



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE

KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVT000328

Corporate Governance Policy

Last review: March 2021



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

CONTENT

PREAMBLE.....	3
1. GOVERNING BODIES AND CORPORATE STRUCTURE OF THE COMPANY.....	4
2. SHAREHOLDERS' MEETINGS	4
3. BOARD OF DIRECTORS	5
4. BOARD STRUCTURE.....	10
5. BOARD PRACTICES.....	17



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

PREAMBLE

KAURIFINANCE OÜ is a virtual currency exchange service provider who, in its own economic or professional activity, accepts an order for exchanging virtual currency through an electronic platform and exchanges it for money. KAURIFINANCE OÜ is not an exchange or a regulated market. KAURIFINANCE OÜ does not offer cash-related services.

The Board of Directors of KAURIFINANCE OU (hereinafter "KAURIFINANCE OU" or the "Company") believes that a primary responsibility of the Directors is to ensure effective governance to support sustainable operational and financial performance for the benefit of its shareholders, employees, customers and other stakeholders.

Responsibilities of the Board of Directors include the following:

- ✓ Reviewing and periodically approving long-term strategic and business plans and monitoring corporate performance against such plans;
- ✓ Reviewing the major risks facing the Company and overseeing strategies to address these risks;
- ✓ Adopting policies of corporate conduct, including compliance with applicable laws, rules and regulations, maintenance of accounting, financial and other controls, and reviewing the adequacy of compliance systems and controls;
- ✓ Evaluating the overall effectiveness of the Board and its committees and the individual directors on a periodic basis;
- ✓ Adopting and implementing best practices of corporate governance in full conformity with the letter and spirit of all applicable laws, rules and regulations;
- ✓ Evaluating the performance of the Chief Executive Officer ("CEO") and taking appropriate action, including removal, when warranted;
- ✓ Selecting, evaluating and fixing the compensation of senior management of the Company and establishing policies regarding compensation of other management personnel;
- ✓ Reviewing succession plans and management development programs for senior management.

The Board has adopted this Policy which includes the following Governance Guidelines to assist in exercising its responsibilities. This Policy establishes general corporate structure of the Company and regulatory compliance.

This Policy does not, and is not intended to, modify or to constitute an interpretation of the Company's Articles of Association (the "Articles") or any law or regulation.



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

1. GOVERNING BODIES AND CORPORATE STRUCTURE OF THE COMPANY

1.1. The Governing Bodies of the Company are:

- a) The Meeting of Shareholders
- b) The Board of Directors (as well – «Management board»)

1.2. Corporate Governance Structure

The corporate governance structure of the Company is based on the subject of its activities and the required scope of management functions:

- a) The main body that makes general strategic decisions is the General Meeting of Shareholders of the Company. General Meeting of Shareholders appoints management and control bodies of the Company, including the Board of Directors.
- b) The Company's Board of Directors, the main supervisory body, reports to the General Meeting of Shareholders of the Company, executes decisions of the General Meeting of Shareholders, and ensures supervision functions for the general management of the Company's activities. The Board of Directors appoints the Executive Director and appoints the Company's Head of the Internal Audit function.
- c) The Company can create the required number of departments as required.

The Company's departments operate in accordance with the orders of the Company's management and guided by the relevant internal regulations of the Company.

- c) In case of mandatory regulative requirements or sufficient changes in the scope of Company's business activity the Board of Directors will create various Committees.

2. SHAREHOLDERS' MEETINGS

2.1 The primary control over the Company shall be vested in the General Meeting of Shareholders. It shall have the following inalienable rights to:

- ✓ establish and amend the Articles of Association and By-laws of the Company;
- ✓ appoint the members of the Board of Directors and external auditors;
- ✓ approve the annual report and the consolidated accounts;
- ✓ approve the annual financial statements, to decide upon the use of net result of the balance sheet to decide on dividend payments and share of net profits;
- ✓ grant discharge to the Board of Directors;
- ✓ pass all matters that are reserved to the Meeting of Shareholders pursuant to law or to the Articles of Association and the By-laws.



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- 2.2 The General Meeting of Shareholders is called by the Board of Directors, the Chairman of the Board. The Board of Directors or its Chairman must call a General Meeting of Shareholders upon the written request of shareholders representing at least one-tenth of the share capital of the Company.
- 2.3 The Ordinary Meeting of Shareholders shall be held annually within six months after the close of the fiscal year. The meeting is held at the Company's domicile or at any other place designated by the Board of Directors.
- 2.4 Special Meetings of Shareholders may be called at any time, as required.
- 2.5 A resolution by the general meeting requires at least two-thirds of the voting rights represented and an absolute majority of the nominal value of shares represented for:
 - any amendment of the company's objects;
 - the introduction of shares with preferential voting rights;
 - any restriction on the transferability of registered shares;
 - an authorised or contingent capital increase;
 - a capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges;
 - any restriction or cancellation of the subscription right;
 - a relocation of the seat of the Company;
 - the dissolution of the Company.

3. BOARD OF DIRECTORS

- 3.1. The Board of Directors consists of one or more members.
- 3.2. The Company must be represented by a person who is a resident in Estonia. This person must be a member of the Board of Directors or an executive officer.
- 3.3. The Board of Directors shall be elected for an indefinite term and shall have one to five members.
- 3.4. The Board of Directors shall elect a Chairman of the Board and a Secretary. The Secretary need not be a director or a shareholder.
- 3.5. Each member of Board of Directors has the right to represent the Company in all legal acts unless otherwise entered in the commercial register.
- 3.6. The Board of Directors may take resolutions on all matters which are not delegated either by law or the Articles of Association. It has the following untransferable and inalienable duties:
 - ✓ Overall and ultimate responsibility for corporate management and for the issuing of the

necessary directives;

- ✓ Definition and establishment of the corporate organization;
- ✓ Definition and establishment of the accounting system and financial control, as well as the financial planning, in so far as the latter is necessary for the conduct of the business;
- ✓ Appointment and removals of the persons entrusted with the management and representation of the Company;
- ✓ Overall and ultimate responsibility of the persons entrusted with the management in order to insure their observance of the provisions of law, the Articles of Association, the by-laws and respective directives;
- ✓ Drawing up of the management Report, preparation of the general meeting and execution of its resolutions;
- ✓ Notification of the court in the event of over-indebtedness.

3.7. **Presiding Chairperson.** Pursuant to the Articles of Association and corporate governance practice, the Board shall elect a Chairperson of the Board following each Annual General Meeting of Shareholders. The Chairperson of the Board presides over meetings of the Board and shareholders and is responsible for coordinating the overall management and functioning of the Board.

The core responsibilities of the Chairperson shall be as follows:

- ✓ Develop an appropriate schedule of the Board meetings, seeking to ensure that the independent directors can perform their duties responsibly while not interfering with ongoing Company's operations;
- ✓ Review in advance the Board meeting agendas as prepared by the Secretary and the CEO;
- ✓ Review in advance the meeting schedules for the Board committees if any;
- ✓ Develop standards as to the quality, quantity and timeliness of the information submitted to the Board by the Company's management that is necessary or appropriate for the independent directors to effectively and responsibly perform their duties;
- ✓ Develop the agendas for and serve as Chairperson of the executive sessions of the Board's independent directors and ensure that independent directors have adequate opportunities to discuss issues without management present;
- ✓ Serve as principal liaison between the independent directors and the CEO in respect of Board issues;
- ✓ Participate in recommendations regarding succession planning for the Chairperson of the Board, recruitment of new directors and management succession planning.



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- ✓ Participate in meetings of the Committee if any in establishing performance goals and assessments of the CEO in meeting agreed-upon targets and overseeing succession plans for key senior management roles;
- ✓ Conduct one-on-one peer reviews to coincide with the annual formal survey of board effectiveness and performance;
- ✓ Oversee the establishment of processes to assess assurances provided to the Board by senior management, and facilitate effective communication between directors and management in conjunction with the Executive Board and the CEO;
- ✓ Lead in shareholder outreach initiatives on behalf of the Board.
 - ✓ For ensuring independent auditing function Board of Directors will be responsible for external auditor's selection process and other supervision functions. In addition, the Board of Directors creates an independent Internal Audit Department reporting directly to the Board of Directors.

3.8. **Frequency of the Board Meetings.** The Board shall conduct four regularly scheduled meetings per year. Special meetings will be convened as necessary. Long-term strategic and business plans will be reviewed periodically during regularly scheduled meetings. The schedule for regular meetings of the Board for each year shall be submitted to and approved in advance by the Board. Special meetings shall also be called by the Secretary or the CEO on the written request of two directors.

3.9. Resolutions of the Board of Directors shall be passed by the majority of votes cast, if the Board is composed of more than 1 members. In case of a tie, the vote of the Chairman shall be decisive.

3.10. **Board of Directors' Responsibilities**

3.10.1. **Oversee Management of the Company.** The principal responsibility of the Board of Directors is to oversee the management of the Company in the best interests of the Company and its shareholders. This responsibility requires that the Directors perform the following:

- ✓ review and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans which take into account, among other things, the opportunities and risks of the business;
- ✓ evaluate the performance of the Company, including the appropriate use of corporate resources;
- ✓ evaluate the performance of, and oversee the progress and development of, senior management and take appropriate action, such as promotion, change in responsibility and termination;
- ✓ establish a corporate environment that promotes timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards and compliance with applicable laws and industry and community standards;
- ✓ oversee the Company's auditing and financial reporting functions;



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- ✓ evaluate the Company's systems and business to identify and manage the risks faced by the Company;
 - ✓ review and decide upon material transactions and commitments;
 - ✓ develop a corporate governance structure that allows and encourages the Board to fulfil its responsibilities;
 - ✓ provide assistance to the Company's senior management, including guidance on those matters that require Board involvement; and
 - ✓ evaluate the overall effectiveness of the Board and its committees.
- 3.10.2. **Exercise Business Judgment.** In discharging their fiduciary duties of care, loyalty and candor, directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders free from personal interests. In discharging their duties, the directors normally are entitled to rely on the Company's senior executives, other employees believed to be responsible, and its outside advisors, auditors and legal counsel, but also should consider second opinions where circumstances warrant.
- 3.10.3. **Understand the Company and its Business.** With the assistance of the Company, Directors are expected to become and remain informed about the Company and its business, properties, risks and prospects.
- 3.10.4. **Establish Effective Reporting Systems.** Directors are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company. Directors should also provide for periodic reviews of the integrity of the Company's internal controls and management information systems.
- 3.10.5. **Protect Confidentiality and Proprietary Information.** Directors are responsible for establishing policies that are intended to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board of Directors must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of the Board discussions.
- 3.11. **Board and Shareholder Meetings.** Directors are responsible for adequately preparing for and attending the Board meetings and meetings of committees on which they serve. They must devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities. **Attendance.** Directors are expected to devote sufficient time and attention to prepare for, attend and participate in the Board meetings and meetings of committees on which they serve if applicable, including advance review of pre-meeting agenda materials circulated prior to each meeting.
- 3.12. **Executive Sessions of Independent Directors.** The independent directors if any shall meet at regularly scheduled executive sessions outside the presence of the CEO and other Company personnel at each regular Board meeting and may convene such sessions during any Board meeting or by notice of a special Board meeting.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

The Chairperson or, if absent, his or her designee, shall serve as Executive Session Chairperson when the Board meets in independent director executive session and will serve as the interface between the Board and the CEO in communicating the matters discussed during the executive sessions. The Company will appropriately disclose the name of the Chairperson and the method by which interested parties may contact the independent directors.

- 3.13. **Regular Attendance of Non-Directors at Board Meetings.** The Company's Chief Financial Officer and the General Legal Counsel will be present during the Board meetings, except where there is a specific reason for one or both of them to be absent or excluded. In addition, the Chairperson of the Board may invite one or more other members of senior management of the Company to be in regular attendance at the Board meetings and may include other Company officers and employees from time to time as appropriate under the circumstances.
- 3.14. **Board Access to Management and Independent Advisors.** Directors shall have open access to KAURIFINANCE OÜ's management and independent advisors, such as attorneys or auditors. The Board encourages senior management to bring managers into the Board or committee meetings if applicable and other scheduled events who (a) can provide additional insight into matters being considered or (b) represent managers with future potential whom senior management believe should be given exposure to the members of the Board. Management and employees of the Company shall have access to the independent directors as provided in the KAURIFINANCE OÜ Code of Conduct.
- 3.15. **Limitation on Outside Directorships.** To assure that members of the Board of Directors will be able to devote proper attention to their duties and responsibilities as members of the Company's Board, a member of the Company's Board shall not serve on more than two other for-profit Company boards without specific prior approval by the KAURIFINANCE OÜ's Board of Directors.
- 3.16. **Selection of Agenda Items for Board Meetings.** Although the Chairperson of the Board shall establish the agenda of each Board meeting, all other Board members are encouraged to suggest items for inclusion on the agenda. Each director is free to raise subjects that are not on the meeting agenda.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- 3.17. **Pre-meeting Agenda Materials.** In advance of each regular Board or committee meeting, an agenda booklet will be distributed to each Director by the Company's Secretary or Assistant Secretary. The materials shall be distributed to all directors, regardless of committee membership if applicable. As to special meetings of the Board or committees, notice, an agenda and background materials shall be distributed to all directors. The agenda may be submitted in the electronic form.

To the extent feasible or appropriate, information and data important to the directors' understanding of the matters to be considered, including background summaries of presentations to be made at the Board or committee meetings and proposed resolutions, will be distributed in advance of the meeting.

Directors also shall routinely receive periodic financial statements, earnings reports, press releases, analyst reports and other information designed to keep them informed of the material aspects of KAURIFINANCE OÜ's business, performance and prospects.

4. BOARD STRUCTURE

- 4.1. **Sole Directorship.** In case when the size of the Company and the scope of its business activities allows the effective management of business processes by a Sole Director without introducing additional members of the Board of directors and any additional committees, such sole Director bears full responsibility for the efficiency of the Company's activities and is solely responsible to the Company's shareholders meeting.

Such sole Director also acting as a Chairman of the Board and is guided by the general principles of best business management practices, the Company's Articles of Association and this Policy to the extent in which it is not contrary to his\her governance functions.

The expediency of expanding the Board of Directors and introducing additional members with appropriate functions should be assessed at the Company's annual meeting of shareholders.

If the Company in its activities falls under the mandatory regulatory and prudential regulations of the relevant state authorities, in accordance with which its governing bodies must consist of more than one Director, in this case the Company's shareholders must bring the governing bodies of the Company as soon as possible in line with such regulatory requirements and appoint the necessary number of senior officers (executive and non-executive) for normal execution of proper Company management.

The appointment of such persons and the performance of their functions should be carried out in strict accordance with the regulatory acts, the Company's Articles of Association and this Policy.

- 4.2. **Independence of the Board Members.** As a matter of the Policy, at least one third of the members of the Board shall be independent Directors as determined by the Board. Independent members shall mean non-executive members of the Board of Directors who have never been a member of the Executive Board, or were members thereof more than three years ago, and who have no or comparatively minor business relations with the Company.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVT000328

A Director qualifies as "independent" if the Board affirmatively determines that the Director has no material relationship with KAURIFINANCE OÜ (either directly or as a partner, shareholder or officer of an organization that has a business relationship with the Company or its subsidiaries). KAURIFINANCE OÜ shall publicly disclose these determinations.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

In this regard:

- ✓ No director who is a former employee of KAURIFINANCE OU or whose immediate family member is an executive officer of KAURIFINANCE OU can be "independent" until three years after the employment has ended;
- ✓ No director who receives, or whose immediate family member receives, more than EURO ____ (or equivalent) per year of a direct compensation from KAURIFINANCE OU (or an affiliate), other than Director and committee fees and any forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), can be independent until three years after he or she ceases to receive more than EURO ____ (or equivalent) per year of such compensation;
- ✓ No Director who is, or whose immediate family member is, a current partner of a firm that is KAURIFINANCE OU's internal or external auditor ("affiliated auditing firm") can be "independent";
- ✓ No Director who is a current employee of an affiliated auditing firm can be "independent";
- ✓ No Director who has an immediate family member who is a current employee of an affiliated auditing firm and who personally works on KAURIFINANCE OU's audit can be "independent";
- ✓ No Director who was, or has an immediate family member who was, within the last three years (but is no longer) a partner or employee of an affiliated auditing firm and personally worked on KAURIFINANCE OU's audit within that time can be "independent";
- ✓ No Director on the Audit Committee can be "independent" if he or she receives any consulting, advisory or other compensation or fees (except normal directors' compensation) from the Company;
- ✓ No Director who is employed, or whose immediate family member is employed, as an executive officer of another Company where any of KAURIFINANCE OU's present executives serve on that Company's compensation committee can be "independent" until three years after the end of such service or the employment relationship;
- ✓ A Director who is a current employee, or whose immediate family member is an executive officer of a Company that makes payments to, or receives payments from, KAURIFINANCE OU for property or services in an amount which, in any single year, exceeds the greater of EURO ____ (or equivalent), or 0,5% of such other Company's consolidated gross revenues, cannot be "independent" until (a) three years after falling below such threshold; (b) the day the director ceases to be employed by the Company making or receiving such payments; or (c) the day the director's family member ceases to be an executive officer of the Company making or receiving such payments.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

For the purposes of this Policy:

- Immediate family member means a person's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home;
 - Executive officer of a Company means the Company's president, principal executive officer, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries if applicable will be deemed executive officers of the Company if they perform policy-making functions for the Company. If, and to the extent that, applicable laws, rules or regulations impose more restrictive criteria upon director independence, the same also shall be applicable. The definition of independence and compliance with this Policy will be reviewed periodically by the Board of Directors.
- 4.3. **Election of Directors.** KAURIFINANCE OU's Articles of Association provide that the Board of Directors of the Company is not divided or "classified" with respect to the time directors individually hold office.
- 4.4. **Board Membership Criteria.** Candidates nominated for election or re-election to the Board of Directors should possess the following qualifications:
- ✓ Personal characteristics:
 - highest personal and professional ethics, integrity and values;
 - an inquiring and independent mind; and
 - practical wisdom and mature judgment.
 - ✓ Experience in the policy-making level in business, government or education.
 - ✓ Expertise that is useful to the Company and complementary to the background and experience of other Board members.
 - ✓ Ability to make a meaningful contribution to the business oversight and affairs of the Company.
 - ✓ Willingness to devote the adequate time to perform the duties and responsibilities of the Board membership.
 - ✓ Commitment to serve on the Board over a period of several years to develop knowledge about KAURIFINANCE OU's principal operations.
 - ✓ Willingness to represent the best interests of all shareholders and objectively appraise management performance.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- ✓ No involvement in activities or interests that create a conflict with the director's responsibilities to KAURIFINANCE OU and its shareholders.

The Board is responsible for assessing the appropriate mix of skills and characteristics required of Board members in the context of the perceived needs of the Board at a given point in time and shall periodically review and update the criteria as deemed necessary.

The Board will evaluate the qualifications of each director candidate against these criteria in making its recommendation to the Board concerning nominations for election or re-election as a director.

- 4.5. **Board Diversity.** Diversity in personal background, race, gender, age, nationality and career experience for the Board should be taken into account favourably in considering individual candidates.
- 4.6. **Conflicts of Interests.** Each Director has a statutory duty, a fiduciary duty and an implied duty of loyalty to the Company and, in certain circumstances, to its shareholders to avoid actual or potential conflicts of interests, as well as the duty to act in good faith in the performance of his or her duties as KAURIFINANCE OU's Director.

If an actual or potential conflict of interest develops, whether because of a change in the business operations of KAURIFINANCE OU or its subsidiary, or in a Director's circumstances (for example, significant and ongoing competition between KAURIFINANCE OU and a business with which the Director is affiliated), or otherwise, the Director should report the matter immediately to the Board for evaluation. A significant and potentially ongoing conflict must be resolved or the Director should resign.

If a Director has a personal or business interest in a proposed transaction, arrangement or other matter before the Board involving the Company, or an existing transaction or arrangement with the Company, the Director shall disclose the interest to the Board (to the extent not already disclosed) and excuse himself or herself from participation in the related deliberations and shall abstain from voting on the matter.

- 4.7. **Declarations of Interests.** On at least annual basis, each Director shall present to the Board a declaration of interests, setting forth such Director's business affiliations with third parties. Each declaration of interests shall include, without limitation, any relationship between the Directors and any entities (other than the Company) with which any other Directors and/or officers are affiliated, as a potential or actual conflict of interest could arise in such situations. Each Director shall present to the Board an updated declaration of interest promptly after entering into a new affiliation or changing a pre-existing affiliation. The Secretary shall keep a register of the declarations of interests made by the Directors, and such register shall be reviewed by the Board from time to time and at least annually for completeness and accuracy.
- 4.8. **Change in a Director's Principal Occupation.** As a matter of policy, any director who changes his or her principal occupation shall promptly notify the Board of the change and submit a pro-forma letter of resignation from the Board. The other members of the Board shall meet in private session and determine whether the change of occupation impacts the director's independence or creates a conflict



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

of interest. Following such determination, the directors (other than the director with a change in occupation) shall decide whether to accept or reject the pro-forma resignation.

- 4.9. **Director Retirement.** As a matter of the Policy, a Director shall not stand for re-election to the Board if he or she would be 80 years old or older when the new term of office begins. Further, a Director shall be deemed to have retired with the consent of the Board, absent a resolution by the Board to the contrary, if he or she does not stand for re-election pursuant to the Policy set forth in the preceding sentence.
- 4.10. **Secretary of the Board of Directors.** The Secretary of the Board of Directors reports in this function to the Chairman of the Board of Directors. The following duties are incumbent upon the Secretary of the Board of Directors:
- ✓ taking minutes at the Board meetings;
 - ✓ handling the administrative organization of the Board meetings;
 - ✓ supporting the Chair in his/her preparations for meetings;
 - ✓ performing the duties assigned to him/her by the Chairman and the Board of Directors.

Where the Secretary of the Board of Directors is unable to perform his/her duties, the Chair of the Board of Directors shall appoint a person to replace him/her.

- 4.11. **Selection of Directors.** The Nominating and Governance Committee if any, with input from the Chairperson of the Board, other Board members or shareholders, is responsible for identifying and screening candidates for Board membership. The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur

4.12. **Chief Executive Officer (“CEO”)**

The Company’s Chief Executive Officer (“CEO”) is responsible for leading and execution of the Company’s long-term strategy with a view to creating long-term shareholders’ value. CEO ultimately responsible for all day-to-day management decisions and for implementing the Company’s long and short-term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public

- 4.13. **The duties and responsibilities of the CEO** include the following:
- ✓ to lead and direct the activities of the Board of Directors;
 - ✓ to lead, in conjunction with the Board, concerning the development of the Company’s strategy;
 - ✓ to lead and oversee the implementation of the Company’s long and short-term plans in accordance with its strategy;
 - ✓ to ensure the Company is appropriately organized and staffed and to have the authority to hire



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

- and terminate staff as necessary to enable it to achieve the approved strategy;
- ✓ to ensure that expenditures of the Company are within the authorized annual budget of the Company;
- ✓ to assess the principal risks of the Company and to ensure that these risks are being monitored and managed;
- ✓ to ensure effective internal controls and management information systems are in place;
- ✓ to ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- ✓ to ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- ✓ to act as a liaison between management and the Board;
- ✓ to communicate effectively with shareholders, employees, government authorities, other stakeholders and the public;
- ✓ to keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;
- ✓ to ensure that the Board are properly informed, and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments;
- ✓ to ensure the integrity of all public disclosure by the Company;
- ✓ in conjunction with the Chairman, to develop the Board agendas;
- ✓ to request that special meetings of the Board be called when appropriate;
- ✓ in conjunction with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting;
- ✓ to sit on committees (if any) of the Board where appropriate as determined by the Board; and
- ✓ to abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Company's standards and policies, including its environmental, safety and health policies.

4.14. Selection of CEO. The Board selects the Company's CEO in the manner that it determines to be in the best interests of the Company. The Board, together with the CEO, will develop a clear position description for the CEO. The Board will also develop the corporate goals and objectives that the CEO is responsible for meeting.

4.15. CEO is subordinate and follow orders and instruction to the Board of Directors.



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

5. OTHER BOARD PRACTICES

- 5.1. **Shareholder Communications to the Board.** The Company shall establish a process by which shareholders communicate with the Company's Board of Directors. The said process shall provide a means for submission of such communications directly to the incumbent chairpersons of all of the Board's permanent committees.
- 5.2. **Directors' Attendance at Shareholders Meetings.** It is the Policy of the Company that, excluding extenuating circumstances, all members of the Board of Directors shall attend the Company's Annual General Meeting of Shareholders and also are encouraged to attend any and all special shareholders meetings which may be duly convened.
- 5.3. **Evaluation of CEO Performance.** Each year, the independent Directors if any shall meet in executive session to evaluate the performance of the CEO. To facilitate the evaluation, the Board shall coordinate a process for the independent directors to consider CEO performance in advance of the Board meeting during which the CEO's performance is to be reviewed. In evaluating the CEO, the independent directors shall take into consideration the executive's performance in both qualitative and quantitative areas, including:
- ✓ Leadership and vision;
 - ✓ Integrity;
 - ✓ Keeping the Board informed on matters affecting the Company and its business units;
 - ✓ Performance of the business (including such measurements as total shareholder return and achievement of financial objectives and goals);
 - ✓ Development and implementation of initiatives to provide long-term economic benefit to the Company;
 - ✓ Accomplishment of strategic objectives; and
 - ✓ Development of management.

The evaluation will be communicated to the CEO by the Chairperson of the Board and will be considered when reviewing the CEO's compensation. The results of the evaluation shall be considered by the Board (or a duly appointed Committee thereof) in respect of the CEO's compensation.

- 5.4. **Management Succession Planning.** The CEO is responsible for developing and maintaining a process for advising the Board on planning for potential successor Chief Executive Officers, as well as for other key senior management positions in the Company. The independent directors are responsible for oversight of succession planning in the Company. The Board traditionally appoints



✉ INFO@KAURIFINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURIFINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVTO00328

and elects the Company officers following each Annual General Meeting of Shareholders and, in connection therewith, the Board shall work with the CEO to plan orderly management succession and develop plans for interim succession for the Chairperson of the Board and the CEO in the event of an unexpected occurrence. Management succession planning may be reviewed more frequently by the Board as it deems appropriate.

- 5.5. **Management Service on Other Public Company Boards.** While it is recognized that it may be appropriate for the Company officers to serve on the Board of Directors of other for-profit public companies, such service shall be subject to the prior written approval by the Company's CEO and reported to the Company's Board of Directors. Regarding the Company's CEO, his/her service on the Board of Directors of any other for-profit company shall be subject to prior approval by the KAURIFINANCE OU Board of Directors.
- 5.6. **Evaluation of the Board's Performance.** The Board of Directors will annually perform comprehensive self-evaluation and evaluation of committees' performance if any, including the conduct of Board and committee meetings, to provide input on means of improving the effectiveness of the Board and its committees and identify areas for improvement.
- 5.7. **Evaluation of Individual Director's Performance.** The Board shall develop a process whereby each of the Directors will periodically review performance of the other directors to provide input on director performance and to facilitate future director nominations.
- 5.8. **Risk Oversight.** The Board should understand the principal risks associated with the Company's business on an ongoing basis and it is the responsibility of management to assure that the Board and its committees are kept well informed of these changing risks on a timely basis. It is important that the Board oversee the key risk decisions of management, which includes comprehending the appropriate balance between risks and rewards. The Board reserves oversight of the major risks facing the Company and has delegated risk oversight responsibility to the appropriate committees.
- 5.9. **Director Continuing Education.** The Company's Directors are encouraged to participate in continuing education programs to increase their knowledge of corporate governance and enhance their effectiveness on the Company's Board. The Company shall reimburse all reasonable and customary expenses incurred for this purpose.
- 5.10. **Pledging.** In no case shall a Director or officer of the Company enter into any arrangement pursuant to which securities of the Company held by such Director or officer are pledged, hypothecated or otherwise used as collateral or security for any other obligation, including, without limitation, pursuant to a margin account arrangement. Further, with respect to any shares that were already subject to such an arrangement prior to the date of this Policy, such shares shall not be counted for purposes of the share ownership guidelines set forth above.
- 5.11. **Periodic Review of this Policy.** Corporate governance and the function of the Board of Directors involve a dynamic and evolving process. Accordingly, these Governance Guidelines will be reviewed



✉ INFO@KAURI.FINANCE
🌐 LINKEDIN: KAURIFINANCE
📧 TELEGRAM: @KAURI_FINANCE

WWW.KAURI.FINANCE
KAURIFINANCE OÜ

Narva mnt 7B, 10117 Tallinn, Estonia
Triumph Plaza, office 519
Registry code: 14559136
License #FVT000328

periodically by the Company's departments and any recommended revisions will be submitted to the Board of Directors for consideration and approval.

- 5.12. **Reliance on Information.** In discharging responsibilities as a Director, a Director is entitled to rely in good faith and in his or her independent judgment and to a reasonable degree on reports or other information provided by the Company's management, independent auditors, and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.