? (For example, institutes of directors, centers/institutes of corporate governance, associations of shareholders, chambers of commerce, or IFIs).	Implicitly the Riga Share Exchange, Foreign Investors Council in Latvia has been active and supported the promotion of voluntary code of corporate governance.
4.	Does a voluntary national code of corporate governance good practice exist? <i>[If yes, please specify the date of enactment, the latest amendments and if it is available on the web and include the link.]</i>	"Corporate Governance Principles and Recommendations for their Implementation" created by the Riga Share Exchange in 2005 (available on: http://www.baltic.omxnordicexchange.com/docs/rules/RFB_LAT/CorporeteGovernance_20060101_ENG.pdf)
5.	If the code exists:	
	a.) was the voluntary code of corporate governance developed by the Government or the private sector?	Developed by the Riga Share Exchange.
	b.) to what extent is the code based on the OECD Principles?	Partly. There is no exact reference to OECD Principles.
	c.) is it endorsed by the stock exchange or securities commission?	By the Riga Stock Exchange.
d.) must companies/listed companies disclose their degree of compliance with the code ("comply or explain")?	Not mandatory. The Preface of the Principles states: "The principles of corporate governance issued by the Riga Stock Exchange are prepared based on the principle "comply or explain". That means that a company in their annual reports on Corporate Governance will disclose information on the principles of corporate governance referred to in the recommendations that are complied with by it, or provide an explanation why the particular recommendation may not be applied at the company and how the particular situation is going to be solved".	

No.	Checklist	Brief description
	<p>e.) are compliance statements published and easily accessible by investors? [If yes, please describe. Include, if available, the website where the compliance statements can be found.]</p>	<p>No. It is left at will of the particular enterprise. The Introduction to the Principles states: 9. On the implementation of the corporate governance principles in their business, the Issuers shall prepare the Corporate Governance Report (hereinafter – the Report) that shall be prepared in compliance with the principle “comply or explain”. Since the Issuers have freedom of choice as to what principles to implement in their business and to what extent to apply them, then the Issuers are asked to provide in their Reports information on what principles and in what way the Issuer has implemented. If any principle is not applied or applied partially, the Issuer shall provide in its Report the information on the circumstances due to which the principle in question is not or cannot be implemented. When preparing the Report, the Issuers shall take into account the principles referred to in this document on the implementation of corporate governance principles. 10. The Issuers shall prepare the Report together with the annual report and submit it within the term set by the Stock Exchange as well as publish the said information on its website on the Internet. The implementation of the Principles is voluntary but the drafting of the Report is compulsory</p>
6.	<p>To what extent has the Government announced plans for updating and strengthening of:</p> <p>a.) the legal and court system</p> <p>b.) the corporate tax system</p> <p>c.) the educational system for business and legal professions</p> <p>d.) the application of international accounting and auditing standards?</p>	<p>The Government is currently reviewing the ethical standards of the court system. That, however, is not done by Governmental reform, but rather by suggesting that the court system should initiate internal reforms.</p> <p>Currently the corporate income tax is set at the level of 15% pursuant to the Law on Corporate Income Tax. Therefore, there are no plans for reduction of the tax announced by the Government.</p> <p>No specific plans for reform.</p> <p>International accounting standards have to be applied in accordance with Regulation 1606/2002 by the issuers listed on the Riga Stock Exchange. International Standards on Auditing have to be applied in accordance with Law On Sworn Auditors.</p>
7.	<p>Which are the main laws and regulations addressing corporate governance in your country? [Please list titles and dates when they came into force.]</p>	<p>Commercial Law (came into force on 01.01.2002, amended 14.02.2002, 22.04.2004, 16.06.2005, 16.03.2006). Hereinafter – the “CL”.</p> <p>Group of Companies Law (came into force on 27.04.2000, amended 16.03.2006.). Hereinafter – the “Concern Law”.</p> <p>Law on Finance and Capital Market Commission (came into force on 01.07.2001, amended 08.11.2001)Ю</p>

No.	Checklist	Brief description
		Financial Instruments Market Law (came into force on 01.01.2004, amended 14.04.2005, 09.06.2005, 15.06.2006, 29.03.2007). Hereinafter – the “ FIML ”.
8.	Summarize recent significant legal developments affecting corporate governance. [Please indicate whether reviews are planned (and if so, where they stand in the legislative process). If reforms are pending, please provide a schedule of the main proposals which are relevant to corporate governance.]	The most significant development is the Corporate Governance Principles and Recommendations for their Implementation, mentioned in point 4, adopted in 2005 by the Riga Share Exchange. Currently, the Government reviews amendments to the CL, which would simplify the process for increase of the share capital of companies. The amendments could potentially be adopted in spring 2008.
9.	Please list the different corporate forms which are allowed under the law (e.g. partnerships, limited liability, joint stock, public limited) and briefly explain the main differences.	<p>Latvian legislation recognizes the following corporate forms:</p> <p>General Partnerships (perform commercial activities utilizing a joint firm name, and in which two or more persons (members) have united, on the basis of a partnership agreement, without limiting their liabilities against creditors of the general partnership);</p> <p>Limited Partnerships (legal entity, in which its property may not be separated from the property of the general partners. The general members of the limited partnership are jointly and severally liable with all their property for the obligations of the limited partnership, whereas limited partners are legally responsible only for the share of their property transferred under the limited partner’s agreement);</p> <p>Individual Enterprises/Sole Proprietorships (only a natural person can be owner of an individual enterprise. An individual enterprise may conclude commercial transactions utilizing his or her firm’s name, as well as initiate or defend a court action. The owner is liable for the obligations of the enterprise with all his or her property);</p> <p>Limited Liability Companies (an enterprise whose authorized capital is divided into shares. Its assets must be separated from the shareholders’ assets, and it is liable for its obligations only to the extent of its assets. The shareholders are liable for the obligations of the company only by the amounts which they must pay for their shares);</p> <p>Joint Stock Companies (a public company, the shares (share) of which may be publicly tradable objects); hereinafter – the “JSC”, as well as</p> <p>Cooperative Societies (an entity established by natural or/and legal entities for the purpose of meeting the business, economic, social, and cultural needs of its members. A cooperative society must be a limited liability legal entity);</p> <p>Concerns (an aggregate of a dominant undertaking and one or several dependant companies);</p> <p>Consortiums (a temporary, voluntary integration of enterprises for particular (specific) purposes, and large projects and programmes to be implemented);</p> <p>Associations (a legal entity the purpose of which is to achieve the goals stipulated in the articles of association as well as coordinate the activities of its members, represent and defend the interests of its members, and serve other public interests);</p>

No.	Checklist	Brief description
		<p>Foundations (consists entirety of property set aside to achieve the goals established by the founder);</p> <p>State enterprises (an enterprise, which has been established by using state funds or has been transferred to the state, the entire property of which belongs to the state of Latvia); and</p> <p>Municipal enterprises (an enterprise established from funds legally belonging to the municipal enterprise, or one which has been transferred to municipal ownership, the entire property of which belongs to the municipality).</p>
10.	Are joint stock companies managed under a(n) [<i>please briefly explain</i>]:	
	a.) Compulsory one-tier system (no supervisory board)	n/a
	b.) Compulsory two tier-system (management board and supervisory board)	CL provides for mandatory existence of Supervisory Board in the amount not less than three members (Arts.291-300) and Management Board in the amount of one or more members (Arts.301-311). Article 292 of the CL states that supervisory board shall elect and recall members of the management board. Article 268 of the CL states that the shareholders meeting shall elect and recall the supervisory board.
	c.) Option to choose one-tier/two-tier system	Regulation 2157/2001 provides option to choose between one and two-tier system for the European Company. According to the Law on European Companies, the provisions of the CL with respect to the board and the supervisory board are applicable if the European Company has two-tier system and the provisions with respect to board if there is only one-tier governance.

Principle I: Ensuring the basis for an effective corporate governance framework

The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

I.A. *Corporate governance framework should be developed with a view to its impact on overall economic performance, market integrity, and the incentives it creates for market participants and promotion of transparent and effective markets.*

No.	Checklist	Yes	No	Reference to the relevant law
11.	a.) Does your country have a functioning stock exchange? [Please include the stock exchange website, if available.]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Riga Stock Exchange is the only regulated securities market in Latvia, offering trading, listing and information services. It is owned by OMX Group and is a member of Nordic-Baltic share exchange alliance NOREX since April 2004. http://www.lv.omxgroup.com/?lang=en
	b.) Are there different listing segments on the stock exchange? [If yes, please describe, focusing on corporate governance.]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Baltic share exchanges have a common presentation of all listed Baltic companies on a common list, the companies in which are grouped in the Baltic Main List, Baltic Secondary List, and Baltic Bond list as well as Investment Fund List. To be listed on the Main List, the company must have been active in its economic activity for at least three years, must have drafted its last annual report in accordance with International Accounting Standards, must have minimum market capitalization of at least 4 million euros, as well as have certain amount of shares in the free float. In contrast to the Main List, there are not quantitative requirements set forth for the Secondary List. Listing on the Bond List requires duration of the economic activity for at least 2 years, preparation of at least the last financial report in accordance with the International Accounting Standards, minimum amount of the bond issue equal to two hundred thousand euros. The regulations of the Riga Stock Exchange do not differentiate between the lists with respect to the disclosure of information requirements. Any information material to the activities of the issuer must be published by the issuer. There are additional specific disclosure requirements for the share issuers. An issuer the shares of which are listed on the lists, in compliance with the principle “comply or explain”, shall disclose information on the implementation of the Corporate Governance Principles and Recommendations on their Implementation approved by the management board of the Riga Stock Exchange. The report on the implementation of the corporate governance principles shall be submitted by the Issuer to the Exchange together with an audited annual report.

No.	Checklist	Yes	No	Reference to the relevant law
12.	Are corporate bonds common in your country?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
13.	Are Depository Receipts (DRs) common in your country?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
14.	Does the country have a legislative or regulatory body in charge of assessing the implementation, reviewing and developing corporate governance laws?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Riga Stock Exchange is in charge of assessing the implementation, reviewing and developing corporate governance regulations. Otherwise, there is no separate institution responsible for activities with corporate governance laws.
15.	Are there effective, ongoing consultations between regulatory authorities, the public and corporations regarding the development of corporate governance laws? Is the decision-making process used in the development of those laws made publicly available?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Foreign Investors Council of Latvia and the Riga Share Exchange are the most active and perform effective work regarding the development of corporate governance regulations. However, no specific mandatory rules have been introduced.
16.	How transparent is the legal reform process? Does it allow all affected parties to fully understand the new laws and regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The law provides a certain procedure for initiation of legal reform process. Normally the reforms are carried out in transparent manner and the interested parties can express their opinions both when the legislative initiatives are scrutinized by the Government and by the Parliament.
17.	Can the securities market regulator intervene on behalf of shareholders in corporate disputes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Corporate disputes are solved by the parties. In case of major disputes they shall be solved in the court, the FCMC does not have the authority to resolve private disputes between the shareholders. The FCMC can only adopt decisions applying FIML.
18.	Does commercial, corporate or securities arbitration exist? If yes, are arbitration decisions binding and final?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	According to the Civil Procedure Law arbitration decisions are binding and final. Besides of several exceptions for matters that are non-arbitrable, all commercial and corporate disputes can be solved through arbitration (There are more than 140 arbitration institutions in Latvia).
19.	Are state-owned companies subject to exactly the same corporate governance rules as other privately owned companies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	It should be noted that the members of the board and the supervisory board of state owned companies, where the state owns fifty one and more percent of the shareholding are state officials in accordance with the Law on Prevention of Conflict of Interests in the Activities of the State Officials. Thus, the board and supervisory board members of the state owned companies are subject to more stringent restrictions than the members of the board and supervisory board of purely private companies.

I.B The legal and regulatory requirements that affect corporate governance practices in a jurisdiction should be consistent with the rule of law, transparent and enforceable.

No.	Checklist	Yes	No	Reference to the relevant law
20.	Are the legal and regulatory requirements on corporate governance:			
	a.) generally clear and well understood by economic participants?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The Government has not establishing a separate national law on corporate governance, nor it is a separate section of the CL, therefore, it is not always clear and well understood which issues and to what extent are dealt with corporate governance in different laws.
	b.) sufficiently enforced in an efficient, consistent manner so as to constitute a transparent system?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Except for the norms which are incorporated in the laws and such as they are, are sufficiently enforced since those are norms of the legislation. Other principles of corporate governance are often times disregarded in practice.
21.	a.) Do special court/sections exist in the judiciary for corporate cases?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) Is there a significant percentage of corporate governance law that has never been tested in court?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For instance, there have been very few decisions on the duty of care of the board members or the corporate review of the shareholders.
	c.) Does a comprehensive case law collection exist so that interpretation of corporate governance legislation by courts is reasonably foreseeable?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Only few questions are properly solved and are applied uniformly.
22.	Do the laws usually specify sanctions and liabilities for breach of corporate governance laws and regulations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Only sanctions and liabilities provided for in the CL and other laws for misbehaviour (not exactly for the breach of corporate governance norms).
23.	If yes, are the responsibilities and sanctions for breach of the law with reference to the following subjects, clearly defined:			
	a.) management board	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partly in the CL.
	b.) supervisory board (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partly in the CL.
	c.) corporate registry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Law on the Registry of Enterprises of the Republic of Latvia.
	d.) corporate auditors	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partly in the CL, also in the Law on Sworn Auditors.
	e.) corporate evaluators/assessors (e.g., in case of contribution in kind)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partly in the CL, partly in the regulations on the list of experts of contribution in kind adopted by the Register of Enterprises.

I.C. The division of responsibilities among different authorities in a jurisdiction should be clearly articulated and ensure that public interest is served.

No.	Checklist	Yes	No	Reference to the relevant law
24.	Does the law designate a clear division of responsibilities between different authorities (e.g., banking regulator, securities market regulator, competition authority)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Law does designate a clear division of responsibilities between the FCMC (banking and securities market regulator, regulated by the Law on Finance and Capital Market Commission) and Competition Council (competition authority regulated by 04.10.2001. Competition Law). The Consumer Protection Centre (consumer protection agency, regulated by the 18.03.1999 Law on Consumer Protection) to some extent oversees the financial institutions, which are not subjected to direct supervision of the FCMC.
25.	Is there an effective system of cooperation in place between regulators?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	In practice there is little need for cooperation.
26.	Does the law address the issue of potential overlapping responsibilities or gaps in oversight between regulators?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
27.	Are the key laws perfectly harmonised without major inconsistencies, conflicts and discrepancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Since the FCMC regulates both the securities market, the banks as well as insurance business, there is no overlap between the activities of the FCMC and any other industry regulator. In practice there is little potential for overlap of the activities of the FCMC and the Competition Council.

I.D. Supervisory, regulatory, and enforcement authorities should have the authority, integrity and resources to fulfil their duties in a professional and objective manner. Moreover, their ruling should be timely, transparent, and fully explained.

No.	Checklist	Yes	No	Reference to the relevant law
28.	Is the market regulator in charge of corporate governance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
29.	Does the law assure the operational independence of the regulator from external political, commercial, or other interest interference when exercising its respective functions and powers?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FCCM is a lawful autonomous public authority.
30.	Is the regulator accountable to the Parliament or any other government body on an ongoing basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The monitoring of the activities of the regulator is performed by the Parliament. Articles 13 and 14, LFCCM – the Saeima elects and dismisses the Chairperson and the Deputy Chairperson of the FCCM (Law on the Finance and Capital Market Commission, Article 27)
31.	Is the budget of the regulator published and expenses transparently described?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Available at http://www.fktk.lv/lv/komisija/par_mums/budzets/ (only in Latvian language)
32.	Does the law require that when developing new legislation, regulatory agencies should:			
	a.) understand in advance the effects, costs and consequences of such new legislation (e.g., by implementing a Regulatory Impact Analysis - RIA)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	All the interested parties including regulatory agencies have the right but not the obligation to participate in the legislative process by making their proposals and participating in the working groups working on the passing of the laws.
	b.) take into account the availability of resources for the implementation and enforcement of those laws?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	For the law to be enforced it has to be practically enforceable. Otherwise the law will not be implemented correctly, so the working group (and/or the regulatory agencies) working on the passing of the new law have account the availability of state resources.
33.	a.) Are the rulings of regulatory agencies documented and publicly available?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The decisions of the FCCM are not public The decisions of the Competition Council and the Consumer Protection Centre are publicly available and accessible.
	b.) If so, is that information easily accessible?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The decisions of the Competition Council and the Consumer Protection Centre are publicly available and accessible.
34.	After regulatory agencies render their decisions, must they also provide explanations for those decisions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In accordance with the Law on Administrative Procedure each administrative act has to be reasoned and grounded, therefore, explanations for adoption of certain decision has to be explained by the decision itself.

Principle II: The rights of shareholders

The corporate governance framework should protect shareholders' rights

II.A. *Basic shareholder rights include the right to: 1) secure methods of ownership registration; 2) convey or transfer shares; 3) obtain relevant information on the corporation on a timely and regular basis; 4) participate and vote in general shareholder meetings; 5) elect members of the board; and 6) share in the profits of the corporation.*

No.	Checklist	Yes	No	Reference to the relevant law
35.	Does the law require maintenance of a central or company share register where the shareholding of investors is recorded?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 234 of CL states that for the recording of registered share and their holders, the management board shall ensure the maintenance of a register of shareholders.
36.	Does the law require that the relevant share register be maintained by an external and independent organisation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JSCs have no responsibility to provide information to the Register of Enterprises. Information about JSC shareholders are only disclosed indirectly when JSC submits registration documents, which shareholders have signed.
37.	Under the law, does registration of shareholding in the central or company share register constitute proof of ownership? <i>[If not, please explain what is the legal evidence of share ownership.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In case of registered shares, Articles 234 and 236 of CL states that the correctness of the record in the register of shareholders with his or her signature shall be certified by chairman of the Board or by management board authorised member of the board. Shareholders, members of the management board and of the supervisory board, the auditor, and competent State authorities have the right to become acquainted with the register of shareholders.
38.	Under the law, can the parties (purchaser, seller or third parties) of shares require amendment of the register to record the change in shares' ownership? <i>[Please explain.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	With respect to JSCs Article 238 of CL states that the acquirer of registered shares shall notify the company regarding the acquisition of shares by submitting an application and presenting registered shares in paper form with a transfer notation upon them (endorsement), but in the case of alienation of dematerialised registered shares – by submitting a joint alienator's and acquirer's application or transaction document. An entry shall be made in the register of shareholders regarding such.
39.	a.) Does the law require that all the shares be fully paid before they can be transferred?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL Article 237 requires that shareholders shall pay up their registered shares to the amount, according to the procedures and within the time periods specified in the memorandum of association or the regulations for an increase of equity capital. The bearer shares shall be paid-up immediately after their issuing.

No.	Checklist	Yes	No	Reference to the relevant law
	b.) Are shares of listed/public companies freely transferable?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 238 of CL states that shareholders may freely alienate their shares. The articles of association may provide that the sale of registered shares shall require the consent of the a general meeting of shareholders, as well as the grounds on which such consent may be refused, and the right of first refusal of other shareholders to the share to be sold. It should be noted that the regulations of the Riga Stock Exchange state that only the shares, which are freely transferable can be sold on the exchange. Thus, listed companies cannot have any limitation with respect to share transfers.
	c.) Can the free transferability of shares be restricted by specific provisions in company articles or by private contractual agreements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
40.	a.) Is the law providing shareholders the right to obtain information about the company at no costs and without undue delay? <i>[If applicable, please state the time limit for providing information.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 7 of CL says that everyone has a right to become acquainted with the records of the Commercial Register and the documents submitted to the Commercial Register. Everyone, pursuant to a relevant written request and payment of a state fee, has a right to receive an extract from the records of the Commercial Register, as well as extracts or copies of documents which are in the registration file of the merchant. Information is provided without undue delay. Information about shareholders of JSCs is freely provided by the board for shareholders, members of the management board and of the supervisory board, the auditor, and competent state authorities.
	b.) Does the law provide for sanctions in case such information is not provided by the company in due time?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
41.	Under the law, is the shareholders' meeting the only body authorised to:			
	a.) elect/appoint members of the board? <i>[Please distinguish in case a two-tier system is in place.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 292 of the CL states that supervisory board shall elect and recall members of the management board. Article 268 of the CL states that the shareholders meeting shall elect and recall the supervisory board.
	b.) dismiss members of the board? <i>[Please distinguish in case there is a two-tier system in place.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 292 of the CL states that supervisory board shall elect and recall members of the management board. Article 306 concerning JSC says that members of a management board may be recalled by the supervisory board if there are important reasons. Article 268 of CL states that the shareholders meeting shall elect and recall the supervisory board.
	c.) approve the company's audited annual report?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL states that shareholders' meeting approves the company's audited annual report.
	d.) approve dividends?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL.

No.	Checklist	Yes	No	Reference to the relevant law
	e.) decide on the time frame within which approved dividends are paid out?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL upon decision on profit distribution.
42.	Are minority shareholders able to pool their votes for certain board candidates (for example, through cumulative voting)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
43.	Does the law give the shareholders' meeting the exclusive power to <i>[Please specify if the power can be delegated to the board by the charter]</i> :			
	a.) appoint auditors;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL gives the rights only to the shareholder's meeting;
	b.) approve the auditors' remuneration;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL gives the rights only to the shareholder's meeting;; no delegation is possible.
	c.) request additional information regarding the auditors' report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) approve remuneration of (supervisory/management) board members	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL: approve remuneration of the supervisory board;
44.	Does the law impose any conditions on a company to declare dividends?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 10 of Law on annual reports requires company to declare unpaid dividends in balance-sheet.
45.	Does the law require the distribution of dividends among holders of shares in proportion to their shareholding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 161 of CL requires that dividends are paid to shareholders in proportion to the total of the par value of the shares owned by them.
46.	Does the law require the distribution of liquidated proceeds among holders of shares in proportion to their shareholding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 330 of CL says that the remaining property of the company shall be divided among the shareholders in accordance with the plan for division of the remaining property prepared by the liquidator, in proportion to the shares owned by each shareholder, if the founding documents do not specify otherwise.

II.B Shareholders have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as: 1) amendments to the statutes, or articles of incorporation or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions that in effect result in the sale of the company.

No.	Checklist	Yes	No	Reference to the relevant law
	Does the law provide that shareholders should be notified of, and have the exclusive power to vote with respect to: [<i>Please specify if the power can be delegated to the board by the charter.</i>]:			
47.	a.) amendments to the company charter?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the right can not be delegated)
	b.) issuance of additional shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the right cannot be delegated)
	c.) merger, take-over or reorganisation of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the rights cannot be delegated)
	d.) winding up or voluntary liquidation of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the rights cannot be delegated)
	e.) waiver of pre-emptive rights (in the event of capital increase)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the rights cannot be delegated)
	f.) the amendment of the specific rights attached to any class of shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 268 of CL (the rights cannot be delegated)
48.	Does the law provide that existing shareholders have pre-emption rights to subscribe to newly issued shares in proportion to their relevant shareholding?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 251 of CL: in the case of the increase of equity capital the current shareholders have priority right to purchase the newly issued share in proportion to the total of the par value of the share already owned by them.
49.	a.) Does the law allow exceptions/restrictions to these pre-emption rights described in Question 48 above?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) If yes, are these restrictions required to be approved on a case by case basis <i>and</i> by a super-majority vote of the shareholders (e.g. 75%)?	<input type="checkbox"/>	<input type="checkbox"/>	N/A
50.	Can shareholders delegate to boards the issuance of capital up to an authorized limit and within a specified time-frame?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Currently the Government scrutinizes amendments to the CL, which would allow the shareholders to delegate to boards the issuance of capital.
51.	Does the law enable a shareholder who voted against any of the corporate changes in the company as referred to in Question 47 above to sell its shares to the company for not less than a price determined by an independent valuation entity (or the market)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 353 of CL states that the shareholders who have voted against reorganization of the company are entitled to request that their shares are acquired by the acquiring company for a consideration equal to the sum the shareholder would obtain of the assets of the company were divided if liquidation took place on the date of reorganization decision.

II.C Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.

No.	Checklist	Yes	No	Reference to the relevant law
52.	Does the law require a shareholder meeting to be held annually, and within a specified time frame (e.g., 6 months) of the end of the company's fiscal year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 269 of CL says that regular meeting of shareholders shall be convened by the management board each year. In convening the regular meeting the time period provided for by law for the approval of annual accounts shall be observed.
53.	Does the law empower the following people to request extraordinary shareholders' meetings:			
	a.) the chairman of the board of directors; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 270 of CL– an extraordinary meeting of shareholders may be convened by the management board pursuant to its own initiative
	b.) any member of the board of directors/supervisory board [<i>Please specify</i>]; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 270 of CL An extraordinary meeting of shareholders may be convened by the management board pursuant to its own initiative
	c.) one or more shareholders whose aggregate shareholding represents at least 10% of the Company's issued shares? [<i>Please specify the required shareholding.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 270 of CL states that shareholders who jointly represent not less than one twentieth of the equity capital of the company, if a lower representation norm is not specified in the articles of association.
54.	Does the law enable shareholders to participate in the shareholders' meeting not only in person, but also			
	a.) by post	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) by voting instructions in writing or by substitutes other than directors on the basis of a power of attorney? If yes, should the power of attorney be notarised?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 277 of CL states that shareholders may participate at a meeting of shareholders either in person or through a representative. A power of attorney shall be completed in writing and attached to the minutes of the meeting. The power of attorney should be notarized if it is issued by a natural person.
55.	Does the law require that a shareholders' meeting be attended by a quorum of shareholders (presence quorum) representing an aggregate of at least 50% + 1 of the company's issued and outstanding common and preferred shares at the first call? [<i>Please specify the quorum for the first, second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 275 of CL states that the shareholders meeting is entitled to take decisions irrespective of the equity capital represented there if the articles of association do not specify a representation norm.
56.	Does the law require the adoption of ordinary resolutions by an affirmative vote of a majority (of 50% + 1) of all of the company's issued and outstanding voting shares (decision quorum)? [<i>Please specify the quorum for the first, second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 284 of CL says that a meeting of shareholders shall take decisions by a majority of votes of the shareholders with voting rights present if the law does not specify a larger number of votes.

No.	Checklist	Yes	No	Reference to the relevant law
57.	Does the law require a super-majority vote of at least 75% of all the company's issued and outstanding voting shares regarding resolutions for the following matters:			
	a.) any amendment to the company's charter [<i>Please specify the quorum required at the second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL, Article 284 requires that ¾ of the shareholders present vote for that.
	b.) any merger or reorganisation of the company [<i>Please specify the quorum required at the second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL, Article 284 requires that ¾ of the shareholders present vote for that.
	c.) the winding up or voluntary liquidation of the company [<i>Please specify the quorum required at the second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL, Article 284 requires that ¾ of the shareholders present vote for that.
	d.) a waiver of shareholders' tender rights in case of voluntary redemption [<i>Please specify the quorum required at the second and third call.</i>]; and	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No voting requirement defined.
e.) any single transaction or series of transactions involving at least 25% of the company's assets? [<i>Please specify the quorum required at the second and third call.</i>]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No voting requirement defined.	
58.	In the case of any proposed restriction(s) on, or any amendment of, the specific rights attached to any class of shares, does the law require:			
	a.) the 50 % + 1 presence quorum and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 233 of CL
b.) a super-majority vote of at least 75% of the company's issued and outstanding voting shares within each such class of shares which may be affected by the proposed restriction or amendment?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 233 of CL states that the decision shall be in effect if the relevant category of holders of preference share have also voted for the taking of it with a number of votes which is not less than 3/4 of the total number of this category of votes	
59.	Is there a certain amount of time that must elapse between a first and second call?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	That needs to be determined in the articles-of-association.
60.	In cases where the rules relating to the holding of shareholders' meetings have been violated, does the law provide for the right of shareholders to bring an action in order to set aside a shareholder's resolution? [<i>If yes, please specify what is the percentage required for such action.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 286 of CL provides that the shareholders, who have not participated in the meeting may contest the resolutions adopted by such meeting in case of violations of the rules relating to the holding of the shareholders meetings. Article 286 of CL also provides to the shareholders deprived of the possibility to vote or disputing the rights to vote of other shareholders or the procedure of voting can contest the resolution in case of violation of voting procedure.

II.C.1 Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.

No.	Checklist	Yes	No	Reference to the relevant law
61.	a.) Does the law require that the company notify the shareholders of the agenda for a shareholders' meeting at least 20 calendar days in advance of the scheduled shareholders' meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 273 of CL states that a notice regarding the convening of a meeting of shareholders shall be announced not later than 30 days prior to the planned meeting of shareholders.
	b.) Does the law allow that the notification of the general meeting be published in a newspaper or official gazette, without the need for individual notification to each shareholder? <i>[If yes, please specify if it is required that the newspaper must have national distribution.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 273 of CL says that the notice regarding the convening of a meeting of shareholders shall be announced: 1) if the company has bearer shares – by publishing the announcement in the newspaper <i>Latvijas Vēstnesis</i> and in at least one other newspaper; and 2) if the company has also registered shares or only registered shares – by sending written notices to the shareholders recorded in the register of shareholders by registered mail.
62.	Does the law require a power of attorney proxy form to be sent out at the same time when the notice convening the meeting is sent out?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The CL states that in case if authorised person is going to vote, he/she shows his power of attorney at the meeting (no pre – defined form of the power of attorney).
63.	In case of a proposed shareholders' meeting where any of the proposed resolutions require super-majority approval, does the law require that the company send a copy of the agenda, including any valuation reports and proposed resolutions and charter amendments to the shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 273 part 4 of CL.

II.C.2. Opportunity should be provided for shareholders to ask questions to the board and to place items on the agenda at general meetings, subject to reasonable limitations.

No.	Checklist	Yes	No	Reference to the relevant law
64.	Does the law require the agenda for a shareholders' meeting to be adopted by the board of directors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 274 of CL states that the issues to be included in the agenda of the meeting of shareholders shall be determined by the persons or body which initiated the meeting (management board, the supervisory board or the Register of Enterprises).

No.	Checklist	Yes	No	Reference to the relevant law
65.	Does the law provide for additional items to be added to the agenda at the request of			
	a.) the chairman of the board of directors;	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The management board or another body which is convening the meeting of shareholders shall include the additional issues in the agenda of the meeting of shareholders and shall announce them in the same manner as the notice regarding the convening of the meeting not later than fourteen days prior to the meeting.
	b.) any 2 directors; or	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The management board or another institution which is convening the meeting of shareholders shall include the additional issues in the agenda of the meeting of shareholders and shall announce them in the same manner as the notice regarding the convening of the meeting not later than fourteen days prior to the meeting.
66.	a.) Does the law allow shareholders to submit questions in advance of a shareholders' meeting to which management and board members are required to reply at such shareholders' meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 276 part 4 of CL provides that the shareholder may submit questions at least seven days before the meeting and the board shall issue all the required information at least three days prior to the meeting, unless the disclosure of the information could create material losses for the company or the information cannot be disclosed in accordance with the legislation or the articles.
	b.) Does the law impose any penalties for not replying to such a shareholder request?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	c.) Does the law allow shareholders to ask questions at the shareholder meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 283 of CL states that the management board has to give shareholders information about the status of the company, and at the very least about the loss and profit of the company, solvency of the company, development perspectives of the company, transactions concluded between the company and the shareholders.

II.D Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.

No.	Checklist	Yes	No	Reference to the relevant law
67.	a.) Does the law regulate cross-shareholdings ¹ ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Concern Law, Article 5.
	b.) Is there a voting cap limiting the number of votes that a shareholder, who holds a cross-shareholding in another company, may exercise in dealings with that company (for example a voting cap of 10%)? <i>[If so, please specify the voting cap.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
68.	a.) Are there rules that govern the disclosure by shareholders of ultimate beneficial ownership? If yes, please specify the thresholds for disclosure of ownership.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Concern Law, Article 6 provides that the shareholder shall inform the company within two weeks from acquisition of ten and more percent of the share ownership. Subsequently acquisition of each additional five percent must be notified to the company. This notification obligation refers also to the shares held in beneficial ownership and the name of the beneficial owner must be indicated in the notification.
	b.) Do ownership disclosure rules enable shareholders to obtain a clear picture of a company's ultimate ownership and the identity of intermediaries?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
69.	Does the law impose restrictions on transactions involving shareholders with a conflict of interest regarding the transaction in order to avoid disadvantageous transaction terms for the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FIML, Article 63 applies to holders of insider information of issuers.
70.	Are shareholders required to disclose shareholder agreements to the company, the authorities and/or to other shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 3 of Concern Law - a dominant undertaking has the right to notify in writing the Enterprise Register of its decisive influence on the basis of participation, indicating in the notice the basis for the decisive influence in accordance with the provisions of Law, as well as the name of the dominant undertaking and the dependent company. Similarly, the dominant undertaking has the right to notify in writing the Enterprise Register of the termination of such decisive influence on the basis of participation. If a dependent company is a public share company, the dominant undertaking has the duty to notify in writing the Enterprise Register of its decisive influence on the basis of participation and of the termination of such influence. Such notices shall be attached to the registration file of the dependent company

¹ A cross-shareholding is where the company owns shares in another company which is also one of its own shareholders.

No.	Checklist	Yes	No	Reference to the relevant law
				and, if the dominant undertaking is registered in the Enterprise Register, also, to the registration file of the dominant undertaking. Otherwise, there is no binding obligation to disclose shareholder agreements to the Register of Enterprises.

II.E Changes of corporate control should be allowed to function in an efficient and transparent manner.

II.E.1. The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.

No.	Checklist	Yes	No	Reference to the relevant law
71.	Does the law require notification to the company, the other shareholders, the securities commission, the stock exchange or anti-monopoly office if a shareholder builds up a significant shareholding in the company? [<i>Please briefly describe how the law define significant shareholding.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Concern Law –please see point 2 above, FIML requires the shareholder to notify the share issuer and the FCMC upon acquisition of the following shareholding levels: 5%, 10%, 15%, 20%, 25%, 30%, 35% 50%, 75%.
72.	Does the law impose any penalties for non-notification (e.g. a shareholder not being allowed to exercise the voting rights attached to the shares)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Concern Law, Article 7 states - a shareholder of a company may not exercise rights related to shares (capital shares) of the acquisition of which he or she has the duty to notify the company in accordance with the provisions of Law until the moment of submission of such notice. FIML, Article 64 states that the shareholder is not entitled to exercise the voting rights if the shareholding has not been notified to the company.
73.	Are shareholders of the same class treated equally during changes of control? Is there a provision that minorities receive the same price as the controlling owner?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes, the shareholders of the same class are treated equally. FIML 71 requires setting forth the price to be paid for one share, which applies to the minorities as well as the controlling owner.
74.	Does the law include a provision allowing an offeror to require the holders of the remaining securities to sell their securities at a fair price (the so-called minority squeezed out)? If yes, please specify the shareholding threshold.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 81, FIML gives the shareholder a right to exercise squeeze-out in case when the shareholding reaches or exceeds 95 percent.
75.	Does the law include a provision allowing the holders of remaining securities to require the offeror to buy their securities at a fair price (the so-called minority buy-out)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 83 ¹ FIML states that if a person's shareholding reaches or exceeds 90 percent, the minorities are entitled to require that the person buys back their minority shareholdings.

II.E.2. Anti-takeover devices should not be used to shield management from accountability.

No.	Checklist	Yes	No	Reference to the relevant law
76.	Does the law require an authorisation by a shareholders' resolution with a majority of 75% of the company's issued shares, before the board of directors is entitled to enter into any transaction other than for full and valid consideration as a measure to prevent a change of control in the company?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Law does not regulate it for non-listed companies, but it can be included in the company's charter. What concerns listed companies, LIFM, Article 78 prohibits the management board from using any type of poison pills either approved or non-approved.

Principle III: The equitable treatment of shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

III.A. All shareholders of the same class should be treated equally.

III.A.1 Within any class, all shareholders should have the same voting rights. All investors should be able to obtain information about the voting rights attached to all classes of shares before they purchase. Any changes in voting rights should be subject to shareholder vote.

No.	Checklist	Yes	No	Reference to the relevant law
77.	Does the law require that within any class of shareholders all shareholders have the same voting rights? If yes, does the law implement the principle “one share-one vote”?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Share in which an equal amount of rights are fixed is share of one category. Each minimum par value share with voting rights gives the right to one vote at a meeting of shareholders. A shareholder has voting rights in conformity with the total of the par values of the share with voting rights belonging to them. CL: Articles 227; 279.
78.	Does the law allow investors to have access to information about the voting rights attached to all classes of shares before they purchase? If yes, where is this information available?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The articles of association of the companies have to be registered with the Commercial Register and are publicly accessible. CL: Article 9

III.A.2 Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress

No.	Checklist	Yes	No	Reference to the relevant law
79.	Does the law provide for specific sanctions and/or liabilities in case of:			
	a.) violation of the rules on notification of shareholder meetings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If the provisions of the law or of the articles of association regarding the convening of the meeting or the announcement of information associated with it have been violated, a court may declare a decision taken by a meeting of shareholders as void. CL: Article 286.

No.	Checklist	Yes	No	Reference to the relevant law
	b.) violation of rules allowing shareholders to place items on the agenda for the annual meeting	<input type="checkbox"/>	<input checked="" type="checkbox"/>	A meeting of shareholders may take decisions only regarding those issues of the agenda which are indicated in the publication or notice regarding the convening of the meeting, otherwise these questions may not be considered. Notwithstanding the CL determines an exception - if all the equity capital with voting rights is represented at a meeting of shareholders, the meeting shall be deemed to be have the capacity to act irrespective of the time and manner it was convened. Such meeting may also discuss issues not included in the agenda and to take decisions on them, if all the shareholders with voting rights unanimously agree to such. CL: Article 276.
	c.) delays or failure to pay dividends authorized by shareholder meetings	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Decision of payment of dividends consists in a competence of the board. CL determines that members of the management board and supervisory board shall perform their duties as would an honest and careful manager, otherwise a member of the management board may be recalled by a decision of the supervisory board. Such reasons shall, in any case, be considered to be gross violations of authority, failure to perform or to appropriately perform his or her duties, an inability to manage the company, or causing harm to the interests of the company, as well as loss of confidence. Regarding preference shares - if a shareholder who owns preference share with special rights in relation to receiving dividends is not paid dividends for two accounting years in succession or is paid only part of them, they shall acquire voting rights in the next accounting year under general provisions in proportion to the amount of the par value of the preference share owned by them. CL: Articles 161; 232; 306.
	d.) failure to allow inspection of books and records	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

III.A.3 Votes should be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares

No.	Checklist	Yes	No	Reference to the relevant law
80.	Are financial institutions, holding shares in custody for investors, required by law to provide shareholders with information concerning their options in the use of their voting rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 54 of FIML provided that the management board of the share company (the shares of which are publicly traded) shall ensure that, at least the following information is available for the shareholders of the company: 1) the time, place and agenda of the meetings of shareholders, total number

No.	Checklist	Yes	No	Reference to the relevant law
				<p>of shares with the voting rights and the rights of the shareholders to participate in the meetings,</p> <p>2) any payment of dividends;</p> <p>3) any issue of new shares, including information regarding the procedures by which subscribing for these shares shall take place, as well as any waiver of these shares, where the regulations of the issue prescribe the possibilities for the exercise of pre-emptive rights.</p> <p>4) the selected depository or an institution comparable thereto through the intermediation of which persons owning the shares may exercise their rights; and</p> <p>5) any changes in the rights, which are established in various categories of shares thereof.</p>

III.A.4 Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.

No.	Checklist	Yes	No	Reference to the relevant law
81.	Can the general meeting be held abroad or in a place other than the company headquarters?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There are no restrictions in the CL regarding a place of shareholders meetings. CL: Article 273.

III.B. Insider trading and abusive self-dealing should be prohibited.

No.	Checklist	Yes	No	Reference to the relevant law
82.	Does the law require company disclosure of information likely to affect stock exchange prices (in order to prevent insider dealing of shares), without undue delay?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>In accordance with article 59 of FIML an issuer the financial instruments which are included in a regulated market shall report on any significant events which for the purposes of this article are understood as any event related to the issuer which is known or should have been known to the issuer, and which may affect the price of the financial instruments or the decision of the investor to buy or sell the respective financial instruments.</p> <p>Furthermore article 87 of FIML provided that an issuer the financial</p>

No.	Checklist	Yes	No	Reference to the relevant law
				instruments or commodity derivatives of which are traded on a regulated market shall ensure the fastest and most accurate possible disclosure of such inside information (such information related directly or indirectly to the issuer of financial instruments which has not been disclosed publicly and the publication of which would substantially affect the price of the financial instrument of the respective issuer or of financial instruments derived thereof or a decision of an investor to purchase or sell the financial instruments, which is understood as information that would likely be used by a regular investor in order to decide on selling or buying the financial instruments) which directly relates to such issuer or to financial instruments or commodity derivatives issued by such issuer.
83.	Are there any laws in place which prevent or punish insider trading?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Article 85 of FIML states that a person that is a first-degree holder of inside information (the person that has become aware of such information in the performance of duties in administrative bodies of the issuer; or from participation in the issuer's share capital; or in the performance of professional duties as an employee of the issuer or on the basis of other contractual or lawful relations; or through the performance of activities which are criminally punishable) may not on the basis of inside information obtain or alienate financial instruments or commodity derivatives on his own behalf or on the behalf of another person, as well as recommend or instruct another party to acquire or alienate financial instruments or commodity derivatives. This applies also to other persons that are aware or should be aware that the information is inside information.</p> <p>Furthermore, article 89 provides that an investment brokerage company and credit institution shall refrain from the execution of a transaction on behalf of an investor if there are suspicions that such transaction is being executed through the utilization of inside information or with intent to commit a market manipulation.</p> <p>Sanctions for insider trading are included in Criminal law.</p>
84.	Are board members, senior managers or controlling shareholders required to disclose transactions involving their company's shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>In accordance with article 61 of FIML a person who alienates or acquires voting shares in a share company in a share company the shares of which are included in the regulated market shall notify the company and the commissions on the proportion of its voting rights, if the proportion as a result of the transaction exceeds or becomes less 5, 10, 15, 20, 25, 30, 50, 75%.</p> <p>Furthermore, article 86¹ of FIML indicates that the following persons – the members of the board and supervisory board, the internal auditor of the company, other management employees not being the members of the before</p>

No.	Checklist	Yes	No	Reference to the relevant law
				mentioned institutions but at the disposal of which is the inside information directly or indirectly related with the issuer and the decision of which can affect the operations and development of the issuer, and the persons related to the above mentioned persons (spouses, children, other relatives, which have a common household with the respective person at least for one year, or any legal entity where any of the above referred persons or they related persons conduct the management of such legal entity or have direct or indirect control over it – shall notify the commission if the transactions with the shares of the issuer of related financial instruments or derivatives thereof are performed on behalf of such person.

III.C. Members of the board and managers should be required to disclose any material interests in transactions or matters affecting the corporation.

No.	Checklist	Yes	No	Reference to the relevant law
85.	Under the law, is a shareholder, director, officer or employee of the company who has conflicting interests in a deal between the company and another party, required to disclose such interests to the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	If there is a conflict of interest between the company and a member of the management board, his or her spouse, kin or in-laws, counting kinship up to the second degree and affinity up to the first degree, the issue shall be decided at a management board meeting, in which the interested member of the management board shall not have voting rights, and this shall be noted in the minutes of the management board meeting. A member of the management board has a duty to notify of such interests before the beginning of a management board meeting. A member of the management board who violates this requirement shall be liable for losses incurred by the company. CL: Article 309.
86.	Under the law, must the Board of Directors / Supervisory Board [<i>please specify</i>] ensure that the company pay a fair price for assets or services purchased from or sold to any shareholder, director, officer, employee, agent or representative or related entities of the company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 139 ¹ of CL states that such transactions shall be approved by the shareholders meeting, unless the price is at market value.
87.	Can directors, officers or shareholders of a company who have conflicts of interests with the company, be legally prevented from voting at the meetings where those interest-related issues are discussed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL: Article 309. (Above)

No.	Checklist	Yes	No	Reference to the relevant law
88.	a.) Does the law allow the company to give people including the company's directors, officers and employees the right to buy shares?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Regarding employees of the company - a company may issue employee share that may be acquired only by employees of the company and members of the management board. Otherwise the employees are not restricted from buying the shares. Concerning company's directors and members of the board, there are no restrictions on rights to buy shares. CL: Article 255.
	b.) Are there any restrictions imposed on such acts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
89.	Does the law require that all related party transactions be:			
	a.) specifically approved by the board (supervisory/management please specify)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Article 139 ¹ of CL defines certain related party transactions that have to be approved by the shareholders meeting. Pursuant to article 292 of the CL, the supervisory board is obliged to review all the agenda of the shareholders meeting and provide an opinion thereon.
	b.) disclosed to shareholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	The CL prescribes an obligation to disclose transactions to shareholders only in some cases. The management board has a duty to provide information to a meeting of shareholders regarding concluded transactions between the company and shareholders, members of the supervisory board or members of the management board. CL: Article 221 part 5.
	c.) registered in the company financial statement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Economic activities of the company shall be recorded in the books and reflected in the annual accounts, taking into account their economic content and nature, not just their legal form. Law On the Annual Accounts of Undertakings: Articles 25; 53 ¹ . IAS 24: related party transactions" applies.
90.	Does the law require disclosure of loans made by the company to related parties (e.g. parent companies, subsidiaries, directors, employees, their spouses, children or relatives of the company or related companies)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Company has a duty to provide an information on any arrangement that has not been included in balance (indicating its aim, form and financial influence), if a risk and benefits related with this arrangement need to be considered as important and if this information is necessary for estimating a financial standing of the company. Law On the Annual Accounts of Undertakings: Articles 25; 53 ¹ .
91.	Under the law, can transactions made by companies, which are not based on fair market values, be invalidated and action be taken against the relevant parties?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This cannot be done, unless there are any breaches of the procedure for approval of the transaction (e.g., related party transaction has not been approved accordingly).

Principle IV: The role of stakeholders in corporate governance

The corporate governance framework should recognise the rights of the stakeholders as established by law and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

IV.A. The corporate governance framework should assure that the rights of stakeholders (i.e. employees, suppliers, creditors) protected by law are respected.

No.	Checklist	Yes	No	Reference to the relevant law
92.	Does the law contain clear provisions on:			
	a.) safety at work for employees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Labour Protection Law.
	b.) protection of suppliers as stakeholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	c.) protection of creditors as stakeholders?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) environmental protection (e.g., implementation of the “polluter must pay” principle)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Article 3 of Environmental Protection Law prescribes that the State environmental policy shall be developed and decisions, which may affect the environment or human health, shall be taken by observing the principle “polluter pays” id est – a person covers all costs, which are related to the assessment, prevention, and limitation of pollution or liquidation of the consequences thereof caused due to his or her activities.

IV.B. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.

No.	Checklist	Yes	No	Reference to the relevant law
93.	Does the law incorporate effective and easily workable remedies for violations of:			
	a.) employees rights?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Labour Law
	b.) suppliers rights?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No remedies at all
	c.) creditors rights?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No remedies at all

No.	Checklist	Yes	No	Reference to the relevant law
	d.) environmental regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The operator whose occupational activity has caused environmental damage or imminent threat of damage shall cover the costs of the preventive, immediate and remedial measures. (principle “polluter must pay”).</p> <p>For violation of environmental issues the Law prescribes administratively liable, criminally liable and obligation to cover all costs (material responsibility), moreover administratively liable or criminally liable for violations of the regulatory enactments regarding the environment shall not exempt them from the duty to cover costs, which have occurred due to the environmental damage or imminent threat of damage caused thereby.</p> <p>Environmental Protection Law: Article 31.</p>

IV.C. The corporate governance framework should permit performance-enhancing mechanisms for stakeholder participation.

No.	Checklist	Yes	No	Reference to the relevant law
94.	Does the law require employee representation on boards (<i>supervisory/management- please specify</i>)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
95.	Does the law permit employee stock ownership plans or other profit sharing mechanisms?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Law provides that a company may issue employee shares. Employee shares may be acquired only by employees of the company and members of the management board.</p> <p>CL: Article 255.</p>
96.	Does the law permit creditor involvement during insolvency proceedings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>According to the Law on the Insolvency of Undertakings and Companies, creditors meeting is a joint action by the creditors, whom the Law determines following authority:</p> <ol style="list-style-type: none"> 1) to elect the committee of creditors; 2) choose a resolution for the state of insolvency and determine the basic provisions thereof; 3) examine and adopt or reject the submitted resolutions for the state of insolvency (a draft settlement, a restoration plan, a decision regarding bankruptcy) and the procedures for discharging debts in the priority order determined by this Law; 4) confirm the contracts provided for in Section 106 of this Law; 5) request reports from the administrator as to his or her work, and hear and

No.	Checklist	Yes	No	Reference to the relevant law
				approve such; 6) if it is considered necessary, express lack of confidence in the administrator; 7) determine the amount of remuneration for the administrator; 8) determine and control the administrator's security; and 9) confirm the annual accounts of the debtor and examine other questions that in accordance with this Law are within its competence.

IV.D. Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.

No.	Checklist	Yes	No	Reference to the relevant law
97.	Do stakeholders have special access to corporate information?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	According to the principles set forth in the CL, stakeholders independently from the percentage of their participation have the rights to get the excerpt from the stakeholders' register, to ask to perform the internal audit (more than 5% participation), to ask to bring a claim against the members of the Company's management or supervisory board. CL: Articles 183, 172, 169 ¹ , 283. Other stakeholders do not have access rights, except, for example the creditors in the insolvency situation.

IV.E. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.

No.	Checklist	Yes	No	Reference to the relevant law
98.	Are there any provisions protecting "whistleblowers" (employees and other stakeholders that file complaints/voice concerns regarding unethical or illegal practices by corporate officers)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There is a competition law leniency program in place for companies, but otherwise there are no whistle blowing programs for employees.

Principle V: Disclosure and Transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

Timely and accurate disclosure allows all potential investors and market participants to review publicly available information based on which investment decisions are made.

V.A. Disclosure should include but not be limited to, material information on:

V.A.1 The financial and operating results of the company.

No.	Checklist	Yes	No	Reference to the relevant law
99.	Does the law require all joint stock companies to prepare annual audited financial statements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 174. Annual audited financial statement shall be submitted to the Commercial Register (Article181) and also to the State Revenue Service. Amendments to the CL propose that the accounts would need only to be submitted to the State Revenue Service not the Commercial Register.
100.	Does the law require all joint stock companies to prepare quarterly financial reports?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 311. The board of directors has a duty to report in writing regarding its activities to the supervisory board once every quarter, The report shall reflect:1) the results of the commercial activities of the company; 2) the economic circumstances of the company, profitability, turnover and movement of securities; 3) the circumstances, which could have impact upon the economic circumstances of the company; and 4) the planned policies for commercial activities of the company in the next accounting period.
101.	Does the law require joint stock companies to prepare group accounts on consolidated basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Law on the Annual Accounts, Article 66 Concern Law, Article 30
102.	Do laws or regulations to include in their annual reports to shareholders that:			
	a.) The financial statements are their (board's) responsibility.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	It is provided by Law (CL, Article 174). No separate acknowledgement is required.
	b.) The auditor is responsible for reporting on the financial statements.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	It is provided by Law (CL, Article 178). No separate acknowledgement is required.

No.	Checklist	Yes	No	Reference to the relevant law
	c.) The financial statements fairly present the state of company affairs.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Implicitly CL, Article 169

V.A.2 Members of the board and key executives, and their remuneration.

No.	Checklist	Yes	No	Reference to the relevant law
103.	Is the company required by law to disclose board positions in other companies of individual board members and key executives?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL Article 171 prohibits the board members to become shareholders, board members, etc. of competing entities without consent of the supervisory board.
104.	Does the law require the company to disclose the compensation of board members and key executives? [Please specify if the disclosure is on individual or aggregate basis.]	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exceptions are state joint stock companies with fifty one percent and more state ownership. The remuneration of the board members has to be disclosed in accordance with the Law on Prevention of Conflicts of Interest in the Actions of the State Officials.
105.	Under the law, do shareholders determine the remuneration of the board?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL, Article 308 (the amount of remuneration is determined by the supervisory board)

V.A.3 Material foreseeable risk factors

No.	Checklist	Yes	No	Reference to the relevant law
106.	Is the company required by law to disclose to users of financial information and market participants information on reasonably foreseeable material risk such as the following:			
	a.) risks specific to the industry or geographic area;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	IFRS 8 "Operating Segments" Law on the Annual Accounts, Article 55.
	b.) dependence on commodities;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	IFRS 7 " Financial Instruments: Disclosures" Law on Annual Accounts, Article 55
	c.) financial market risk, including interest rate or currency risk;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	IFRS 7 " Financial Instruments: Disclosures" Not exactly interest rate risk or currency risk, but market risk, credit risk, liquidity risk, cash flow risk (Law on the Annual Accounts, Article 55).

No.	Checklist	Yes	No	Reference to the relevant law
	d.) risk related to derivatives and off-shore;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	IFRS 7 "Financial Instruments: Disclosures" IAS 1 "Presentation of Financial Statements" Law on Annual Accounts, Article 41, 53 ¹ and 55
	e.) environmental liabilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Law on Annual Accounts, Article 55

V.A.4. Material issues regarding employees and other stakeholders.

No.	Checklist	Yes	No	Reference to the relevant law
107.	Does the law require the company to disclose key issues relevant to employees and stakeholders that may materially affect the performance of the company (such as management/employee relations and relations with creditors suppliers and local communities)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL Articles 221, 271, 283

V.A.5. Governance structures and policies.

No.	Checklist	Yes	No	Reference to the relevant law
108.	Does the law require the company to appoint a responsible body/officer in charge of corporate governance issues (e.g., company secretary)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
109.	Does the law require the company to disclose (e.g. in its annual report or a similar document) its corporate governance structures and policies, (for example, by providing information on the division of authority between shareholders, management and board members)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Law on the Annual Accounts, Article 61. Listed companies have to comply with the corporate governance regulations of the Riga Stock Exchange or explain the non-compliance.

V.B. Information should be prepared, audited, and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure, and audit.

No.	Checklist	Yes	No	Reference to the relevant law
110.	Does the law require the company to prepare and disclose financial and operating data in accordance with internationally recognised accounting standards?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Issuers shall prepare their consolidated accounts in conformity with the IAS/IFRS pursuant to Regulation 1606/2002.</p> <p>Issuers, who are not required to prepare the consolidated accounts and their transferable securities are included in the official listing in the Republic of Latvia, shall prepare their accounts in conformity with the IAS/IFRS approved by the European Commission and published in the Official Journal of the European Communities</p> <p>Banks, insurance companies, investment management companies, investment brokerage firms and pension funds shall prepare their accounts and consolidated accounts in conformity with the IAS/IFRS approved by the European Commission and published in the Official Journal of the European Communities</p> <p>Other companies shall prepare their accounts in compliance with the Law on Annual Accounts(if registered in Latvia) or according to the Law of the home Member State.</p> <p>Financial Instruments Market Law, Article 56 Law on the Annual Accounts, Article 66 CL, Article 174</p>

V.C. An annual audit should be conducted by an independent auditor in order to provide an external and objective assurance on the way in which financial statements have been prepared and presented.

No.	Checklist	Yes	No	Reference to the relevant law
111.	Does the law require financial results to be annually audited by an independent auditor? Is the independence of the external auditor defined?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	An auditor may not be a shareholder, a member of the board of directors or council of the company itself, as well as a person who is otherwise interested in the commercial activities of the company. If the company is part of a group of companies, the auditor may not be also a person who is a member of the board of directors or council of a dependent company or the dominant undertaking.

No.	Checklist	Yes	No	Reference to the relevant law
				Law on the Annual Accounts, Article 62; CL, Article 176
112.	Does the law provide a test to ensure that the auditor is truly independent from the influence of management?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

V.D. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users.

No.	Checklist	Yes	No	Reference to the relevant law
113.	How often is the company required by law to disseminate information to shareholders?			
	a.) annually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 311 provides that the board shall report to the meeting of the shareholders annually. Issuers have to disclose the annual reports and the corporate governance compliance reports pursuant to the regulation of the Riga Stock Exchange.
	b.) quarterly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Issuers have to disclose the quarterly reports pursuant to the regulation of the Riga Stock Exchange.
	c.) monthly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) upon certain events (e.g. before the general meeting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In accordance with the regulations of the Riga Stock Exchange the issuer shall publish all the information, which may be material for the investors.
114.	How often is the company required by law to disseminate information to the securities commission and the stock exchange?			
	a.) annually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Issuers have to disclose the annual reports and the corporate governance compliance reports pursuant to the regulation of the Riga Stock Exchange.
	b.) quarterly??	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Issuers have to disclose the quarterly reports pursuant to the regulation of the Riga Stock Exchange.
	c.) monthly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) upon certain events (e.g. before the general meeting)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In accordance with the regulations of the Riga Stock Exchange the issuer shall publish all the information, which may be material for the investors.
115.	Does the law require the company to make publicly available <i>[Please describe how the law requires these documents to be made available/disclosed]</i>			
	a.) minutes of the shareholders meetings;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. The minutes are submitted to the Register of Enterprises, but all information about the companies is freely available for everyone.

No.	Checklist	Yes	No	Reference to the relevant law
	b.) audited financial statements of the company, as approved by the shareholders' meeting;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. The audited financial statements of the company are also annually submitted to the Commercial Register and are available for everyone. The financial statements of the issuers have to be submitted also the Riga Stock Exchange and published on the issuers website.
	c.) any amendments to the company charter or other constitutional documents of similar nature (e.g., articles of association);	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. See previous answer about publicly available charter. The information about the issuers would have to be submitted to the Riga Stock Exchange.
	d.) the names of any resigning or removed directors and of newly elected directors;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. Publicly available in the Register of Enterprises. The information about the issuers would have to be submitted to the Riga Stock Exchange.
	e.) the name of the statutory auditor;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. If such auditor is obligatory, then it is registered in the Register of Enterprises and information is publicly available. The information about the issuers would have to be submitted to the Riga Stock Exchange.
	f.) information on bankruptcy proceedings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 7. Publicly available in the Register of Enterprises. The information about the issuers would have to be submitted to the Riga Stock Exchange.
	Does the law require that the following documentation be made available for shareholder inspection at the offices of the company:			
116.	a.) the company's charter or other constitutional documents of similar nature including all amendments;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
	b.) financial statements and statutory auditor reports;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
	c.) any report of an independent evaluation expert prepared in connection with a shareholders' meeting;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
	d.) minutes of each shareholder meeting and of each board meeting and any sub-committee;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
	e.) a list of shareholders owning 1% or more of the company's issued shares;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
	f.) a list of shareholders who have not fully paid for their shares and the amounts due?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 236, 268, 285
117.	Is the company required by law to provide an annual report and/or monthly/quarterly reports to third parties upon request?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exceptions are: State Revenue Service and Law Enforcement Agencies

Principle VI: The Responsibilities of the Board

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

VI.A Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.

No.	Checklist	Yes	No	Reference to the relevant law
118.	Does the law require the management/supervisory board [<i>please specify</i>] to act in the best interest of the company and its shareholders?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 291 for supervisory board; CL, Article 301 for management board.
119.	Does the law provide for shareholders to bring actions on behalf of the company against the board? (i.e., derivative suit) [<i>If yes, please specify the shareholding necessary to start such action.</i>]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL Article 172 (the decision shall be taken by simple majority. In case of minority shareholding: by shareholders participating for not less than 1/20 of statutory capital and owning shares in the value not less than 50 000 lats from the statutory capital).
120.	a.) In discharging their duties, are board members personally liable for breaches of the law while they are in office?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 169 provides for joint and several liability of the members of the board for losses caused to the company, provided the board has not acted diligently and with due care.

No.	Checklist	Yes	No	Reference to the relevant law
	<p>b.) Are executives who sign the annual report and prospectus personally liable for the accuracy of information included therein?</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>CL, Article 169:</p> <p>(1) Members of the management board and supervisory board shall perform their duties as would an honest and careful manager.</p> <p>(2) Members of the management board and supervisory board shall be jointly and severally liable for losses that they have caused to the company.</p> <p>(3) Members of the management board and supervisory board shall not be liable in accordance with Paragraph two of this Section if they prove that they have acted, as would an honest and careful manager.</p> <p>(4) Members of the management board and supervisory board shall not be liable for losses incurred if they have acted in accordance with a lawful decision of a meeting of shareholders. The fact that the supervisory board has approved the actions of the management board shall not release the members of the management board from liability to the company.</p> <p>With regards to the prospectus, article 20 of FIML provides that</p> <p>(1) An issue prospectus shall be approved by an issuer's shareholders (members/participants) meeting or its duly authorized managing body or official.</p> <p>(2) An issuer's managing body, a person making a public offer² and a guarantor, if any, shall be responsible for the contents of an issue prospectus.</p> <p>(3) An issue prospectus shall contain the name, surname and position of persons or the firm name, legal address and registration number of legal persons that are responsible for the fairness of the information contained therein. An issue prospectus shall also contain each such person's statement to the effect that, to the best of their knowledge, the information contained in the issue prospectus reflects the true situation and that the facts that are likely to influence the importance of the information contained in the issue prospectus have not been concealed.</p> <p>(4) If a person is not responsible for all information contained in an issue prospectus, there shall be an indication in the issue prospectus as to the part that person is responsible for.</p> <p>(5) By initiating legal proceedings in court according to the general procedure, an investor shall be entitled to demand that the loss be covered by the persons named in the prospectus as responsible for the fairness of the information contained therein, where it has incurred loss due to false or incomplete information contained in the issue prospectus.</p> <p>(6) An investor shall not be entitled to demand that the loss be covered by the responsible persons named in the prospectus, where that investor has made its choice solely on the basis of the summary note or any translation thereof, unless the summary note is misleading or inconsistent with the other parts of the issue prospectus.”</p>

² Thus also the underwriter

VI.B. The board should fulfil certain key functions, including:

VI.B.1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.

No.	Checklist	Yes	No	Reference to the relevant law
121.	Under the law, do the responsibilities of the board [in case of a two tier system, please specify if it is the responsibility of the management or supervisory board]include:			
	a.) reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 301, 292 delegate this responsibility to the supervisory board.
	b.) setting performance objectives;	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the supervisory board.
	c.) monitoring implementation and corporate performance; and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 301, 292 delegate this responsibility to the supervisory board.
	d.) overseeing major capital expenditures, acquisitions and divestitures?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the supervisory board.

VI.B.2. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

No.	Checklist	Yes	No	Reference to the relevant law
122.	Under the law, do the responsibilities of the board [in case of a two tier system, please specify if it is the responsibility of the management or supervisory board]include:			
	a.) selecting, compensating, monitoring key executives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the management board.
	b.) replacing key executives, and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the management board.
	c.) overseeing succession planning?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 301, 292 delegate this responsibility to the supervisory board.

VI.B.3. *Reviewing key executive and board remuneration, and ensuring a formal and transparent board nomination process.*

No.	Checklist	Yes	No	Reference to the relevant law
123.	Under the law, do the responsibilities of the board [<i>in case of a two tier system, please specify if it is the responsibility of the management or supervisory board</i>] include:			
	a.) reviewing key executive and board remuneration, and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 308: the supervisory board only determines the amount of remuneration to the management board.
	b.) ensuring a formal and transparent nomination process for board members?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

VI.B.4. *Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.*

No.	Checklist	Yes	No	Reference to the relevant law
124.	Under the law, do the responsibilities of the board (<i>in the case of a two tier system, please specify if it is the responsibility of the management or supervisory board</i>) include functions such as monitoring and managing potential conflicts of interest involving management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the management board.

VI.B.5. *Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law.*

No.	Checklist	Yes	No	Reference to the relevant law
125.	Under the law, do the responsibilities of the board [in case of a two tier system, please specify if it is the responsibility of the management or supervisory board] include:			
	a.) ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 delegates this responsibility to the management board.
	b.) ensuring that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301 implicitly delegates this responsibility to the management board.

VI.B.6. *Monitoring the effectiveness of the governance practices under which it operates and making changes as needed.*

No.	Checklist	Yes	No	Reference to the relevant law
126.	Does the law require that the responsibilities of the board include functions such as monitoring the effectiveness of the governance practices under which it operates and making changes as needed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Function of the management board is to organize work of a company effectively. It also includes monitoring the effectiveness and such function of the board under the law may be understood as performing duties as would and honest and careful manager. No other more precise definition can be found in the CL.

VI.B.7. *Overseeing the process of disclosure and communications.*

No.	Checklist	Yes	No	Reference to the relevant law
127.	Does the law require that the responsibilities of the board include functions such as overseeing the process of disclosure and communications?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 301
128.	Does the law require the board to review the annual report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Article 174

No.	Checklist	Yes	No	Reference to the relevant law
	prior to submission to the shareholders' meeting for final approval?			
129.	Does the law require the board to make recommendations regarding issues to be voted on at the shareholders' meetings?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CL, Articles 269, 270

VI.C. The board should be able to exercise objective judgment on corporate affairs independent, in particular, from management.

VI.C.1. Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are financial reporting, nomination of executive, board and auditors' remuneration.

No.	Checklist	Yes	No	Reference to the relevant law
130.	Does the law require that the board include a sufficient number of non-executive and independent directors?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
131.	Does the law determine board independence? <i>[If yes, please include the definition.]</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CL, Article 301 (The management board acts independently in considering decisions of shareholders' meeting. The management board has to respect and fulfill decisions of shareholders).
132.	Does the law require the board (<i>management/supervisory – please specify</i>) to have separate committees for dealing with:			No separate committees for Supervisory or Management Board are required by Law.
	a.) Auditing and financial reporting?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	b.) Executive and board remuneration?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	c.) Board nominations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	d.) Corporate governance (i.e., to oversee compliance with company governance standards)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
133.	Are the board committees required to have a minimum number of non-executive board members or independent board members?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

VI.C.2. Board members should devote sufficient time to their responsibilities.

No.	Checklist	Yes	No	Reference to the relevant law
134.	Are there limitations imposed by law as to the number of board directorships that a director can hold? <i>[Please specify.]</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Implicitly CL, Article 304: The following may not be members of a management board: 1) members of the supervisory board of the company; 2) the auditor of the company; 3) a person who, by a judgment of a court, has been deprived of the right to conduct the relevant type or all types of commercial activities; and 4) a member of the supervisory board of the dominant undertaking of a group of companies. The board member in one company can also be board member in other companies (if consent of the supervisory board is acquired). The number is not specified by the law.

This Assessment does not constitute legal advice. Readers are advised to seek appropriate legal advice before entering into any transaction, making any determination or taking any action related to matters discussed herein.

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