

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Corporate Governance Report
for the year ended 31 December 2024

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General information

The Corporate Governance Report 2024 of the joint-stock company Attīstības Finanšu Institūcija ALTUM (Development Finance Institution ALTUM, hereinafter – ALTUM), unified registration No. 50103744891, is prepared in accordance with the requirements of Article 56(2)(3) of the [Financial Instrument Market Law](#) and based on the good corporate governance recommendations for capital companies in Latvia [Corporate Governance Code](#) (January 2021) (hereinafter – the Code) developed by the [Corporate Governance Advisory Council](#). The recommendations were developed taking into consideration the requirements for companies provided in the legislation of the Republic of Latvia as well as corporate governance recommendations of the Organization for Economic Co-operation and Development. Besides, the Corporate Governance Report covers environmental, social and corporate governance (hereinafter – ESG) considerations based on [the Nasdaq ESG Reporting Guide 2.0](#) (May 2019). ESG risk management principles and reflected information are based on ECB (European Central Bank) guidelines and TCFD ([Task Force on Climate-related Financial Disclosures](#)) Recommendations.

ALTUM is a Latvia state-owned company ensuring to enterprises and households access to financing resources by means of financial support instruments – loans, guarantees, investments in venture capital funds – in areas defined as important and to be supported by the state, thus developing national economy and in such a way enhancing mobilisation of private capital and financial resources.

In its day-to-day operations in implementing the state-delegated functions to foster the development of national economy and taking voluntary company responsibility for impact on society and environment, ALTUM acts in compliance with the organization's strategy and values. Our values define our daily activities, are reflected in our operations and conduct, and fully permeate our positive attitude and openness to changes and innovation. ALTUM's value system is designed to provide a clear perception of ALTUM to our external partners and clients as well as to our employees.



TEAM

We work professionally in a unified team together with our customers and partners, thereby creating and implementing effective state aid programmes that are relevant to our client's needs.



EXCELLENCE

Making use of our experience and creative perspective, we strive for excellence in everything we do. We constantly develop ourselves. We take on the complicated, yet finish with simplicity. We look at things and challenges creatively.



RESPONSIBILITY

We strive to reach our goals, pursue everyday work with efficiency, fairness and respect.

ALTUM is also the manager of the AIF "ALTUM capital fund" (hereinafter - the Fund) registered by the Financial and Capital Market Commission (integrated into the Bank of Latvia as of 1 January 2023) (hereinafter - FCMC). The fund was established in the spring of 2020 to support overcoming the impact of Covid-19. Its aim is to support well-managed, perspective large companies (Midcaps and large SMEs) that being under the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology, expanding into new export markets, thereby fostering their growth.

Strategy 2025-2027

According to the AS "Development Finance Institution ALTUM" Strategy for 2025–2027, which is currently in the final stage of approval, the following strategic development directions and key long-term objectives have been set.






- The primary financial objective in implementing state support programs is to ensure a positive return on ALTUM's capital.
- **The main non-financial objective is to promote access to financing for economic development, focusing on the following key areas:**
 - Implementation of programs under the new EU fund planning period for 2021–2027. The programs focus on climate change mitigation solutions and sustainable financing for businesses, including expanding financial instruments for innovation, research and development, productivity, digitalization, and energy efficiency in both residential buildings and the business sector;
 - Promoting housing affordability in regions;
 - Increasing the role of venture capital instruments in business financing by actively implementing 5th-generation venture capital funds for companies from early to growth stages;
 - Supporting capital market development by launching Baltic Capital Market Acceleration Funds (IPO Fund);
 - Further development of the Land Fund of Latvia
- Strengthening ALTUM's role in direct lending by actively issuing and managing loans. Given the insufficient private sector offering, this includes initiating private housing loans in Latvia's regions.
- To modernize customer service and optimize loan application evaluation processes, IT system upgrades and the implementation of customer relationship management (CRM) platform technologies.

The shareholders' meeting, in approving ALTUM's operational plan and budget for 2025 in line with the developed Strategy, set the following key objectives and tasks for ALTUM for 2025:

The primary goal and task – to ensure the growth of ALTUM's portfolio through the implementation of state support programs while maintaining a positive return on capital and operational efficiency.

Goals and targets:

		
<ul style="list-style-type: none"> ▪ Active implementation of the EU RRF programs and the large investment loan program with capital rebate, significantly increasing transaction volumes. ▪ Execution of projects approved under the EU Recovery Fund program in the multi-apartment building energy efficiency segment and the launch of the new EU fund planning period program. ▪ Active implementation of the 4th phase of portfolio guarantees to enhance small and medium-sized enterprises' access to bank financing. 	<ul style="list-style-type: none"> ▪ Advancing more accessible financing for businesses by continuing the allocation of loans up to €100,000 with eased collateral requirements, initiated in 2024, and exploring opportunities to further relax loan conditions for borrowers, particularly in regional areas. ▪ Launching direct mortgage lending in territories outside the capital city and its surrounding areas, subject to approval from the European Commission. 	<ul style="list-style-type: none"> ▪ Expanding the role of venture capital instruments in business financing by actively implementing 5th-generation venture capital funds and the Baltic Capital Market Acceleration Fund. ▪ Modernizing IT systems and enhancing efficiency to ensure the integrity and security of information, data, and systems, as well as to improve and develop financial instruments and customer service.

Strategy 2022 -2024

On 9 March 2022, the Supervisory Board of ALTUM approved [ALTUM's Medium-TERM Operational Strategy 2022-2024](#) (hereinafter – the Strategy), underlining the importance of sustainable financing and ESG considerations both at product level and their full integration into ALTUM's credit risk management.

ALTUM continues to strengthen its role as a key partner of the Government in the implementation of financial instrument programmes and is actively involved in the development of new financial instrument programmes together with the relevant ministries.

In implementing the EU Cohesion Policy for the 2021–2027 planning period, more than EUR 400 million will be available in financial instruments across at least 10 support programs for business support from 2024 onwards. Considering the impact of the COVID-19 pandemic on the economy, a Recovery Fund was established to address this impact. However, the completion of the EU Funds 2014–2020 planning period at the end of 2023 delayed the launch of programs for the new planning period.

In 2024, funding under the EU Cohesion Policy for the 2021–2027 planning period was available at EUR 86 million across 5 programs, while at least four new programs are planned to be launched in 2025. Their conditions were approved at the end of 2024 and in January 2025, targeting areas such as energy efficiency improvements in multi-apartment residential buildings, productivity loans for business innovation, renewable energy use and efficiency improvements in district heating and cooling, and promoting renewable energy (biomethane). The total funding for these programs exceeds EUR 300 million.

In April and July 2024, public procurement processes for the selection of 5th generation venture capital fund managers were completed, resulting in the selection of one growth fund and three startup venture capital fund managers. Agreements with all selected fund managers (both growth and venture capital funds) were signed at the end of 2024 and the beginning of 2025. Over the next five years, the new venture capital fund managers will invest in promising and viable companies, with a total investment exceeding EUR 100 million, of which EUR 80 million will be provided by ALTUM. The growth fund and startup funds plan to begin investing in companies in the second quarter of 2025.

Implementing the financial instruments of the EU Funds 2021–2027 planning period, ALTUM has introduced combined financial instruments that include a grant element in the form of capital rebate. A single transaction combines financial instruments with a grant element, where the grant portion is less than half of the total support amount. This mechanism significantly simplifies the implementation of multiple programs from an administrative perspective, allowing businesses to receive both types of support through a single application. The capital rebate will be granted after the completion of the project, once the planned project results have been achieved.

As part of implementing the strategy, since the fourth quarter of 2022, programs funded by the European Recovery and Resilience Facility (RRF) have been available. These are directed toward priority areas such as climate change mitigation solutions, energy efficiency improvements in multi-apartment buildings, transitioning to renewable energy technologies, energy efficiency improvements in companies, construction of rental housing, and the implementation of business digitization projects, which began in February 2023.

The provision of loans with capital rebate for large investment projects, launched in December 2022, continued throughout 2023 and 2024.

By the end of 2023, programs funded from the EU Funds 2021–2027 planning period under ALTUM's Participation Fund had been launched, focusing on promoting business productivity, research, and innovation.

EU funding continues to support energy efficiency improvements in both multi-apartment buildings and private houses. The Transitional Period funding from the European Agricultural Fund for Rural Development (EAFRD) provides additional financing for the farmer guarantee program and the Small Loans in Rural Areas program. Furthermore, under the Common Agricultural Policy Strategic Plan for 2023–2027, a new measure is planned – loans with capital discounts for small rural entrepreneurs.

ALTUM also continues to implement other ongoing state support programmes in areas identified as the state supported and prioritised, ensuring access to finance for enterprises at different stages of development and for specific target groups of the population.

ALTUM follows the demand in the financial market and current market failures, improving and adapting state support instruments to the needs of clients and cooperation partners as well as to economic policy priorities.

Strategy 2022 -2024 (cont'd)

To prepare for the implementation of the European Union's InvestEU program, ALTUM, in collaboration with the selected independent auditor, conducted a Pillar Assessment of ALTUM's compliance in 2023. This assessment is a prerequisite for ALTUM to apply for the role of InvestEU implementation partner and, in the future, the role of collaboration partner in the implementation of EU funds, thereby increasing the availability of new specialized and suitable financial instruments for Latvian companies.

The first phase of the assessment was completed by the end of 2023, with a draft report submitted to the European Commission. After consultation with the European Commission, key recommendations were identified. The implementation of these recommendations has been completed, and an independent auditor's assessment confirming this has been obtained. The report has been sent to the European Commission for review and feedback.

The assessment is expected to be completed in the second quarter of 2025, once the European Commission has gained sufficient confidence in the implementation of the recommendations based on the information provided by ALTUM and the auditor's opinion. A decision on submitting an application for the role of InvestEU implementation partner has not yet been made.

Following strategic development directions and long-term objectives are set in the approved ALTUM Strategy for the period 2022 – 2024:



- The main financial objective in implementing the state support programmes is to ensure positive return on ALTUM's equity.
- The main non-financial objective is to support and facilitate availability of finances to business and to contribute to national economic development.
- ALTUM priority areas include issuing and servicing guarantees and loans, investments in venture capital funds in various growth stages, solutions for climate change mitigation including implementation of energy efficiency programmes in both the residential building and corporate segment, initiation of new projects by expanding the range of the financial instruments offered, as well as the development of the Latvian Land Fund
- The main target activities embrace support for entrepreneurs, farmers and certain categories of persons; energy efficiency; the management of the Latvian Land Fund
- ALTUM will particularly focus on environmental, social and corporate governance (ESG) considerations, both in financing decisions and in ALTUM's internal processes.

ALTUM's objective is to continue ensuring the highest possible credit rating that is not more than two notches below the Latvian sovereign rating assigned by [Moody's Ratings](#) (hereinafter – Moody's), the international credit rating agency.

Financial and non-financial targets

According to the ALTUM's Strategy, the following key financial targets on ALTUM's financial operations and non-financial targets driven by ALTUM strategic objectives, regulatory framework and policy planning documents in order to ensure the performance of functions assigned to public entity, were set:

- The Strategy anticipates a moderate increase in the volume of new transactions, with the volume of new transactions growing by 3.24% by 2024.
- ALTUM's gross portfolio of financial instruments is expected to grow at an average annual rate of 10%, reaching a total portfolio size of EUR 1.3 billion by the end of 2024.
- Contribution to economy by ALTUM volumes issued characterises a projected increase in ALTUM's impact on economic development by facilitating mobilisation of private capital and financial resources in the priority areas. In 2024, this indicator is planned at EUR 773 million level.
- *Return on Equity* (ROE) is planned to remain above 1.3% during the Strategy implementation period.
- *Equity* at the end of the reporting year is expected to show positive dynamics.
- To ensure ALTUM's financial efficiency, the Cost-to-Income Ratio is planned to be no more than 65%.

Financial and non-financial targets (cont'd)

Information on achieving the 2024 non-financial targets set out in the Strategy:

- **New transaction volumes (incl. grants) reached EUR 428 million in 2024**, which is **by EUR 89 million more (+26%)** than the targeted EUR 339 million in the Strategy for 2024. Compared to 2023, the figure has increased by EUR 139 million (+48%).

The strong growth was mainly driven by a **substantial increase in new transaction volumes in loans and guarantees (+EUR 80 million and +EUR 44 million respectively compared to the same period in 2023)**. As to loans, the biggest increase was due to the Resilience and Recovery Facility loans and investment loans for Midcaps with a capital rebate amounting to EUR 41 million and EUR 25 million respectively. In 2024, the portfolio of working capital loans to farmers saw the growth of new transaction volume by EUR 26 million more than in 2023. In 2024, the increase in new transactions in guarantees was mainly driven by the increase in the energy efficiency of multi-apartment building programme under the Resilience and Recovery Facility (+EUR 17 million) and in the housing guarantee programme (+EUR 11 million). The Land Fund also saw a sharp rise in 2024, with new transactions significantly exceeding (+EUR 23 million) those of 2023.

- **At the end of 2024, the gross portfolio (incl. grants) amounted to EUR 1,178 million** which is by EUR 121 million less (-9%) than the targeted EUR 1,299 million in the Strategy for 2024. Compared to 2023, the figure has increased by EUR 76 million (+7%).

The gross portfolio of financial instruments (excl. grants) was EUR 1,175 million, an increase of EUR 141 million (+13.6%) compared to the end of 2023).

The largest increase was in **the loan portfolio, which grew by EUR 59 million (+16.4%) over the 12-month period**, 20% of which was accounted for by the Resilience and Recovery Facility loans and investment loans for Midcaps with a capital rebate. The guarantee portfolio grew to EUR 524 million (+9.1% compared to the end of 2023), driven by support programmes for individuals, i.e. housing guarantees for families, members of the National Armed Forces and young professionals, as well as guarantees for improving energy efficiency of multi - apartment buildings. The Land Fund's transaction portfolio increased by EUR 38 million (+39.4%).

The grant portfolio left the largest impact on the gross portfolio of support instruments (incl. grants); **at the end of 2024 the grant portfolio was by EUR 120 million less compared to the one set in the Strategy (EUR 123 million)**. In the EU programming period 2021-2027, it is possible to implement financial instruments, which also include a grant element in the form of capital rebate. At the end of 2024, the loan portfolio (excl. reverse rent transactions included in the Land Fund portfolio) was EUR 63 million lower (-13%) than set in the Strategy (EUR 481 million) while the portfolio of venture capital instruments was by EUR 5 million higher (+5%) than set in the Strategy (EUR 93 million). Meanwhile, the guarantee portfolio and the portfolio of the Land Fund were by EUR 23 million (+4%) and EUR 33 million (+24%) respectively higher than set in the Strategy (EUR 501 million and EUR 102 million, respectively).

By segment, the largest portfolio (33%) is created in the segment of Small, Medium and Large Enterprises (SMEs and Midcaps) (31 December 2023: 36%), followed by Individuals - 32% (31 December 2023: 31%), Agriculture - 27% (31 December 2023: 23%) and Financial Intermediaries - 8% (31 December 2023: 10%).

Financial and non-financial targets (cont'd)

Information on achieving the 2024 non-financial targets set out in the Strategy (cont'd):

- **Moody's credit rating in the Strategy is set two notches below the Moody's rating assigned to the Latvian state.**

On 28 January 2025, the international credit rating agency Moody's Ratings (Moody's) **affirmed ALTUM's Baa1 long-term credit rating with a stable outlook**. The credit rating is at the same level as that affirmed on 2 February 2024. The short-term rating is also affirmed at P-2. ALTUM's credit rating is based on the Moody's Finance Companies Methodology (July 2024). ALTUM's long-term credit rating Baa1 is one of the highest ratings assigned to Latvian capital companies.

ALTUM's long-term credit rating Baa1, affirmed by Moody's, is one notch below the rating assigned to the Latvian state, which was A3 at the year-end 2024, and ALTUM's rating is above the threshold set in the Strategy.

ALTUM's long-term credit rating Baa1, affirmed by Moody's, is one notch below the rating assigned to the Latvian state, which was A3 at the year-end 2024, and ALTUM's rating is above the threshold set in the Strategy.

- **Total contribution to economy by ALTUM volumes issued in 2024 totalled EUR 978 million**, which is by EUR 205 million more (+27%) than targeted in the Strategy for 2024 (EUR 773 million). Compared to 2023, the figure has increased by 3%. The indicator represents the total contribution to the economy, including the participation of the beneficiaries, i.e. the funding contributed by the private co-financier and the project promoter.
- **The volume of the state support programmes (incl. grants) per employee amounted to EUR 4.6 million**, which is by EUR 1 million less (-17%) than targeted in the Strategy for 2024 (EUR 5.6 million). Compared to 2023, the figure has increased by 2%.
- **Voluntary employee turnover was 7%, which is below the indicator targeted in the Strategy (<10%)** and below the same indicator of 2023 (-1%). Reduced staff turnover contributes to reaching ALTUM's objectives.
- The number of **trained employees reached 96%, exceeding the number targeted in the Strategy (>70%)** and is the same as in 2023. The extensive use of distance learning contributed to the result.



In 2024, ALTUM met its main non-financial target as set out in the Strategy: **to support and facilitate availability of finances to business and to contribute to national economic development.**

Financial and non-financial targets (cont'd)

Information on achieving the 2024 financial targets set out in the Strategy

- In 2024, **Return on Equity ROE was 7.1%**, which was above the indicator targeted in the Strategy ($\geq 1.3\%$), up by 26% in absolute terms compared to 2023.
- **The profit of EUR 28.7 million** exceeded the indicator targeted in the Strategy for 2024 (EUR 9.8 million), up by EUR 10.9 million compared to 2023.
- **Equity (at the end of the year) totalled EUR 416 million** (EUR 422 million targeted in the Strategy for 2024), up by EUR 26.7 million compared to 2023. Equity is in line with the Strategy. The 2024 increase in equity was due to the following factors: the profit for the reporting period; increase in the share capital of EUR 6.2 million in accordance with the resolution of the shareholders' meeting of 30 November 2023, based on Cabinet Order of 12 December 2023; increase in the capital reserve by EUR 7.4 million for the implementation of the housing guarantee and the study and student portfolio guarantee programmes of EUR 1.8 million and EUR 5.6 million, respectively; reduction of capital reserve by EUR 18.3 million for the guarantee programme for agriculture, fisheries and rural development and the guarantee programme for mitigating the consequences of the war in Ukraine, meanwhile increasing the funding for the support programmes. As a result of the reduction of the specific capital reserve, the reallocated funding of EUR 5.8 million for the guarantee programme for agriculture, fisheries and rural development was redirected for financing working capital loans to farmers. As a consequence of the reduction of the specific capital reserve, the reallocated funding of EUR 12.5 million for the guarantee programme for mitigating the consequences of the war in Ukraine was redirected for financing investment loans for midcaps with a capital rebate. Thus, the reduction of the specific capital reserve by reducing the funding for certain support programmes and the transfer of the corresponding funding to commitments to finance other support programmes was made while maintaining the nature of the funding, i.e. funding for the implementation of a new support programme and coverage of expected losses.
- **Cost-to-Income Ratio** was 23% and below the targeted in the Strategy ($\leq 65\%$), down by 3% in absolute terms compared to 2023.
- **The 6-month liquidity ratio of 342%** was higher than the targeted ratio ($\geq 100\%$), down by 88% in absolute terms compared to 2023. ALTUM maintains high level of liquidity. In 2024, ALTUM received funding from several EU funds – from the Resilience and Recovery Facility and the EU funding programmes for the programming period 2021-2027, which increased ALTUM's liquid assets.

Financial and non-financial targets (cont'd)

Information on achieving the 2024 financial targets set out in the Strategy (cont'd)

- **Tangible common equity (TCE) / Total tangible managed assets (TMA) was 22%**, which was above the indicator targeted in the Strategy ($\geq 20\%$). Compared to 2023, this ratio decreased by 1% in absolute terms. Such a decrease was due to the change in equity (see the commentary to the indicator "Equity (year-end)") and the increase in total assets under management by EUR 249 million (+15%) in 2024. The above ratio shows that ALTUM's own funds are sufficient to cover the risks associated with its operations.



In 2024, ALTUM's main financial target as set out in the Strategy was met: **to deliver a positive return on ALTUM's equity through the state support programmes.**

The deviations of some indicators from the targets set in the Strategy were not significant and had no negative impact on achieving ALTUM's main objectives and the implementation of the Strategy.

Additional information on the achievement of non-financial and financial targets is available in the Annual Report for the year ending 31 December 2024 (hereinafter Annual Report) - the Management Report and Other Notes to the Annual Report.

Contribution to economy



Total contribution to economy by ALTUM volumes issued in the reporting year:

In 2024: EUR 978 million

In 2023: EUR 946 million

In 2022: EUR 766 million

Internal control and risk management system

Internal control

The internal control system of ALTUM has been designed to ensure efficient, sustainable and effective operation of the company, accuracy of information provided, and compliance with the relevant laws and regulations to provide a reasonable assurance that the assets of ALTUM are secured against loss and unauthorised management and use, operational risks are identified and managed on an ongoing basis, the amount of capital is adequate to cover the identified risks inherent in the operation of ALTUM, the transactions are performed in line with the procedures established by ALTUM, the company operates reasonably, prudently and efficiently in compliance with the legal requirements, and the drawbacks identified in the ALTUM management are timely eliminated.

The ALTUM management bears responsibility for establishing a comprehensive internal control system (ICS) and its effective functioning. Regarding the preparation of financial statements and veracity, impartiality, clarity and completeness of the information presented, this responsibility manifests as selecting adequate accounting methods, accordingly described in internal regulatory documents.

The **Internal Audit Division**, an independent body subordinated to ALTUM Supervisory Board, monitors ALTUM's internal control system and assesses its adequacy and efficiency. The Head of the Internal Audit Division is appointed by a decision of ALTUM's shareholders' meeting. The objective of the Internal Audit Division is to strengthen ALTUM's values and to help the Supervisory Board, Management Board and heads of business units to achieve their strategic and business objectives more effectively through independent and impartial assessment. Every year the shareholders' meeting approves the annual action plan of the Internal Audit Division, about the implementation of which the Internal Audit Division reports to the shareholders' meeting. The Supervisory Board supervises the Management Board in ensuring that the internal control system is established and operates effectively.



In 2024, the Internal Audit Division prepared 14 (2023: 12) audit reports in accordance with the agreed action plan, providing an assessment of the functioning of the process management and control system; they were presented to the ALTUM Supervisory Board. During the reporting year, 108 (2023: 47) audit recommendations were made, two of which were not implemented for objective reasons. The audit reports provided assurance to the ALTUM management on business processes, e.g., operational planning, drawing up and approving the budget and operational plan, monitoring budget implementation, budget adjustments, credit and operational risk management, monitoring collateral valuation, implementation of the activities of the Latvian Land Fund, RRF loans under low-rent housing construction programme, setting and application of interest rates, interest rate movements, determination of origination fee, customer compliance, loan origination and supervision, monitoring of red flags, etc.

The Internal Audit Division performs its functions in accordance with the applicable laws and regulations, international standards for the professional practice of internal auditing, and ALTUM's internal regulations. The Internal Audit Division prepares and submits to the shareholders' meeting, at least once a year, a report on the audits performed, the main problems and drawbacks identified, assessing the effectiveness of the internal control system and giving an opinion on the measures to be taken to improve the functioning of the internal control system.

Since 1 December 2017, ALTUM has an **Audit Committee**; among other things, it monitors the effectiveness of the internal control and risk management to the extent it relates to financial reporting and impartiality. The Audit Committee monitors ALTUM's financial reporting process and performs other duties as required by [the Financial Instrument Market Law](#). In 2024, 6 meetings of the Audit Committee were held, during which 6 issues were reviewed (in 2023, there were 9 committee meetings, during which 12 issues were reviewed). For more detailed information, please visit the ALTUM website at www.ALTUM.lv under the "ABOUT ALTUM" section, in the subsection "[Audit Committee](#)".

ALTUM has an Accounting Policy and a Provisions for Impairment Policy, the purpose of which is to set out the principles, methods and terms for accounting, valuation and disclosing of transactions, facts, events and financial statements' items. ALTUM management has established financial accounting principles that ensure that the financial statements provide information that is reliable and useful for decision-making of users of the financial statements. The Accounting and Provisions for Impairment Policies applied ensure that the information disclosed in ALTUM's financial statements is true, comparable, timely, significant, understandable, relevant and complete. ALTUM has internal regulatory documents governing financial reporting.

Internal control and risk management system (cont'd)

Internal control (cont'd)

ALTUM's principles on the processing of personal data, recruitment processes including, provide information on the way ALTUM handles personal data through its internal resources, including information systems. Personal data is any information relating to an identified or identifiable natural person. In order to provide information on the processing of personal data, ALTUM gives the above information on its website under the section "[Privacy Policy](#)" in accordance with [Regulation \(EU\) 2016/679](#) of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

Risk management

Risk management aims to identify, assess, manage and control potential events and situations to provide assurance that the strategic objectives of the business are achieved.

ALTUM has a risk management framework, taking into account the Company size, structure and operational specificities as well as the limited capacity to manage individual risks. The Risk Management Strategy contains the core principles of risk management and is approved by the ALTUM Supervisory Board. The strategy defines the acceptable ranges of risk exposures and risk-award ratios for the main risk types based on the risk classification. The ALTUM Board implements risk management policy complying in its strategic activities with the risk limits set by the Supervisory Board.

ALTUM manages risks affecting its operations in accordance with the Company approved internal regulations for risk management, which describe and define the measures used to manage risks inherent in its operations.

Risk management regulations and internal rules aim to take preventive risk management measures to build a pre-emptive and balanced risk management framework, ensuring that transactions and other operations are assessed prior to their start. At the same time, the internal risk management system is continuously monitored and improved in line with ALTUM's growing business volumes and corporate governance structure.

Risk management adheres to the principle of sound management, based on the following key elements:

- ALTUM ensures continuity of risk management as part of its functions;
- ALTUM identifies and assesses potential risks before introducing new products or services;
- while assuming risks, ALTUM maintains its long-term capacity to meet its objectives and targets;
- ALTUM does not engage in transactions, activities, etc., which create risks that might threaten the stability of ALTUM's business or significantly harm ALTUM's reputation.

ALTUM uses various risk analysis methods and tools to manage its risks and sets risk limits and restrictions. Risk management is integrated into all ALTUM management processes and is carried out on the basis of established and approved policies, strategies, procedures, methodologies and other internal regulations. The risk management process includes the identification and management of risks, including measurement, evaluation, the procedure for monitoring compliance with the set restrictions and limits, identification of risk mitigating measures and risk reporting.

In line with macroeconomic changes and trends, adjustment of risk management takes place as well, including not only specific support to particular business sectors within the framework of the support programmes, but also the management and monitoring of the risks of the beneficiaries under these programmes through portfolio risk management tools such as credit risk management and other elements related to portfolio quality monitoring.

Information on the elements of the risk management framework is available in ALTUM's Annual Report 2024.

To make the terms of cooperation transparent in the context of assessing the AML/reputation, while complying with the binding regulations, criteria/limitations for cooperation with clients were developed and published on the ALTUM website.

Internal control and risk management system (cont'd)

Risk management(cont'd)

As part of its sanctions risk management, ALTUM conducts an in-depth analysis of clients and their business partners concerning their links with countries known to be or likely to be involved in circumventing the imposed sanctions. To mitigate sanctions risk, given the broad sanctions imposed against Russia and Belarus and their legal entities as a result of Russian invasion of Ukraine, ALTUM set additional control measures during both the granting of financial instruments and the monitoring of the business relationship, and paid increased attention to the "Know Your Customer" approach, including an assessment of the customers' reputation, personal and business activities.

For ESG risk management of ALTUM's credit portfolio and guarantee portfolio, see the section "ESG Risk Management for ALTUM's Credit Portfolio and Guarantee Portfolio."

When managing the Fund, ABC applies best practices from the private equity and venture capital industry. The Investment Committee, which is responsible for investment evaluation and decision-making, also includes independent industry experts. Reporting to the Fund's investors is conducted in accordance with the Invest Europe guidelines, while investment valuation is carried out following an internally developed procedure based on the valuation guidelines approved by the IPEV (International Private Equity and Venture Capital Valuation) Board.

The Annual Report is publicly available in Latvian and English at ALTUM's office at Doma laukums 4, Riga, and in an electronic form on the website <https://www.ALTUM.lv/en/>, under "FINANCIAL INFORMATION" in the section "FOR INVESTORS" and under "ABOUT ALTUM" in the section "FINANCIAL INFORMATION".

Independent audit

The financial statements of ALTUM are independently audited, and the independent auditors state whether, in their opinion, the financial statements give a true and fair view of ALTUM's financial position, performance and cash flows in accordance with [International Financial Reporting Standards](#) as adopted by the European Union. [PricewaterhouseCoopers SIA](#) was the approved auditor of ALTUM's financial statements for 2023-2025. In accordance with [EU Regulation No 537/2014](#) on specific requirements regarding statutory audit of public-interest entities, ALTUM Audit Committee was involved in the auditor selection process in open tendering, which procedure is laid down in the [Public Procurement Law](#).

The selection of the auditor was based on the following qualification criteria:

- the applicant is registered in accordance with the requirements of the laws and regulations of the country of registration or permanent residence.

The requirement also applies to a partnership and all members of the partnership (if the tender is submitted by a partnership) or all members of an association of suppliers (if the tender is submitted by an association of suppliers), and to subcontractors (if the tenderer intends to use subcontractors);
- performing of at least three (3) audits of the IFRS financial statements of EU credit institutions within the previous three (3) years (2020, 2021, 2022 and 2023 up to the tender submission date), where the carrying amount of the credit institution's loan portfolio was not less than EUR 200 million;
- a license for providing the services of certified auditors;
- the auditor in-charge holds a certificate of a certified auditor;
- the applicant has no conflicts of interest to prevent from providing audit services;
- the applicant as well as any business partner of the applicant's network of audit firms (if the applicant is a business partner of a network of audit firms) has not provided to ALTUM any prohibited non-audit services referred to in Article 5(1)(2) of EU Regulation No 537/2014 of the European Parliament and of the Council during the period specified in Article 5(1)(1) and meets the requirements of Articles 4 and 5 of Regulation No 537/2014 of the European Parliament and the Council.

The following criteria were applied for the auditor selection:

- the most economically advantageous proposal with the lowest price;
- involvement of an expert in International Financial Reporting Standards in the performance of the contract.

Contribution to sustainability

The financial sector has a crucial role to play in achieving the European Green Deal objectives, including the transition to a climate-neutral, climate-resilient, resource-efficient and fair economy. Sustainability is a key part of ALTUM's business and strategy and has become an important strategic driver for the banking sector as well as for development finance institutions in Europe. ALTUM takes responsibility for the long-term economic, environmental and social impact of its day-to-day activities and continuously works to ensure that the investment decisions it makes in building its portfolio contribute to sustainable development, do not adversely impact sustainability factors and facilitates its clients' transition towards a sustainable economy and encourage responsible business practices.

In support of the Global Shared Agenda to halt climate change, eradicate poverty and fight inequality by 2030, ALTUM follows those companies committed to contributing to sustainable development and has prioritised the [UN Sustainable Development Goals](#) (UN SDGs), which are closely linked to the company operations and strategic objectives. The UN SDGs have been identified based on a stakeholder survey and the Company influence, as shown in ALTUM's mater ALTUM has defined four areas of sustainability activities in its work, through which the achievement of the UN Sustainable Development Goals is promoted.

Sustainability Action Areas	UN Sustainable Development Goals
Development Finance Institution business <ul style="list-style-type: none"> Financial instrument portfolio and investment impact, sustainable financing Capital markets Credit risk management 	
Development Finance Institution operations <ul style="list-style-type: none"> Corporate governance Procurement In-house environmental protection 	
Employee relations and Workplace <ul style="list-style-type: none"> Employee well-being Promotion and exchange of expertise and experience 	
Sustainability Management and Reporting <ul style="list-style-type: none"> Sustainability governance Sustainability reporting of ALTUM and AIF ALTUM Capital Fund 	

Since the beginning of 2021, ALTUM's management has prioritized sustainable financing and the integration of ESG aspects into credit risk management and business processes. This is also one of the goals set by ALTUM's 2022-2024 Strategy.






When developing ALTUM's medium-term strategy for 2025–2027, sustainability aspects are integrated into both lending and risk management. The focus is placed on transition financing and products across various segments to support business transformation. Following the hierarchy of strategic documents, the ALTUM Sustainability Strategy will be approved after approval of the medium-term strategy for 2025–2027.

ALTUM upholds responsible business practices based on internationally recognized regulations and guidelines, ensuring transparency, ethical conduct, and sustainable development. The company's activities are focused not only on compliance but also on proactive actions to create sustainable value for all stakeholders, including employees, investors, clients, and society as a whole.

ALTUM continuously improves and develops processes to monitor adherence to the [UN Global Compact principles](#) and ensure alignment with the [OECD Guidelines for Multinational Enterprises](#). ALTUM upholds human rights across all business functions and works to comply with the [UN Guiding Principles on Business and Human Rights](#).

Contribution to Sustainability (cont'd)

We work towards sustainable finance and the integration of sustainability into all ALTUM processes and disclosures related to sustainability in the financial services sector:

 <p>work is under way to expand the range of sustainable finance instruments</p>	 <p>SMEs and Midcaps are promoted to move towards sustainable development through appropriate access to finance and incentives</p>	 <p>overall, financial sector and public support is increased to accelerate the transition of businesses to a sustainable economy</p>	 <p>internal processes are reviewed to integrate ESG considerations in financing decisions and further portfolio monitoring</p>	 <p>staff competencies are developed in integrating sustainable finance and ESG considerations into risk management</p>
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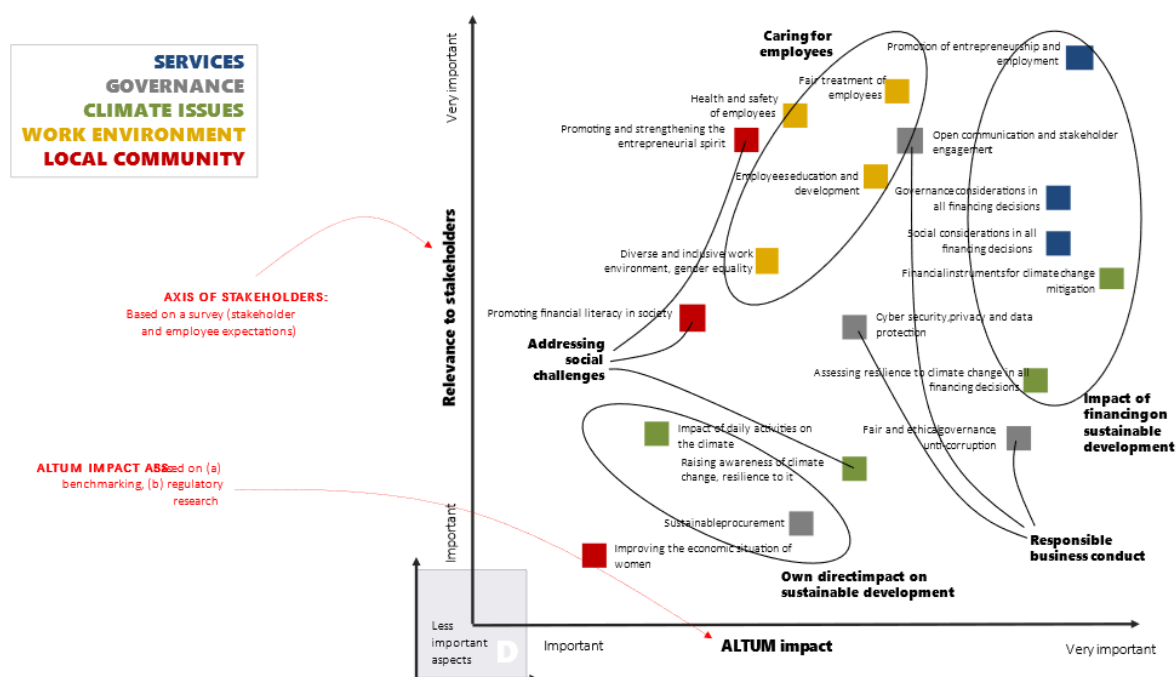
Double materiality matrix

ALTUM works closely with its stakeholders, and recognising ALTUM's specific role in the national economy identified the needs of stakeholders and address them. ALTUM is aware of and assesses the social, environmental and economic impacts of its activities and involves stakeholders in solving issues of mutual concern. In building relationships with stakeholders, ALTUM organises and engages them in consultations, partnerships, informative and educational events.

To establish ALTUM's materiality matrix for sustainability and define the ambition level for sustainable finance in the loan portfolio, stakeholder identification, mapping and a survey were carried out at the end of 2021 to identify the material aspects to be included in the sustainability content.

This process resulted in the identification of the most significant areas of impact and materiality aspects, reflected in the materiality matrix.

More information on ALTUM's double materiality matrix can be found [here](#).



In 2024, there are plans to update the Materiality Matrix to monitor changes in stakeholder expectations and to comply with the new European Sustainability Reporting Standards (ESRS) requirements, which will be binding for ALTUM from 2026 onwards.

Sustainable financing

ALTUM's level of ambition regarding sustainable financing is implemented voluntarily and is determined by (i) the expectations of stakeholders such as investors, credit rating agencies, international lenders, and Nasdaq Baltic towards ALTUM as Latvia's development financial institution, which has a significant impact on the Latvian economy, and (ii) compliance requirements for public financing available from the EU Cohesion Policy and/or the Recovery and Resilience Facility (RRF), which contribute to the Sustainable Europe Investment Plan/Green Deal Investment Plan, where ALTUM plays a critically important role in implementing financial instruments for the SME sector in Latvia.

ALTUM's level of ambition is also influenced by sustainable finance regulations that already apply to a portion of ALTUM's portfolio (for example, the portfolio financed under ALTUM's [Green Bond Framework 2021](#), previously the [Green Bond Framework 2017](#)), in accordance with the Green and Social Bond Principles published by the [International Capital Market Association \(ICMA\)](#). Although not binding for ALTUM, ALTUM follows the practices of the international financial institution sector in its daily operations. As such, guidelines from the European Banking Authority (EBA) and the European Central Bank (ECB) on the integration of ESG aspects into credit risk management, including lending and supervision, as well as climate risk management (Transition Risk and Physical Climate Risk), have been reviewed and are in the process of further integration into ALTUM's internal processes.

In 2022, the [Bank of Latvia](#) (until 31 December 2022 Financial and Capital Market Commission) developed a [roadmap for a sustainable financial sector](#) in Latvia with a view to clarifying the financial sector watchdog's expectations on the position and actions of financial and capital market participants in identifying and managing sustainability risks. The purpose of the roadmap is to promote a common understanding among financial and capital market participants regarding the necessary steps to identify and manage sustainability risks.

ALTUM's ESG commitment is based on the roadmap developed in 2022, the implementation of which over several years has promoted the development of sustainable finance. The measures implemented and the goals achieved under this roadmap align with the guidelines of the roadmap developed by the Bank of Latvia.



In 2024, development of sustainable financial products continued. The transition **product for SMEs towards a low-carbon economy** is gaining momentum, and the development of an **agricultural transition finance** product is underway.

Sustainable financing (cont'd)

The agricultural segment product is targeted at projects that enhance the energy efficiency of agricultural machinery and product manufacturing, as well as improve the climate resilience. Special attention is given to client engagement to facilitate their transition to a low-carbon economy.

Regarding ESG aspect integration into credit risk management, in 2024, ALTUM continued work on integrating the ESG scoring model into the loan issuance processes. This model will be applied in the evaluation of new transactions for SMEs, large enterprises, and farmers above a specified materiality threshold, as well as for monitoring the existing portfolio and collateral assessments. The ESG scoring model will also help determine the level of transition risk at the individual transaction level. The implementation of this model is gradual and will start in spring 2025, taking into account clients' readiness to complete the standardized ESG questionnaire published by banks in April 2024. This will provide data for ESG risk assessment and insights into clients' planned and actual sustainability KPIs.

Since early summer 2024, an employee training program has been in progress to successfully integrate individual ESG assessments into loan issuance and portfolio monitoring processes. Additionally, a climate physical risk assessment tool has been developed to be applied at an individual level for monitoring a large number of transactions, such as investment property portfolios. In Q4 2024, the individual assessment of mapped financed assets began using this newly developed tool.

The AIF ALTUM Capital Fund carefully evaluates companies' ESG performance and the economic changes affecting supply and value chains before making investments. In compliance with the Sustainable Finance Disclosure Regulation (SFDR), the fund published guidelines at the end of 2022 on the impact of investment decisions on sustainability factors (Principal Adverse Impact Indicators). At the beginning of 2024, an evaluation of the fund's portfolio companies' principal adverse impact indicators for 2023 was conducted. It should be noted that the key adverse impact indicators of the Fund's managed portfolio do not indicate a significant negative impact of investment decisions on sustainability factors, both at the end of 2023 and in the updated assessment for the end of 2024.

ALTUM is committed to following the best industry practices in Europe, where strong positions have been taken by defining clear sustainability targets and excluding specific industries and projects from financing, regardless of funding sources. Many institutions have already ceased financing energy production projects that use fossil fuels. ALTUM will review its current client portfolio, encouraging their transition to sustainable development and gradually phasing out financing for projects that do not meet ALTUM's ESG criteria in credit risk management.

Portfolio contribution in sustainable development

Financed projects supporting Environmental goals

Already in 2017 ALTUM issued bonds as series of notes quoted on Nasdaq Riga for the total face value of EUR 20 million, becoming the first national development institution of a Central and Eastern European country to issue green bonds.

The funding raised from issuing the Green Bonds is used to fund sustainable business projects in the fields of energy efficiency, energy generation from renewable energy resources, green buildings and sustainable transportation, including energy service companies (ESCO) servicing companies in these fields. To make sure the investors can follow ALTUM Green Bond 2021 investments and gain an insight into the funded projects, ALTUM published the annual [ALTUM Green Bonds Investor report](#) as at 30 June 2022.

To ensure investors' confidence that ALTUM will invest green bond funding in environmentally friendly projects and achieve certain environmental goals, [CICERO](#) (the Center for International Climate and Environmental Research, Oslo, part of the credit rating agency S&P Global since 2022) provided an independent opinion on ALTUM's Green Bond Framework in September 2017 and received a [Medium Green assessment](#).



CICERO
Medium Green

In the second half of 2021, ALTUM's [Green Bond Framework 2021](#) was updated, taking into account the Green and Social Bond Principles published by the [International Capital Market Association](#) (ICMA) in June 2021. In December 2021, ALTUM received a renewed [Medium Green assessment](#) from CICERO.

Issuance of green bonds ensured ALTUM to become the first company from Latvia to join the [Nasdaq Sustainable Bond Network](#) globally in September 2021.

Portfolio contribution in sustainable development (cont'd)

All the new programmes available within the framework of RRF funding have a sustainability focus in terms of the activities to be supported, but they are of different types and fall into the following groups: (i) climate programmes that ensure compliant with DNSH for the specific environmental objective of the Taxonomy (ii) a digitisation programme aimed at increasing productivity, and (iii) a rental housing programme with the social objective of reducing inequalities. ALTUM continues to develop new sustainability products across various segments. In 2023, a product was introduced in the **SME segment to support businesses in their transition to a low-carbon economy**—reducing the CO₂ footprint of their product or service lifecycle, adapting to supply chain ESG requirements, and strengthening resilience to the impacts of physical climate risks. In 2024, work has begun on a **transition financing offer for the agricultural sector**. The expansion of the transition financing product is aimed at projects that promote the energy efficiency of agricultural machinery and product manufacturing, as well as improve farm climate resilience. The increase in the volume of new transactions for sustainable loans has been positively impacted by the additional incentive granted since the fall of 2023 – a discount on the financing cost of sustainable projects, which is initially applied for 18 months from the moment the loan is granted.

The intensive work with clients in the SME segment on financing green building projects and market education, which has been ongoing for many years, bore fruit in 2024 – this year marks the first year that loan issuance in the green building sector began, reaching 4.6 million EUR.

You can read more about programmes for business sustainability and energy efficiency [here](#), while more information on apartment building energy efficiency can be found [here](#).

The **ALTUM Energy Efficiency Technical Competence Center** team provides consulting services to businesses on energy efficiency assessments, energy audits, and the preparation of technical documentation for investment projects. The team has built its expertise since 2017 when ALTUM issued **Green Bonds** to raise funds for financing sustainable projects.

Our team's knowledge of energy efficiency solutions and market trends extends beyond standard solutions, offering added value to clients. Over the past five years, the projects consulted by our team—if all energy audit recommendations were implemented—would result in an annual savings of more than **16,000 t CO₂e**.

In **2024**, the total estimated CO₂ savings from the consulted projects will reach **297 t CO₂e per year**. However, this figure does not yet reflect the impact of several large-scale projects still undergoing energy audits. One of the most significant examples is the **energy audits of more than 300 public buildings in Riga**. For more information about the Energy Grant, please see [here](#).

Financed projects supporting Social goals

As a development financial institution, ALTUM ensures diversity and equal opportunities not only within its organization but also on a much broader scale, with a positive and meaningful long-term impact on a significantly wider range of individuals and society as a whole.

By making a direct contribution to the development of Latvian society, ALTUM ensures equal access to financing for:

- (i) socially significant projects,
- (ii) socially vulnerable groups,
- (iii) business startups and development in rural areas regardless of profession or age, and
- (iv) social enterprises, fostering social entrepreneurship and integrating individuals into the workforce who might otherwise struggle to fully integrate into society.

Portfolio contribution in sustainable development (cont'd)

By financing socially significant projects, ALTUM's positive impact on promoting diversity and equality extends far beyond the organization's boundaries. Social objectives are achieved through financial instruments such as loans, guarantees, and investments in venture capital funds, which provide financial resources to businesses and households. Funding is allocated to areas identified by the state as supportable and significant, thereby promoting economic development and facilitating the mobilization of private capital and financial resources.

The affordable housing program is rapidly developing in 2024, contributing to the achievement of social goals in the SME segment. The program provides support for the construction of three or more apartment affordable and energy-efficient residential buildings in regions, aiming to promote housing affordability for households that cannot afford housing under market conditions.

Initially, 41.6 million euros were allocated for the financing of affordable housing construction under the program. However, starting from 2025, an additional 29 million euros will be available, bringing the total RRF funding for the program to nearly 71 million euros. By the end of 2024, loans totalling nearly 38 million euros have been finalized for 7 projects, covering the construction of 486 apartments.

RRF affordable housing program financed project locations in 2024:



Recognizing that entrepreneurs and residents in the regions of Latvia face greater challenges in attracting development loans—due to both collateral value and purchasing power—ALTUM is consistently working to increase funding accessibility for these client segments in areas outside Riga and its surrounding regions. In **2018**, ALTUM introduced a special small loan program specifically for entrepreneurs in rural areas, which has seen stable and growing demand. Since the program's launch, **EUR 48 million** has been issued. To further promote business development in Latvia's regions, a new offering was created in **2024**, allowing loans up to **100,000 euros** to be granted with reduced or no collateral requirements. The first year's data show that this is particularly relevant for entrepreneurs in the regions, with **72%** of the transactions occurring outside Riga. In the **residential segment**, ALTUM increased its guarantee limits to **50%** of the mortgage loan amount for home purchases outside Riga and its surrounding areas in **2024**. However, since the increase in guarantee limits did not significantly boost the volume of mortgage lending in the regions, and the private sector's offerings remain insufficient, ALTUM plans to begin **direct housing lending** in rural areas in **2025**. The proposal is currently being coordinated with the **European Commission**.

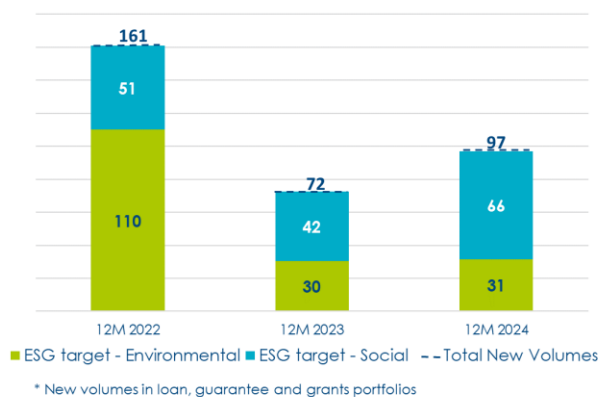
Portfolio contribution in sustainable development (cont'd)

Below you can find an overview of ALTUM's new transactions **promoting environmental and social goals over the past three years**:

In achieving social goals, the most significant contribution in the **residential segment** in **2024** came from **housing guarantees**, with the total amount of guarantees issued reaching **EUR 51 million**. This increase can be explained by changes in the housing guarantee conditions. In **2024**, the **Housing Guarantee Program** increased the amount of guarantees granted to families in the regions and also raised the maximum transaction amount allowed under the program.

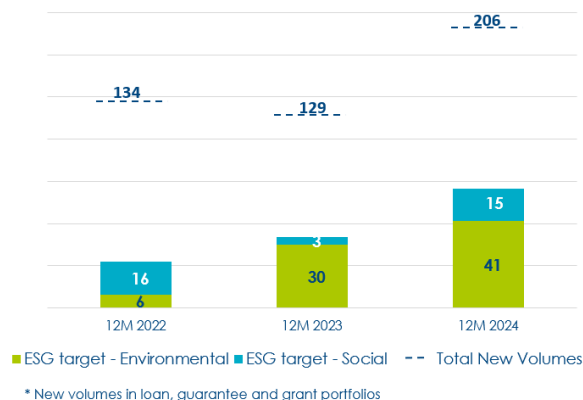
The achievement of social goals in the loan portfolio for the residential segment was facilitated by the **rapid growth of the RRF affordable housing** construction program in 2024, where loan issuance began, with loans amounting to 6 million EUR in 2024.

Residential Segment - New Volumes*
2022-2024, MEUR



Loans issued to support **environmental goals in the residential segment** amount to 14 million EUR (-15 million EUR compared to 2023), primarily consisting of loans for improving the energy efficiency of multi-apartment buildings. It should be noted that the volume of loans issued in the residential segment has decreased compared to 2023 due to changes in the product offering for multi-apartment building energy efficiency projects in 2024. The focus has shifted to guarantee instruments as a supplement to loan products, with the volume of guarantees issued in 2024 offsetting the decline in loans. However, total new transaction volumes still do not compare to the high levels of 2022, when the previous planning period program concluded.

SME Segment - New Volumes*
2022-2024, MEUR



Sustainability loans issued in the **SME segment to support environmental goals reached 36 million EUR in 2024** (+7 million EUR compared to 2023), primarily in the energy efficiency, renewable energy, and green building sectors. A significant increase compared to 2023 was driven by the RRF energy efficiency program with a capital rebate.

Meanwhile, the volume of loans issued for projects that support social goals has been boosted by the startup loan program, with a strong focus on financing in regional areas.

Portfolio contribution in sustainable development (cont'd)

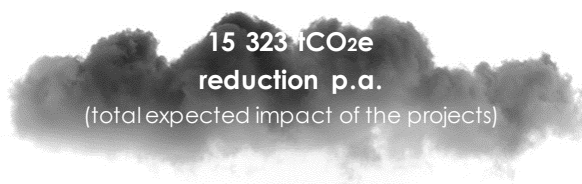
In 2024, the total planned **CO2 reduction impact of ALTUM-financed projects supporting environmental goals is expected to reach 15.3 thousand tons of CO2e** per year (2023: 17.9 thousand tons of CO2e), amounting to 308 tons of CO2e (2023: 636 tons of CO2e) per million EUR invested annually.

Analysing by segment, ALTUM-financed projects supporting environmental goals in the **SME sector are expected to contribute to a CO2 reduction of 422 tons CO2e (2023: 643 tons CO2e) per million EUR invested** per year. This decline compared to 2023 is attributed to the specific nature of the financed projects.

It is important to note that CO2 reductions are not calculated for SME green building or energy storage infrastructure projects, meaning their positive sustainability impact should be considered additionally.

Meanwhile, ALTUM-financed projects contributing to environmental goals in the **residential segment are expected to result in a CO2 reduction of 25 tons CO2e (2023: 106 tons CO2e) per million EUR invested** annually, showing a seemingly significant decline compared to 2023. However, this is explained by a higher share of investment in the project and the inclusion of significantly lower CO2e footprints for heat energy suppliers in the calculations—an evident improvement due to recent years' shifts towards more environmentally friendly heat energy production solutions.

Impact from new volumes in 2024

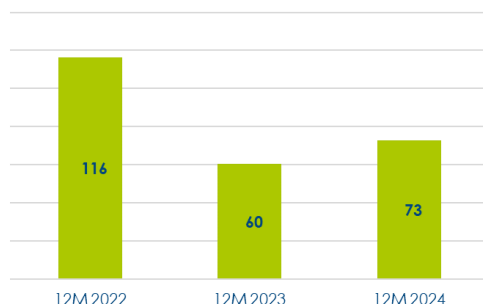


excluding the impact of passive buildings, for which CO2 reduction is not calculated.
(total expected impact of the projects)

The above activities providing guarantees and grants under the programmes for improving energy in multi-apartment buildings and private houses in the Individuals segment and loans for sustainable projects in the SME segment resulted in the following volumes of new transactions contributing to reaching the environmental objectives:

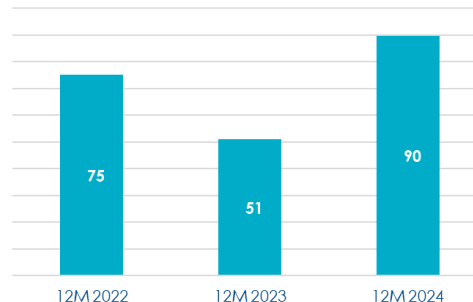
Providing guarantees for home purchase (Individuals segment) and a full range of state support financial instruments to companies to overcome the effects of the Covid-19 pandemic resulted in the following volumes of new transactions contributing to social objectives:

New Volumes Contributing to Achievement of Environmental Goals 2022-2024 (MEUR)



* New volumes in loan, guarantee and grant portfolios

New Volumes Contributing to Achievement of Social Goals 2022-2024 (MEUR)



* New volumes in loan, guarantee and grant portfolios

ESG – Corporate Governance

Ensuring ALTUM's effective operation in the long term is only possible by adhering to the principles of sustainable business, which consist of three interconnected and equally important ESG aspects – Environmental, Social, and Governance.

Corporate governance is a fundamental basis for ALTUM's operations, ensuring transparency, accountability, and sustainable development. The year 2024 was marked by significant achievements and high recognition in various areas, demonstrating ALTUM's practices in sustainability, investor relations, and promoting diversity. The achieved results reflect the company's strategic approach to responsible business practices and continuous improvements in corporate governance processes.

ALTUM's corporate governance model, which is continuously refined, serves as the foundation for achieving ALTUM's strategic objectives. Since 2021, ALTUM has been applying the Corporate Governance Recommendations outlined in the Code.

Adherence to the corporate governance principles set out in the Code promotes the company's long-term value growth, efficient management, and operational transparency, applicable at all ALTUM levels. It establishes a successful network of relationships among shareholders, the Supervisory Board, the Management Board, employees, clients, and the broader society. In its daily operations, ALTUM fosters open and reliable communication with all stakeholders, while also ensuring compliance with Latvian and international legal norms and ethical standards.

When evaluating the compliance of ALTUM's corporate governance system with the corporate governance principles established in the Code and the observance of these principles in ALTUM's operations, ALTUM fully adheres to all corporate governance principles outlined in the Code.

Highlights and achievements 2024

Below are the most significant events and recognitions awarded to ALTUM for the year 2024.



Long-term credit
rating Baa1

Best Investor relations
in the Baltics among
Bond Issuers

Platinum category
award in the
Sustainability Index

"Employer Open to
Diversity 2023" by
Society Integration
Foundation

2nd place in "Fair Pay
2023" organised by
Figure Baltic Advisory
Foundation

On February 2, 2024, Moody's reaffirmed **ALTUM's long-term credit rating at Baa1 with a stable outlook**, which is the same level as confirmed on December 16, 2022. According to Moody's updated Government-Related Issuers Methodology published on January 25, 2024, ALTUM is no longer classified as a government-related issuer, and its baseline credit assessment (baa3) has been withdrawn. As of February 2, 2024, ALTUM has been assigned a separate standalone credit assessment at the previous baa3 level, replacing the withdrawn baseline credit assessment. ALTUM initially received the Baa1 long-term credit rating in 2017, which is one of the highest among Latvian state-owned enterprises. This high rating allows ALTUM to successfully implement its long-term financing strategy by regularly issuing bonds. Financial market resource mobilization ensures ALTUM's financing source diversification, promotes sustainability and self-sufficiency in financing mobilization, while also fostering the development of the Baltic capital markets.

In spring 2025, ALTUM was awarded the 3rd place in [the Nasdaq Baltic Awards 2025](#) category "Best Investor Relations on Bond List". For the awards, the Nasdaq Baltic-listed companies were evaluated based on their achievements in transparency, investor relations and good corporate governance practices. Moreover, the companies' trading activity was considered, taking into account market analysts' and investors' assessments.

Highlights and achievements (cont'd)

In the Sustainability Index organised by the Institute for Corporate Sustainability and Responsibility, which assesses a company's sustainability according to international requirements in all areas of corporate social responsibility, **ALTUM received the Platinum category award for the fourth consecutive year**. The Sustainability Index score is one of the visible manifestations of the invisible day-to-day work that companies are doing to uphold the principles of corporate sustainability and responsibility, balancing the interests of shareholders, employees, customers, the environment, business partners and others with the conditions for sustainable performance, thereby becoming the leaders of tomorrow.

In 2024, ALTUM received high acclaim for its fair and equitable approach to determining compensation. In the ["Fair Pay 2024"](#) study conducted by the compensation research and management consulting firm Figure Baltic Advisory (formerly known as "Fontes"), ALTUM won the third place in the category of small and medium-sized enterprises. Several aspects were evaluated when analysing the companies: internal fairness (compensation for equivalent or similar-value positions within the company), external fairness (the company-paid compensation in relation to similar positions in the labour market), and social fairness (the gap between male and female compensation for equivalent positions). Among the criteria considered was the gender ratio in leadership positions, starting from middle-level management.

Likewise, for the second year running, in 2024, ALTUM's efforts in promoting diversity were recognized. In the "Diversity Award 2024" organised by the Society Integration Foundation, ALTUM was awarded bronze status, affirming its dedication to implementing diversity principles and its commitment to fostering an inclusive work environment. The award was designed to promote tolerance towards diversity in Latvian businesses and the job market, as well as to enhance social understanding of the concept of diversity, while also sharing examples of best practices.

Nomination and selection of the supreme governing bodies

Competent and experienced management is a precondition for effective business performance and decision-making that contributes to long-term value growth.

ALTUM's governance model is designed to follow good corporate governance practices, contained in the Code, separating strategic and operational management. The company has a three-tier governance structure. ALTUM is governed by a shareholders' meeting, the Supervisory Board and the Management Board. In the cases set out in the [Law on Governance of Capital Shares of a Public Person and Capital Companies](#), decisions are also taken by [the Cabinet of Ministers](#) as the supreme decision-making body. Under the [Commercial Law](#), both the Management Board and the Supervisory Board are jointly and severally liable.

Evaluating the compliance of ALTUM's corporate governance system with corporate governance principles set out in the Code and compliance with these principles in ALTUM's operations, ALTUM fully complies with the corporate governance principles defined in the Code. The composition and terms of operation of ALTUM's Supervisory Board as well as the Management board are determined by the [Law on Development Finance Institution](#) (hereinafter - AFI Law)

According to Article 7 of the AFI Law, members of ALTUM Supervisory Board and Management Board are subject to the requirements set out in the [Credit Institution Law](#) for members of the Supervisory Board and the Management Board of a credit institution.

ALTUM Supervisory Board is composed of three members. Each shareholder is entitled to nominate one candidate for election to the Supervisory Board. Chairperson of the Supervisory Board is a member of the Supervisory Board nominated by the [Ministry of Finance](#). ALTUM Management Board is limited to five members. The Supervisory Board elects Chairperson of the Management Board from among its members. The term of office of the Supervisory Board and the members of the Management Board is three years.

Nomination and selection of the supreme governing bodies (cont'd)

The procedure for nominating members of the Management Board and the Supervisory Board is governed by the Law on Governance of Capital Shares of a Public Person and Capital Companies and Regulations of the Cabinet of Ministers "The procedure for nominating management board and supervisory board members in capital companies where capital shares are owned by the State or derived public person". The holder of the state capital shares or the Supervisory Board of the capital company establishes a Nomination Committee to evaluate the candidates for membership of the Management Board or the Supervisory Board. The Nomination Committee includes representatives nominated by the holder of the state capital shares or the Supervisory Board and the Cross-Sectoral Coordination Centre (from 1 March 2023 the Cross-Sectoral Coordination Department of the State Chancellery) (hereinafter - SCC) as well as independent experts and, if necessary, observers with advisory rights.

Potential candidates for the Management Board and the Supervisory Board are selected through an application procedure. An exception is made only in cases provided for by law where a member of the Supervisory Board or the Management Board is reappointed for a new term of office or it is not possible to nominate a person for a term of office that would ensure the capacity of the Supervisory Board or the Management Board.

If it is not possible to nominate a candidate for a member of the Supervisory Board or the Management Board within a time limit which would ensure the institution's legal capacity, a candidate meeting the relevant criteria of professionalism and competence shall be appointed as a member of the Supervisory Board or the Management Board. The person so elected holds office until a member of the Supervisory Board or of the Management Board is elected in accordance with the nomination procedure laid down by law, but for no longer than one year.

The nomination procedure for ALTUM Supervisory Board and Management Board members ensures the recommendations set in the Code of Corporate Governance and promotes good corporate governance in the Company.

Governance Structure

Shareholders

Effective involvement of shareholders in decision-making helps to achieve the Company's financial and non-financial objectives and ensures its sustainability.



Finanšu ministrija

Baiba Bāne,

State Secretary of the Ministry of Finance,
continues as a representative of
ALTUM shareholders



Ekonomikas ministrija

Edmunds Valantis,

State Secretary of the Ministry of Economics,
continues as a representative of
ALTUM shareholders



Zemkopības ministrija

Ģirts Krūmiņš,

State Secretary of the Ministry of Agriculture,
continues as a representative of
ALTUM shareholders

Supervisory Board

The members of ALTUM Supervisory Board have relevant experience and expertise, and possess a range of skills and knowledge, including in the financial sector, business development management as well as corporate strategy and financial management. The Supervisory Board is gender-balanced and respects the principles of diversity.



Līga Kļaviņa

Chairperson of the Supervisory Board

Deputy State Secretary for Financial Policy at the [Ministry of Finance](#) of the Republic of Latvia. Prior to that, she held several senior positions in the Ministry of Finance, representing the interests of the Latvian State in state-owned companies as well as working for a long time in international financial institutions.

Holder of a Master's degree in Law from the Institute of International Affairs, University of Latvia.

Term of office: 26.12.2025



Krišjānis Znotiņš

Member of the Supervisory Board (independent)

15+ years experience in the management and corporate governance working in executive positions in financial sector companies (DNB leasing, Eleving Group Latvia, Wandoo finance, Luminor bank).

Holds Bachelor's degree from the Banku Augstskola and Master's degree in business management in international finance and banking from SBS Swiss Business School (Switzerland).

Term of office: 30.04.2027.



Ansis Grasmanis

Member of the Supervisory Board (independent)

20+ years experience in the management and corporate governance and 10+ years experience in risk management and internal control, working in top management positions in financial sector companies (SEB bank, Swedbank), has held top positions as Chairman of the Board of Directors at Banka per Biznes (Kosovo) as the EBRD's nominated member of the Board of Directors, member of the Supervisory Board at the First Ukrainian International Bank (Ukraine), Banku Augstskola and SJSC State Real Estate.

Holds Master's degree in mathematics from the University of Latvia and FCT (Association of Corporate Treasurers) and FCCA (Chartered Association of Certified accountants) qualifications.

Term of office: 30.04.2027

ALTUM has a well-defined and clear organization of the Supervisory Board's work, ensuring timely, high-quality, and relevant information availability that facilitates the effective execution of the Board's tasks and the full engagement of Board members in decision-making. In 2024, 10 Supervisory Board meetings were held, addressing issues related to ALTUM's oversight and management, as well as evaluating the work of the Audit Committee, the activities and independence of the Internal Audit Department, and matters concerning the operation of the Internal Control System, implementation, execution, and monitoring of state support programs. The Board actively participated in the development of the next period's Strategy through regular joint work sessions of the Board and the Management Board, covering areas such as corporate governance, risk management, and development programs. Additionally, the Supervisory Board establishes and evaluates the individual performance indicators (KPIs) to be achieved by Management Board members and regularly monitors operational results and Strategy implementation. The Board is also represented on the Audit Committee and, in 2024, participated in the selection committee for the Head of the Internal Audit Department.

Governance structure (cont'd)

Management Board



Reinis Bērziņš

Chairperson of the Management Board

Business management and finance professional with extensive experience in managing companies and institutions.

Holder of a Master's degree in International Finance and Banking from BA School of Business and Finance, a Master's degree in Business Administration from the Swiss Business School and a Master's degree in Law from the University of Latvia.

Main areas of responsibility: finance and resource management and sustainability management.

Member of the Supervisory Board of the Three Seas Initiative Investment Fund, an international investment fund, Chairman of the Advisers' Convention of BA School of Business and Finance. Chairman of the Supervisory Board of Riga Stradiņš University.

Managing ALTUM since 12 October 2015.

Term of office: 27.05.2027



Jēkabs Krieviņš

Member of the Management Board

Financial expert with more than 25 years of experience in the organisation and management of corporate lending, gained working in both the commercial banking and public financial institutions sectors.

Holder of a Master's degree in Business and Institutional Management from Riga Business School, a Certificate in Banking from BA School of Business and Finance and a Bachelor's degree in Economics from the Latvian University of Agriculture (now the Latvian University of Life Sciences and Technologies).

Main areas of responsibility: IT and technology development, ALTUM's customer and regional service centres, private housing guarantees, oversight of the Latvian Land Fund.

Member of the Board of the European Association of Guarantee Institutions (AECM)

Term of office: 27.05.2027



Inese Zīle

Member of the Management Board

20 years' experience in the financial sector, including more than 15 years managing various departments, as well as experience in the public sector.

Holder of a Master's degree in International Economics and Business from the University of Latvia.

Main areas of responsibility: development and implementation of ALTUM's state support programmes, energy efficiency in residential buildings, corporate client services, marketing and public relations.

ALTUM's representative on the Supervisory Board of the Finance Latvia Association. Member of the Supervisory Board of VAS Sadales tīkls.

Term of office: 27.05.2027.



Ieva Jansone-Buka

Member of the Management Board

Experience in the financial sector, working in senior positions in both commercial and corporate banking.

Holder of a Professional Master's degree in business from the Stockholm School of Economics in Riga, a Bachelor's degree in Management and Political Science from the University of Latvia.

Main areas of responsibility: venture capital financial instruments, organisation and management of the lending process, export guarantees, implementation of the social entrepreneurship and energy efficiency programmes, compliance

Member of the Supervisory board of SIA Tet.

Term of office: 17.03.2027.



Juris Jansons

Member of the Management Board

More than 20 years of experience in operational compliance, financial crime prevention and risk management, gained in senior positions in the commercial banking sector.

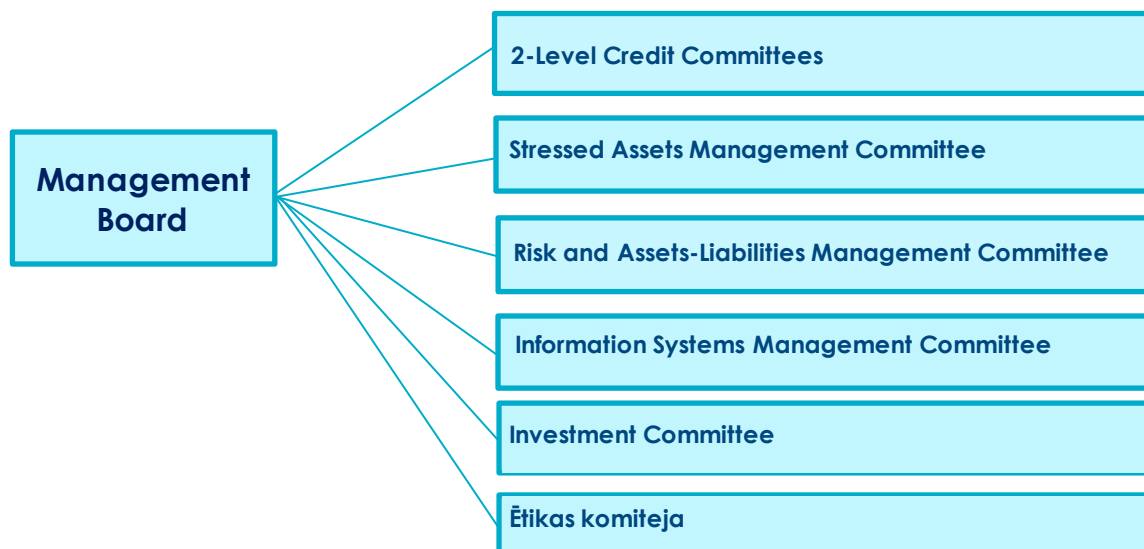
A Master's degree in Law from the University of Latvia. In addition to many years of experience in the field of anti-money laundering, holding CAMS certificate.

Main areas of responsibility: risk management, anti-money laundering and countering the financing of terrorism and proliferation, legal and administrative management, monitoring of client liabilities and human resources.

Term of office: 08.01.2026

Governance structure (cont'd)

Committees were established by a decision of the ALTUM Management Board. Their main tasks, rights and responsibilities, principles of operation as well as the rights and obligations of the members of the Committees are set out in the Committee Regulations.



Information on ALTUM management, ALTUM shareholder representatives, ALTUM Audit Committee and ALTUM governance is available on ALTUM's website www.ALTUM.lv, in the "ABOUT ALTUM" section under "[Corporate Governance](#)".

The remuneration of the Supervisory Board and the Management Board is determined by the legislation of the Republic of Latvia - the Law on Governance of Capital Shares of a Public Person and Capital Companies and the Cabinet Regulations issued on the basis thereof. The law establishes a uniform framework for the remuneration of the members of the Supervisory Board and the Management Board of state owned companies. SCC Guidelines for Determining the Remuneration of Members of the Management Board and the Supervisory Board of a Capital Company of a Public Person and a Public Private Capital Company define the procedure for payment of a bonus or variable remuneration to the Management Board after the approval of the annual report and assessing the performance of the company, its Management Board and Supervisory Board in the reporting year.

Audit Committee

More about Audit Committee can be found in the section "Internal control and risk management".

Transparency of the company's operations

Transparency is the foundation for effective investor relations and successful communication with shareholders and other stakeholders. ALTUM regularly and timely informs shareholders and other stakeholders about the company business activities, financial performance, governance and other relevant issues, disclosing accurate, complete, objective, up-to-date and reliable information. The Company's website publishes information on governance, the strategy and the lines of business, the annual report as well as the articles of association, the Code of Conduct guidelines, company key policies and the corporate governance report.

Disclosure is made within the time limits prescribed by law or immediately after the occurrence of an event requiring disclosure. The information is disclosed in Latvian and English.

ALTUM has its regulated information as well as internal and external communication procedures. On behalf of the company, authorized persons answer inquiries made by investors and stakeholders as well as communicate with the media. In October 2017, ALTUM started listing on [Nasdaq Riga](#), and regularly ALTUM discloses information in accordance with the "Procedure by which Nasdaq Riga OMX issuers disclose information" and ALTUM's internal rules.

Organisational culture and ethical conduct

ALTUM has zero tolerance for bribery and corruption and prohibits it in any form, directly or indirectly. ALTUM does not engage in corrupt practices and fully condemns them. To ensure adequate management of corruption, bribery and conflict of interest risks, ALTUM has established an organizational control system that ensures preventive risk management and a control environment that aims to prevent corruption risks by preventing conflict of interest and corrupt practices and bribery in decision-making and in the working environment in general.

ALTUM's ethical principles are laid down in the Ethical Code and serve as the standard of conduct for ALTUM management and all employees. The Ethical Code comprises guidelines for employees' day-to-day communication with colleagues, customers, business partners; it helps create a responsible, safe and comfortable working environment, which in turn promotes loyalty and ethical conduct among employees, thus ensuring the attainment of the Company's long-term goals.

ALTUM provides a number of secure and protected channels, among them for [raising an alarm](#), in order to detect any possible bribery or corruption activity, or any violation of anti-corruption laws and regulations. No complaints about corruption or whistleblowing reports were received in 2024.

Stakeholder management

Regular and meaningful communication with stakeholders is an important tool in identifying and addressing issues relevant for each stakeholder group. ALTUM stakeholders have been identified while recognising ALTUM's specific role in the national economy. As a development finance institution, ALTUM ensures access to finance for defined groups of entrepreneurs and private individuals. This support provides a positive and meaningful long-term impact on the society. To ensure effective cooperation ALTUM communication practices are tailored for the needs of each stakeholder group.

- **Clients**

ALTUM's client service network is subordinated to the Company's main non-financial objective to promote access to finance for business. This is achieved by maximising the availability of staff advice to all customer segments, both face-to-face and remotely.

Clients are offered face-to-face consultations in all regions of Latvia, and employees regularly visit clients to get to know their business better.

Efficient customer service system for clients who wish to communicate remotely. ALTUM offers fully remote customer service starting with a consultation and loan application to the decision-making. In order to improve remote servicing and reduce the need for paper, the staff encourages clients to use electronic signatures.

For the second year, client satisfaction was measured by their feedback to an on-line survey. All clients of our lending services were requested to complete it. The survey asked clients to comment on the simplicity and clarity of the processes, the competence and responsiveness of the staff, the performance of the client portal, the speed of decision-making and other important aspects of client service.

- **Employees**

Employee involvement is essential for the improvement of ALTUM's working environment, safety, training processes, etc., as well as for the development of new ALTUM business lines, the creation, implementation and improvement of support programmes. Employees' views are sought periodically through employee surveys, in cooperation with their authorised representatives, working groups, hackathons, etc.

- **Shareholders and supervisory board**

Shareholders

Transparency is the foundation for effective investor relations and successful communication with shareholders and other stakeholders. ALTUM regularly and timely informs shareholders and other stakeholders about the company business activities, financial performance, governance and other relevant issues, disclosing accurate, complete, objective, up-to-date and reliable information.

Shareholder involvement in decision-making contributes to achieving company's financial and non-financial objectives and ensures its sustainability.

Stakeholder management (cont'd)

Supervisory board

Supervisory board represents interests of the shareholders, oversees work of the management board, participates in strategic development of JSC ALTUM and supervises its financial and risk management. ALTUM has defined procedure for organisation of work of the supervisory board and the availability of high-quality information. This allows for an effective performance of supervisory board members and their inclusion into decision-making process.

The principles of the Supervisory Board's operations, as well as its main duties, are defined by the statutes and the rules of procedure for organizing the Board's work. The Board's tasks and responsibilities are regulated by legal acts.

More information on JSC ALTUM's shareholders and supervisory board can be found [here](#).

- **Investors**

Sound financial, risk and corporate governance is a prerequisite for well-organised and successful investor relations. Regular bond emissions on NASDAQ Riga since 2017 have strengthened ALTUM's position as an active member of the capital markets. Investor road show and consistent communication is an integral part of preparation for bond emission. Provision of high-quality quarterly financial and operational information and stock market notifications on significant operational events at ALTUM are an inherent part of investor relations. ALTUM carries out these activities with highest responsibility and diligence.

- **Financial sector**

For the assessment of collaboration partners, specifically banks, ALTUM conducts an annual survey where bank employees provide feedback on the services provided by ALTUM, employee competence, and evaluate past collaborations.

- **Policy makers, governmental or regulatory institutions**

ALTUM collaborates with ministries of Republic of Latvia to identify priorities and needs of policy-makers as well as problems facing their industries. This allows for an efficient cooperation between institutions in development of support instruments for respective industries.

- **Suppliers**

ALTUM works on development of supplier code of conduct to ensure collaboration compliant with environmental, social and governance aspects.

- **Professional associations and educational institutions**

To promote scientific and entrepreneurial cooperation, youth involvement in scientific research, quality research and commercialisation of innovative ideas, ALTUM cooperates with Riga Stradiņš University, Latvia University of Life Sciences and Technology, Jelgava Technical School and Latvian academy of Agriculture and Forestry.

ALTUM promotes innovative agricultural practices and their real-life application by providing financial support to the best scientific research from Latvian academy of Agriculture and Forestry. Collaboration with BA School of Business and Finance ensures involvement of new finance professionals in developing research on availability and effectiveness of financial instruments. This allows new professionals to link their academic studies with development and current practices of financial sector.

- **Non-Governmental organisations, experts and professional associations**

ALTUM cooperates with industry experts and organisations to align financial product development with interests of entrepreneurs and other parties involved. ALTUM is open to advice of experts and professional organisation in creating new and improving current financial products.

Stakeholder management (cont'd)

Supplier Code of Conduct

To ensure successful cooperation with stakeholders, ALTUM introduced a Supplier Code of Conduct in the summer of 2024. This code sets out the requirements for business partners from whom ALTUM purchases goods or services, ensuring principles of fair collaboration. It includes respect for human rights, prevention of discrimination, provision of a safe and healthy work environment, environmental protection, climate change mitigation, and the prohibition of bribery and corruption. Suppliers whose contract value, excluding VAT, is equal to or greater than 100,000 euros are required to confirm their compliance with this code. More information can be found [here](#).

Sustainability Governance

ALTUM's sustainability governance structure is comprehensive and involves employees from several ALTUM units. By engaging management at various levels and forming specialized working groups, ALTUM ensures the strategic setting and implementation of ESG goals, effective ESG risk management, the development of sustainable financing, and compliance with external ESG requirements.

The Supervisory Board defines the strategic direction, while the Management Board ensures the implementation of the ESG strategy and approves the ESG risk assessment. Specialized working groups and departments integrate ESG into daily operations. Sustainability and risk management experts coordinate ESG initiatives, conduct risk assessments and monitoring, while the Sustainable Financial Products Working Group develops new solutions. More on sustainability management at ALTUM can be found [here](#).

ESG - Environment

ALTUM runs a continuous environmental management and operational improvement cycle, including the revision of its long-term and short-term environmental targets to find a balance between efficiency of business operations and their impact on the environment and quality of life.

ALTUM is aware of its impact on climate change, as well as the impact of climate change on ALTUM's operations. ALTUM's environmental policy defines its objectives and commitment to conduct its activities with the least possible negative impact on the environment, both directly and indirectly.

As the Latvian development finance institution, ALTUM's environmental impact is mostly indirect and comes from the support programmes it provides to its clients. ALTUM recognises its important role as a state owned company and a financial sector player in achieving the ambitious targets set out in the [National Energy and Climate Plan 2021-2030](#). ALTUM's credit policy as well as its cooperation with other financial sector actors are frequently reviewed in line with these challenges.

ESG risk management

The term of environment, social and governance (ESG) comprises approach that drives adequate business pattern of the organisation. In recent years the importance of ESG has increased significantly since the policy makers, finance sector and the society draw more and more attention towards companies impact upon society and their contribution towards climate change mitigation. Upon realisation of any ESG risk, negative impact on credit risk, assets, financial and profit indicators or reputation of ALTUM might occur.

In 2023 the methodology for analyses of materiality of ESG risks upon ALTUM was developed and the materiality assessment of ESG risks was carried out. The materiality assessment of ESG risks primary represents the risks that might impact the ALTUM's credit exposure portfolio (loan portfolio, collateral portfolio and guarantee portfolio) triggered by its customers' business operations industry, financed project's industry and geographical location of the client or the financed project. Within materiality analyses of ESG risks ALTUM credit exposure portfolio per loan, collateral and guarantee portfolios of the SME / Midcaps and Agriculture segments towards climate risks - transition risks and various physical climate was assessed. In light of the amortisation structure of ALTUM loan portfolio the climate risks are assessed in the following time scale – (i) until the year 2025, (ii) 2026 – 2040, (iii) after the year 2040.

The Transition risks substantially impact the economic activities of the companies with further direct effect upon ALTUM by the companies' debt service capacity or maintenance the market value of the collateral. Transition risks might be directly or indirectly developed by transition process of the customers towards low carbon emission and more sustainable economy. The transition risk might increase, for example, if it arises from new climate and environment regulatory requirements, such as a reduction in emissions of GHG or competitors' technology progress or change of behaviour of the market and customers and is significantly depending on the customer's capacity to bear the necessary investment costs of transition project and its timely realisation.

The methodology for analyses of ESG risks' materiality for assessment of Transition risks is based on ECB guidance, ECB climate risk stress test reports and UNEP FI methodology strongly rooted in the Recommendations of the Task force on Climate-related Financial Disclosures (TCFD). Following the said methodology the transition risk level of each project is assessed at segment/sector bases (NACE code, 4 digit) on a scale of five risk levels Low – Very High.

Table 1: Transition risk heatmap - high and very high transition risk exposure in individual economic sectors as at period-end

	31.12.2024		31.12.2023	
	'000 EUR	% of total credit exposure	'000 EUR	% of total credit exposure
Agriculture	29 248	4%	29 854	6%
Wood and paper production	74 307	11%	49 913	10%
Food and beverage production	34 674	5%	11 540	2%
Chemicals	16 871	2%	12 249	3%
Construction materials	10 483	2%	6 425	1%
Metals and Mining	14 961	2%	5 031	1%
Consumer goods	715	0.1%	1 310	0.3%
Logistics	2 173	0.3%	940	0.2%
Other	1 976	0.3%	1 863	0.4%
Transition risk at high / very high label:	185 408	27%	119 125	25%
Total credit exposure*:	687 950	100%	477 576	100%

*Total credit exposure: gross credit portfolio and loan commitments

ESG risk management (cont'd)

In 2024, work was carried out on integrating the ESG scoring model into the loan issuance processes. It will be applied to the SME / Large Enterprise and Agricultural segments during the evaluation of new transactions above a certain materiality threshold, as well as in the monitoring of the existing portfolio and collateral assessments. The ESG scoring model will also enable the assessment of transition risk at the individual transaction level. The implementation of the ESG scoring model is being carried out gradually, considering clients' readiness to complete the unified bank ESG questionnaire published in April 2024. This questionnaire aims to gather information for ESG risk assessment and collect planned/actual client sustainability KPI data.

Since the beginning of summer 2024, an employee training program has been underway to successfully integrate individual ESG assessments into loan issuance and loan portfolio monitoring processes. Additionally, a climate physical risk assessment tool has been developed for application at the individual level to monitor large-scale transaction portfolios, such as investment property portfolios. In the fourth quarter of 2024, the individual assessment of mapped financed assets was initiated using the newly developed tool.

Mitigation of direct impact

Being a development finance institution, ALTUM has a relatively small direct impact on environment. Still the Company aims to further reduce its own environmental footprint.

One of the most widely used calculation frameworks worldwide for measuring CO₂ or GHG emissions is the [Greenhouse Gas Protocol](#) (GHGP), a voluntary accounting and reporting mechanism for GHG emissions. ALTUM uses it as a basis for voluntarily calculating, accounting for and later comparing the company CO₂ footprint and publicly reporting about the results. To make the data collection structured and comparable, the GHG Protocol is based on three Scopes:

- Scope 1 direct emissions or GHG emissions from company-owned and controlled resources. The scope covers GHGs emitted in the course of carrying out its business activities or in the production of its products;
- Scope 2 indirect GHG emissions from the consumption of purchased electricity, steam, heat and cooling;
- Scope 3 all other indirect emissions in the value chain, starting with logistics, suppliers, product use, etc. generated outside the company.

Corporate Governance Report 2023 provides data on Scope 1 and Scope 2 emissions.

The CO₂ footprint is a measure of the total carbon dioxide emissions directly and indirectly caused by ALTUM activities. ALTUM measures its CO₂ footprint since 2018 and the calculations are made in accordance with Cabinet Regulation No 42 of 23 January 2018 "[Methodology for Calculating Greenhouse Gas Emissions](#)", which sets out the calculation methodology and CO₂ emission factors for transport fuels, district heating and electricity.

In 2024, the total emissions (Scope 1 and Scope 2) amounted to 69 tCO₂e, (2023: 89 tCO₂e), representing a decrease of 68% compared to 2018 (216 tCO₂e). Compared to 2022, there has been a 22% reduction in the emissions generated by Scope 1 and Scope 2.



Mitigation of direct impact (cont'd)

In order to achieve its intention for reduction of GHG emissions, an energy audit of the Company was also carried out in 2018, covering the analyses of natural gas, car fleet and electricity consumption and possible activities to improve energy efficiency. Based on the conclusions and recommendations of the energy audit, ALTUM annually implements targeted activities to increase the Company's energy efficiency: work is underway to improve the energy efficiency of operations and buildings, reduce business travel through remote meetings, teleworking and the transition to an energy-efficient car fleet for the company needs. Special emphasis is placed on educating employees, encouraging a change in their attitudes and increasing their commitment to reducing their individual environmental impact as well.



Assessment of the intensity of CO₂ emissions:

In 2024, **emission generated per employee amounted to 0.27 tCO₂** (2023: 0.42), which is 71% less than in 2018 (2018: 0.97 tCO₂e).

In 2024, ALTUM **generated 0.05 tCO₂ per EUR 1 million of gross financial instrument portfolio**, which is 37% less than in 2022 (2023: 0.08 tCO₂ emissions per EUR 1 million of financial instrument portfolio). Since 2018, there has been an 87% reduction in emissions (2018: 0.41 tCO₂ emissions per EUR 1 million of financial instrument portfolio). Since 2018, ALTUM has not only reduced emissions but also increased the size of its gross credit portfolio.

The opinion on the greenhouse gas emission volumes was prepared by ALTUM and approved by the technical expert [SIA TUV NORD Baltic](#) in February 2024.

ALTUM strives to minimise the amount of waste it produces, segregates waste, provides separate waste bins for batteries (hazardous waste) in offices, promotes recycling and reduces greenhouse gas emissions that are directly linked to ALTUM activities.

Key actions:



Replacement and upgrading of the heating system in the central office



Replacement of the car fleet, significantly reducing fuel consumption and CO₂ emissions



LED lighting installed in offices, as well as motion sensors in certain areas



Waste sorting ensured



Digital document management system established



Reduced office paper consumption and continuous recycling of waste paper



Drinking water filters installed, PET bottles phased out



Cleaning service ensured, including the use of environmentally friendly products



Roof insulation works, significantly reducing heat loss.



Bike parking and shower facilities installed

Mitigation of indirect impacts

ALTUM provides a wide range of support to individual and corporate customers for improving energy efficiency. We have come to a strong conviction that sustainability is the future we want to be a part of. ALTUM defines business sustainability as the creation of long-term value, taking into account economic, ethical, social and environmental considerations. We have taken notice of the latest laws and regulations and their requirements promoting the supervision and mitigation of the impact of climate change. ALTUM initiated work on prevention of ESG related risks in credit risk management and business processes. A correct management of ESG risks is a sound business practice that must be implemented by ALTUM, its clients and cooperation partners

ALTUM focuses on sustainable development and innovative solutions to ensure financial stability. For more information on ALTUM's indirect impact mitigation, please refer to the section "**ALTUM's Project Impact on Environmental and Social Aspects**."

ESG - Social

Human resources management

ALTUM's Human Resources policy defines the core principles of sustainable personnel management with the aim of ensuring unified and effective personnel management within the company. This is to attract, retain, and develop qualified, professional, and motivated employees to achieve high organizational efficiency and ensure compliance with labour laws, improve work organization, and promote employee development and loyalty to ALTUM.

ALTUM takes pride in third-party evaluations of its personnel management practices. In 2024, we received the "Diversity-Friendly Employer" bronze status for our positive performance in implementing diversity principles and our commitment to excellence in creating an inclusive work environment. Additionally, in the "Fair Wage Payers" ranking by the personnel consultancy and research company "Figure Baltic Advisory," ALTUM ranked 3rd in the small and medium-sized enterprise category, receiving recognition for its work in gender equality.

Diversity, inclusive work environment, and human rights

In accordance with ALTUM's [Diversity, Equality, and Inclusion Policy](#), ALTUM supports diversity and equal rights in personnel selection, growth, and development, in no way endorsing or promoting discrimination based on race, religion, age, ethnicity, sexual orientation, disability, and other aspects. ALTUM aims for long-term employment relationships and is pleased with the relatively low turnover rate among employees, as well as the significant tenure of many of our employees in the company. **In 2024, the natural employee turnover (voluntary resignation) was 7% (2023: 8%). The average length of service within the company is 10 years (2023: 9 years), with the longest length of service being 31 years (2023: 30 years).**

ALTUM is characterized by diversity, equality, and a non-discriminatory approach. Our goal is to create an inclusive work environment where employees can fully realize their potential. Respect and fairness are fundamental principles outlined in ALTUM's Code of Ethics. ALTUM's approach to inclusion, diversity, and human rights issues, as well as the whistleblowing mechanism, are defined in the Code of Ethics. In 2024, no reports (2023: no reports) were received through the Code of Ethics reporting mechanism.

ALTUM provides an inclusive work environment that supports diversity and prohibits discrimination based on ethnicity, age, gender, disability, sexual orientation, religion, political opinion, marital status, social background, or similar characteristics. ALTUM's internal culture is focused on cooperation, support, and respect, thus implementing one of ALTUM's values – "team". ALTUM monitors diversity and inclusion indicators in various areas. This helps analyse the current situation and address challenging areas, including gender pay gaps, gender balance, and age indicators.

The diversity of ALTUM employees is of significant value, as their unique professional and life experiences contribute to growth and development to the company. ALTUM is a participant in the Latvian Diversity Charter – we work on creating an inclusive environment within the company and support the activities of the charter. We have also joined the "Strength in Diversity" movement initiated by the Society Integration Fund, aiming to support and share experiences on diversity management and learn to practice diversity management.

ALTUM has been awarded the status of "Family-Friendly Company" by the Society Integration Fund.

In 2024, the average number of employees was 253 – 71% women and 29% men. ALTUM has a wide age range among its employees: 9% are under 30 years old, 65% are between 31 and 50 years old, and 26% are over 51 years old. The youngest employee in 2024 was 20 years old, and the oldest was 71 years old. The average age of ALTUM employees is 46 years.

In 2024, there were 47 senior and middle management employees at ALTUM – 64% women and 36% men:

- 66% of managers are between 31 and 50 years old;
- 34% of managers are over 51 years old.

The number of specialists in 2024 was 206, of whom 73% were women and 27% men:

- 11% of employees are under 30 years old;
- 65% of employees are between 31 and 50 years old;
- 24% of employees are over 51 years old.

Human resource management (cont'd)

ALTUM values the professional growth of its employees within the company – in the case of vacancies, the potential of existing employees is initially evaluated. Last year, 31 job vacancies were announced for candidates. The vacancies announced in 2024 were filled in a timely manner, reflecting a positive employer image and a high-quality recruitment process. All ALTUM employees had the opportunity to participate in 10 internal recruitment competitions, with 5 vacancies filled by candidates from within ALTUM. Regarding professional development, 7% (17 employees) received a promotion in 2024.

All ALTUM employees have signed written employment contracts, and official labour relations are registered, providing all necessary information to the relevant state institutions.

In 2024, ALTUM employed **an average of 244 employees** (2023: 232) with indefinite-term contracts and 9 employees (2023: 26) with fixed-term contracts. ALTUM's work specifics allow employees to work full-time (99.2% of employees) and part-time (0.8% of employees). Flexible working hours and remote working options (hybrid work) are available to employees.

Working conditions, remuneration, benefits, and other employment terms are designed to ensure equal opportunities for all employees and facilitate work-life balance and parental duties. No complaints regarding working hours, wages, or absence violations that would qualify as human rights violations were received by ALTUM in 2024.

ALTUM's remuneration system ensures equal pay for equal work for both women and men, regardless of age. To ensure competitive remuneration in line with the company's financial capabilities, qualitative data from the labor market and salary surveys are used. Each year, ALTUM participates in the salary survey conducted by the personnel consultancy and research company Figure to evaluate employee compensation against the labor market.

ALTUM continuously works on reducing the pay gap between women and men. The company ensures a fair and transparent remuneration policy, regularly analyzing average salary differences between genders, and striving to minimize unjustified discrepancies. Each employee's salary is determined individually, considering the job level, area of responsibility, employee's competence, experience, and, in some cases, market conditions. Pay differences may be influenced by differences in job content, individual performance, experience, diversity of roles, and competencies.

The ALTUM remuneration system consists of compensation for work, various additional benefits, and allowances. The procedures and criteria for granting these are defined in the company's internal regulatory documents. All permanent employees of the company have a Collective Bargaining Agreement. ALTUM's range of additional benefits and allowances is designed to provide support and care for its employees. ALTUM supports its employees during important life events and also offers extra holidays that employees can use at their discretion and as needed – for taking care of family members, religious holidays, rest and health improvement, or other needs.

In 2024, 6 employees (2022: 7) took parental leave, all of whom were women. All female employees who were on parental leave returned to their professional duties at the company.

To promote the attraction of young talent in the future and provide a methodological foundation for students to gain practical skills in their specialties, ALTUM offers internship opportunities where valuable experience can be gained in areas such as finance, risk management, communications, energy efficiency, the implementation of state support programs, information technology, marketing, and other fields.

In collaboration with the largest state-accredited higher education institutions, in 2024 ALTUM provided internship opportunities for 8 students (2023: 6) from universities and colleges, including the Banking University, the University of Latvia, the Latvia University of Life Sciences and Technologies, the Vidzeme University of Applied Sciences, the Riga Technical College, and the Riga State Technical School. The interns worked in areas such as information technology, energy efficiency, project management, and risk management. Following the internship period, two interns received positive evaluations for their collaboration and were offered employment contracts.

ALTUM's public information on remuneration policy principles, as well as the main principles of ALTUM's professional ethics, are available on the ALTUM website at www.ALTUM.lv, under the section "ABOUT ALTUM" in the subsection "[Personnel/Vacancies](#)."

Human resource management (cont'd)

Employee health, safety, and well-being

At ALTUM, the well-being and safety of employees is a top priority. To maintain and promote employee health, ALTUM provides health insurance to all permanent employees immediately after their probation period. This insurance covers a wide range of services, including outpatient and inpatient care, medication reimbursements, and consultations with various specialists, such as psychologists, psychiatrists, and psychotherapists. All employees are also insured against accidents from their first day of work.

In 2024, ALTUM continued to focus on its employees' mental health and well-being. As part of the annual "Health Month" project, training sessions were organized on how to effectively manage stress, maintain emotional balance, and adopt healthy eating habits. In both spring and autumn, employees had access to the "Life Balance" forum, where well-known experts in Latvia discussed topics such as "Work-Life Balance," "Family Balance," and "Peace with Oneself."

To promote a healthy and active lifestyle, ALTUM employees had the opportunity to join the company team for the Riga Marathon. Additionally, ALTUM supports cycling as a daily means of transportation by providing safe bike racks and showers at its main locations. ALTUM also participated in the "Sustainable Business League" walking challenge, where the ALTUM team ranked 5th out of 23 teams in its category (50–100 participants), walking a total of 18,594 km and taking 26,031,383 steps, thereby reducing air pollution by 3,347 kg of CO₂.

Employees are regularly informed about workplace safety requirements. In compliance with legal regulations, ALTUM provides onboarding training, initial workplace inductions, refresher sessions, and specific training on various topics. Employees are also sent for mandatory health checks, in line with their roles, workplace risk assessments, and legal requirements. Every year, ALTUM assesses workplace risks and develops a safety action plan for the year, conducting regular workplace inspections to identify potential hazards and promote employee involvement in improving the working environment.

To enhance employees' ability to administer **first aid in emergencies**, ALTUM provided first-aid training to all employees.

ALTUM also organized vaccination initiatives, including collective vaccinations in October (before the flu season) and March (against tick-borne encephalitis). The company ensures that employees are provided with personal protective equipment and technical resources, such as Covid-19 self-testing kits, hand sanitizers, and temperature measurement devices.

ALTUM ensures energy-efficient workplaces that support modern working practices, including digital opportunities. The working environment is continuously improved every year.

In 2024, an annual employee survey on well-being was conducted, including satisfaction with the benefits and allowances provided by ALTUM. The average score for the well-being survey in 2024 was 7.6 (2023: 7.3).

ALTUM employees also engaged in voluntary work, donating their work hours to various community initiatives. In 2024, they shared their professional knowledge and experience, including participating as evaluation committee members in student research projects, community project competitions, and more.

ALTUM employees actively donated blood during Donor Days and supported initiatives like Dr. Clown's charity, filling the "Courage Boxes" of the Children's Hospital with toys, and donating materials to the "Visi var!" organization that works with people with disabilities. Additionally, the company helped equip the "Ceļību spārnī" association's care centers and group homes in Smiltene, Bauska, Cēsis, and Mālpils with useful household items. ALTUM employees also participated in the nationwide "Lielā Talka" (Great Cleanup) project, where they supported the Latvian Association for the Blind by improving and cleaning the territory of the Strazdumuiža Park.

Human resource management (cont'd)

Education and training

ALTUM's goal is to foster a culture of learning and knowledge exchange, aimed at employee growth, engagement, and collaboration, ensuring high performance and the company's competitiveness. The company offers both internal and external training opportunities, allowing employees to develop their skills individually or within teams. Employees can enhance their competencies based on recommendations from managers or through their own initiatives.

In line with strategic goals, ALTUM focuses on employee qualification improvement, continuous skill and knowledge development, and providing opportunities to gain diverse experience within the company. The aim of personnel training is to improve work performance and efficiency, develop essential job-related skills, provide additional skills for professional growth, and prepare employees for new roles and responsibilities.

In 2024, employees participated in 140 various external and internal training events – seminars, webinars, courses, lectures, and conferences (2023: 124). On average, each employee dedicated 29 hours (2023: 16) to knowledge enhancement throughout the year, excluding studies at higher educational institutions.

Employees have improved their knowledge and skills through public training groups, in-house learning programs, and specially tailored courses. The most suitable solutions for professional development and competence enhancement are used in organizing the learning process.

A "Friday Learning Hour" has been implemented, where industry specialists, process owners, and even employees themselves lead training sessions based on business needs. During these sessions, employees are informed about updates, changes in regulations, and answers to any unclear questions related to work processes. This initiative allows document developers to receive feedback from users and apply it in process improvement.

All employees are required to participate in mandatory training on fire safety, labour protection, data protection and processing, and IT security. Additionally, in 2024, knowledge on corruption prevention, risk management, sustainable lending, and ESG topics were updated. At the end of several training programs, employees were required to demonstrate their knowledge through a test.

One of the key priorities is the company's digital transformation and the development of employees' digital skills. In 2024, training on the safe use of digital tools, their functions, and how employees can apply them to increase work process efficiency was organized.

Seminars on leadership and management skills development, including team management, collaboration, and change management, were held for mid- and senior-level managers.

ALTUM financially supports higher education studies, foreign language improvement, and further specialization through professional development programs organized by state-accredited educational institutions with European Union funding. ALTUM believes that acquiring such knowledge provides additional benefits for effective performance in core responsibilities and is part of the employee benefits package.

The MS Teams platform is not only used for communication and posting updates but also as a training repository. The "ALTUM Academy" section of MS Teams hosts various digital training materials, including webinar recordings, presentations, audio recordings, video training, etc. This interactive format encourages employee participation in training, thereby enhancing their ability to consolidate and apply newly acquired knowledge in practice. This platform is particularly essential for employees working remotely, allowing them to learn at their own pace, at a convenient time and location.

The MS Teams section "Welcome to ALTUM!" compiles the most important information for new ALTUM employees. As such, new employees receive not only continuous guidance from their mentors and training plans but also the opportunity to independently acquire competence and new information to integrate successfully into the company.

Stakeholder evaluation

Bank employee satisfaction

ALTUM carried out its annual partner survey as a part of the engagement assessment of its cooperation partners, i.e., banks, in which very good results were once again achieved in 2024: 78% of bank employees in this year's online survey indicated that they had used ALTUM loan guarantees in 2024.



Highlights of the cooperation with ALTUM in the area of credit guarantees, where the following were highly rated:

- ease of communication with ALTUM;
- ALTUM's clear assessment criteria;
- Prompt decision making.

Following the conclusion drawn from the previous year that the importance of easy communication between banks and ALTUM is increasing, in 2023 ALTUM implemented several measures to promote employee accessibility and communication - more details are provided in the subsection "Client Satisfaction".

The assessment of ALTUM by bank employees remains high. 78% of surveyed employees believe that ALTUM guarantees enable transactions that otherwise would not have occurred. In 2024, 65% of bank representatives rated ALTUM's reputation as excellent or very high, compared to 79% in 2023 and 83% in 2022.

Client satisfaction

For the past four years, ALTUM has been assessing customer satisfaction through an online survey, inviting all lending service clients to participate. The survey asks clients to provide feedback on aspects such as the simplicity and clarity of the process, employee competence and responsiveness, the functionality of the customer portal, decision-making speed, and other key customer service elements.

In response to feedback received in previous years, ALTUM introduced several measures to improve the loan application review process. Clients have positively evaluated the changes, and the customer satisfaction indicators for 2024 have significantly increased across all criteria compared to the previous year's ratings.

The greatest improvement in satisfaction was seen in the previously lowest-rated criterion, "application review speed," which 84% of respondents rated highly (2023: 71%). Clients appreciated the recent facilitation measures, particularly in supporting small and medium-sized enterprise (SME) financing. ALTUM reduced collateral requirements for loans up to €100,000, making these loans more accessible and affordable for entrepreneurs. The process was streamlined by reducing the documentation required, which also increased the speed of loan application assessments. This change ensured that entrepreneurs no longer had to bear the cost of commercial mortgage evaluations or spend time on administrative tasks.

These changes also significantly improved satisfaction with another historically low-rated criterion, "submitted documents," which 82% of respondents rated positively in 2024 (2023: 75%).

Alongside improvements in customer service and credit processes, ALTUM introduced several additional measures in 2024 that supported business financing and contributed to economic growth. For example, the overall loan interest rate for SMEs was reduced by about half for new loans, and the interest rate for agricultural working capital loans was also lowered. ALTUM also provided a 25% interest rate subsidy for investment and working capital loans in its portfolio. These activities were highly appreciated by clients, with 97% of customers expressing a high level of satisfaction with their collaboration with ALTUM, indicating they would recommend ALTUM to family, friends, and acquaintances (2023: 91%).

Client service

Clients

ALTUM's client service network is subordinated to the Company's main non-financial objective to promote access to finance for business. This is achieved by maximising the availability of staff advice to all customer segments, both face-to-face and remotely.

Clients are offered face-to-face consultations in all regions of Latvia, and employees regularly visit clients to get to know their business better. There is also an efficient customer service system for clients who wish to communicate remotely. ALTUM offers fully remote customer service starting with a consultation and loan application to the decision-making. In order to improve remote servicing and reduce the need for paper, the staff encourages clients to increasingly use electronic signatures.

Client service (cont'd)

Complaints

Client complaints or dissatisfaction about issues within ALTUM's remit or the actions of its employees open an opportunity to improve the services provided, enhance cooperation with clients and develop the Company's internal processes.

In 2024, there were no complaints related to breaches of client privacy and the processing of personal data, nor were there any cases related to the loss, leakage or theft of client data.

Enhancing Customer Competence on State and European Union Support Instruments

ALTUM has made significant efforts to **enhance client competence** regarding national and European Union support instruments. The company's employees actively share their knowledge to help clients understand the available support programs, including through collaboration with municipalities to promote regional entrepreneurship. In 2024, ALTUM representatives met with entrepreneurs in cities such as Riga, Liepaja, Marupe, Ogre, Saulkrasti, and Salaspils, organizing seminars, presentations, and discussions to raise awareness of ALTUM's programs and the support available from the government and the European Union.

The process of client competence development is ongoing, and in 2024, ALTUM provided extensive information to its clients and potential clients on the latest updates in various support programs. One example of this ongoing work is the continued dissemination of information regarding apartment-building support programs. ALTUM representatives participated in events organized by partner organizations, including discussions hosted by the Ministry of Economics on energy-efficient housing and updates on relevant programs presented to committees in Riga, Bauska Municipality, and the Latvian Association of Property Managers and Administrators. ALTUM has also worked intensively to enhance competence in **energy efficiency and sustainability** programs. This was achieved through seminars and presentations in cooperation with regional business clubs, the Latvian Chamber of Commerce and Industry (LTK), and municipalities.

Additionally, ALTUM promotes awareness of **affordable housing** and other ALTUM programs. In 2024, the company launched the **Social Entrepreneurship Program** and organized events to introduce new programs. Notable events included presentations at the Ministry of Welfare's social entrepreneurship conference and a social entrepreneurship idea competition. In total, ALTUM representatives dedicated more than 600 hours in 2024 on client competence improvement and local community development.

In daily operations, ALTUM continues to work with various stakeholders to promote awareness of national and European Union support programs. The company collaborates actively with ministries, professional associations, business communities, and other key actors.

ALTUM's contribution to public education and community development can also be found in the section "**Public Support and Investment in Local Development.**"

Accessibility

Digital accessibility

ALTUM works to promote digital accessibility. ALTUM's website was migrated to a platform that ensures accessibility requirements in line with Cabinet Regulation No 455 "[Procedures for Publishing Information on the Internet by Institutions](#)", dated 14 July 2020. The new functionality allows for the four basic principles of accessibility, which require digital content to be:

- perceivable - accessibility to alternative display of images, multimedia content and other digital content;
- operable - the ability to access and use digital content freely - not only with a computer mouse, but also with the so-called assistive technologies such as the TAB key;
- understandable - presenting digital content in plain language so that it can be understood by all users, including people with different perceptual limitations, including the ability to change text size, contrast;
- robust - the ability to align digital content with different types of devices such as screen readers, virtual voice assistants for smartphones, etc.)

Project examples: The "[12-step roadmap for the energy efficiency process of apartment buildings](#)" serves as an example of explaining a complex process to residents. Additionally, examples of [simple communication](#) in the field of apartment building energy efficiency or events held in the [building's courtyard](#), close to the residents, are also provided.

Physical accessibility

ALTUM Regional Centers in Liepāja, Valmiera, and Riga operate in spaces that ensure environmental accessibility, high energy efficiency, and individually adjustable utility service indicators. The regional centers offer consultations for people with mobility impairments, and in cases where access to office premises is difficult, ALTUM collaborates with local municipalities to provide alternative spaces.

The regional office in Riga is located in the ZEISS OFFICE complex, which is certified with BREEAM "Excellent" and meets the highest sustainability standards. The complex's rooftops host Riga's largest solar panel power station, providing green energy and lower heating costs. The office premises feature individually adjustable underfloor ventilation and cooling systems, CO₂ level-adjustable ventilation, soundproof glass partitions, and water faucets with reduced consumption.

At ALTUM's central office at Dome Square, an open-plan office has been implemented, and work is underway to introduce a specialized passenger lift. Additionally, insulation work has been completed on the roof and outer walls of upper floor offices, which will enhance energy efficiency in the long term and improve the work environment for employees and clients. ALTUM continues to develop its office infrastructure by introducing new sustainable solutions.

Services accessibility

Finance Latvia Association has published the developed Guidelines on the Accessibility of Financial Services (Development, Technology, Compliance), in which ALTUM experts actively participated. These guidelines continue to serve as an essential support tool for financial sector participants, helping ensure that client needs are met regardless of disability or functional limitations. In 2025, ALTUM continues to support initiatives that promote more inclusive financial services and their accessibility for all social groups.

Membership in professional associations and partnerships

Public Sector



Finanšu ministrija



Ekonomikas ministrija



Zemkopības ministrija



Klimata un enerģētikas ministrija



Labklājības ministrija



SIA "Latvijas Lauku konsultāciju un ieguldības centrs"



Latvijas Investīciju un attīstības aģentūra
Investment and Development Agency of Latvia

Associations and Non-Governmental Organisations



Financial Institutions



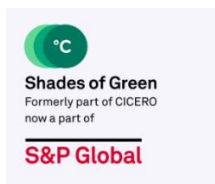
Membership in professional associations and partnerships (cont'd)

International Organisations and Financial Institutions



ALTUM is an investor in the [Three Seas Initiative Investment Fund](#). The fund was established with the goal of supporting transportation, energy, and digital infrastructure projects in the Central and Eastern European region, promoting economic development and ensuring that the region's infrastructure meets high standards. The Chairman of the Board, Reinis Bērziņš, holds the position of a Supervisory Board member.

Expert Organisations



Public support, investment in local community development

ALTUM not only works on enhancing client competence regarding national and European Union support programs but also actively strives to improve overall public awareness.

Throughout the year, ALTUM's management and employees actively engage in public education initiatives, focusing on various events aimed at fostering business development, improving societal well-being, contributing to climate change mitigation, and promoting long-term economic growth. ALTUM's leadership and experts have primarily shared their expertise in the following areas: sustainable financing, corporate governance, capital market development, the meaningful use of financial instruments—including financing for green projects and digitalization—as well as energy efficiency projects for both businesses and individuals.

In total, ALTUM's management and employees dedicated over 600 hours in 2024 to public and client education activities, participating in conferences, expert discussions, and seminars tailored for professional audiences, general entrepreneurs, and, in some cases, private individuals.

In collaboration with the media, educational content projects are being developed to highlight successfully implemented initiatives across different programs. For example, a partnership with [Delfi focuses on loans for multi-apartment building renovations](#).

Initiatives implemented in 2024:

Innovation, Infrastructure	<i>Three Seas Initiative Investment Fund (3SIIF)</i>	Promotion of a new financing initiative aimed at supporting transport, energy, and digital infrastructure projects in the Central and Eastern European region, fostering economic development and compliance with high infrastructure standards.
	<i>Venture Capital Ecosystem</i>	ALTUM representatives actively participated in events promoting the venture capital ecosystem. They served as jury members evaluating startups at "Commercialization Reactor," contributed to ecosystem goal setting at the "Startin.lv" Ecosystem Workshop, and educated participants about support opportunities during the Fintech Breakfasts organized by the Latvian Fintech Association.
Business Environment Development	<i>Raising Awareness of ALTUM Programs</i>	To enhance public understanding of energy efficiency and increase program visibility in Latvia, ALTUM representatives actively collaborate with regional business clubs, branches of the Latvian Investment and Development Agency, and other partners. Throughout the year, ALTUM organizes publicity events to promote program recognition, such as the new rental housing publicity event in Jelgava and an energy efficiency awareness event in cooperation with SAKRET.
	<i>Financial Industry Association Podcast "Financial Dialogue – Key Issues"</i>	A podcast series featuring ALTUM Chairman of the Board Reinis Bērziņš, discussing the availability of ALTUM programs and future plans.
	<i>"How to Promote Lending in Regions?"</i>	ALTUM board members participated in a panel discussion organized by the Bank of Latvia on promoting lending in regions and developing practical solutions.
	<i>Competition "Laukiem būti!"</i>	Encouraging entrepreneurial activity in rural areas by involving young people, developing their competencies, and engaging them in rural entrepreneurship in cooperation with the Latvian Rural Advisory and Training Centre, thereby supporting balanced regional

		development in Latvia.
	<i>LTRK Webinar on ALTUM Programs</i>	A webinar for LTRK members about ALTUM support programs with ALTUM Chairman of the Board Reinis Bērziņš.
	<i>"Naudas cena" Topic: Mortgage Lending – Interest Rates and Banking Policies</i>	ALTUM Chairman of the Board Reinis Bērziņš participated in the TV24 program "Money Price" discussing mortgage lending.
	<i>Energy Grant Publicity Event</i>	Allocation of the EIB energy grant to the city of Riga, supporting energy audits for more than 300 public buildings.
Education	<i>Lectures for University Students</i>	ALTUM representatives delivered lectures on environmental engineering at Riga Technical University and on business planning at RISEBA, Riga Technical College, Tuība University, and Riga Stradiņš University. In addition, Riga Construction College hosted lectures on current trends in building insulation.
	<i>Financial Literacy Promotion</i>	To implement Latvia's Financial Literacy Strategy 2021–2027, 20 partners from the public, private, and NGO sectors, including ALTUM, have signed a cooperation memorandum. The partners commit to improving financial literacy in Latvia by enhancing public competencies, fostering a sustainable financial literacy culture, ensuring a high-quality financial environment, and developing a strategic, collaborative institutional approach to financial literacy. In 2024, ALTUM representatives participated in the Bank of Latvia's financial literacy working group, sharing insights on ALTUM and state support availability.
	<i>Collaboration with Educational Institutions</i>	ALTUM representatives collaborate with higher education institutions to increase program visibility, participate in thesis evaluation committees, and educate students about business startup opportunities. In 2024, ALTUM partnered with the Latvia University of Life Sciences and Technologies, the Latvian Academy of Agricultural and Forest Sciences, and Riga Stradiņš University
	<i>Latvian Student Business Events #CitsBazārs</i>	Educating a new generation of entrepreneurs and industry experts by integrating theoretical knowledge with practical experience as part of Junior Achievement Latvia's "Student Business Company" (SMU) program.
Public Welfare, Demographics	<i>Social Entrepreneurship Pitch Competition "Tam labam būs augst 2024"</i>	A competition designed to strengthen social entrepreneurship in Latvia and recognize outstanding examples of social enterprises, organized by the Latvian Social Entrepreneurship

		Association in collaboration with Luminor Bank.
Industry Development	<i>Competition "Export and Innovation Award"</i>	Encouraging the production of new and exportable products by promoting the achievements of Latvian entrepreneurs and recognizing their contributions to supplying high-quality domestic products, implementing innovations, and developing industrial design. ALTUM presented a special award in the "Reliable Exporter" category.
	<i>Finance Latvia Association</i>	Promoting sustainable development in the financial sector by focusing on lending development, personnel, communication, legal matters, and other issues in collaboration with commercial banks, fostering the exchange of ideas and decision-making in the interests of Latvian society.
	<i>European Investment Bank Conference "FI Campus 2024"</i>	ALTUM representatives participated in FI Campus 2024 panel discussions on energy efficiency financial instruments and sustainable investments.
Environmental Impact, Green Thinking, Sustainability	<i>Baltic FinReg Summit</i>	ALTUM representatives participated in a panel discussion at the Baltic FinReg Summit, organized by COBALT Law Firm, on the topic: "Will the EU Green Loan Label and EU Green Bonds Regulation Make a Difference in Green Transition and Reducing the Risk of Greenwashing?"
	<i>Sustainability Conference "Ilgbūtība"</i>	Participation in the Sustainability Forum, aimed at ensuring a sustainable future amid climate change, which significantly affects human well-being, the economy, and security, placing pressure on businesses. The forum explored how sustainable and environmentally, socially, and human-friendly operations can drive economic benefits. In 2024, ALTUM Chairman of the Board Reinis Bērziņš presented "How to Gradually Adapt to New Supply Chain Decarbonization Requirements?"
	<i>Participation in "EMAS and Corporate Sustainability" Conference</i>	Panel discussion at the conference on environmental management and the circular economy, organized by the State Bureau of Environmental Monitoring, titled " EMAS and Corporate Sustainability ". Experts from the fields of finance, economics, environmental protection, and other sectors shared their experiences in corporate sustainability and environmental management.
	<i>Baltic Sustainability Management Award</i>	ALTUM representative served as a jury member in awarding Sustainability Managers in the Baltic States.

	<i>Latvian Bank and SSE Riga Debate Club Event "Green Arguments: Debating Sustainable Finance"</i>	ALTUM representatives participated in debates organized by SSE Riga and the Bank of Latvia, where sustainability experts and SSE Riga Debate Club members discussed the necessity of integrating sustainable finance into business and the economy.
	<i>Latvian Association of Sworn Auditors' 30th Anniversary Conference</i>	ALTUM Chairman of the Board Reinis Bērziņš presented 'How Sustainability is Becoming Part of Everyday Business? On Decarbonization and State and EU Support.'
Export	<i>Expert Presentations at Forums and Seminars</i>	To promote export development, ALTUM representatives shared their expertise at seminars and forums organized by LTRK and "Tet."

Corporate Governance Report 2024 is publicly available in Latvian and English at ALTUM's premises at Doma laukums 4, Riga and in electronic form – on the website www.ALTUM.lv, in the section ABOUT ALTUM/SUSTAINABILITY AND GOVERNANCE under [Corporate Governance](#) sub-section.

Reinis Bērziņš
Chairman of the Management Board

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