



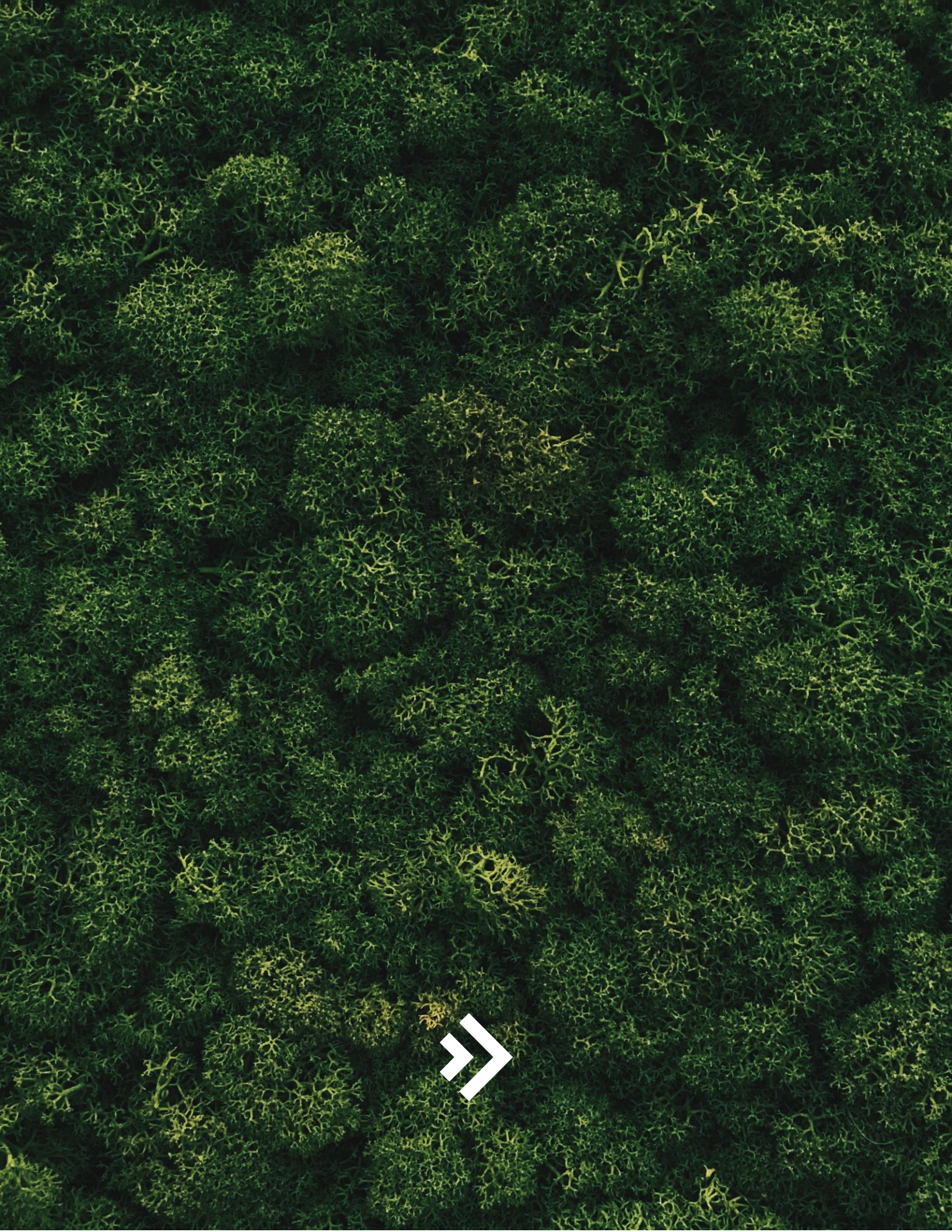
Sustainability Report

2021

Your sustainable audit
and finance cooperation
partner.

A vertical photograph of a green plant with several leaves and small buds, positioned on the right side of the page. The leaves are vibrant green and have a slightly serrated edge. The stems are thin and dark green.

20+ years
IN BUSINESS



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Demand for more sustainable operations from Latvian corporate sector

20 years ago I founded a small audit company with a focus on the local Latvian market. Today, Orients Audit & Finance consists of four partners and a team of 20 professionals who work to provide a wide range of services to our local and international clients. However, one thing has not changed over the years - people always remain the main value. Today it is clear that our planet must also become the priority of every business owner and green thinking is no longer a luxury strategy but a necessity for the long-term success of the company. As a sworn auditor with more than 25 years of experience, I clearly understand the high importance of good company management. It is essential for achieving the goals of reducing environmental impact and social responsibility.

Year after year, when providing auditing, accounting or tax consulting services, we see more clearly that a strong trend of a long-term business thinking approach is growing in the market. Naturally, Orients Audit & Finance team is driven forward by market changes. Therefore, we are changing our business model step by step in order to provide our customers with an up-to-date and modern range of services.

Looking twenty years back and comparing it to where we are now, I see a drastic change in the perception of business. It is moving from focusing on pure profitability to a relevant and sustainable business approach.



As part of our commitment to be transparent about our environmental, social and governance (ESG) metrics and targets to achieve Orients Audit & Finance's sustainable business model, I am pleased to present our first 2021 Sustainability Report.

As a starting point, Orients Audit & Finance has chosen five Sustainable Development Goals announced by United Nations that are closest to our beliefs, which we integrate into our daily work culture.

In order to ensure smart implementation of sustainable strategy in our business, we have allocated internal resources for this purpose. In November 2021, Natalija Roze joined the Orients Audit & Finance team and was appointed head of the business process and sustainability department. Currently, she leads several projects aimed at helping our clients make sustainable changes in their business processes. I am glad to see a good start for a new sustainable service line. In order to meet the growing demand from the corporate sector for more sustainable operations, our goal is to increase sustainability service team by the end of 2022. We want to become your reliable business partner on the way to sustainable financial results!

Enjoy the reading!



Natalija Zaiceva

Founder, Chairwoman of the Board

Introduction

Since 2002, we have been providing auditing, accounting and tax consulting services. In addition to historically strong service segments, today we have prioritized the development of new sustainable service ranges. For our clients we position ourselves as a financial services partner in sustainable development and achievement of ambitious goals. We aim to provide high-quality professional financial services, allowing company managers to focus on their business development goals using our expertise and knowledge infrastructure.

To achieve it, we implement approach based on the **following principles:**

Sustainability

Today, it is no longer possible to evaluate a company only by its ability to generate profit. Being socially responsible, taking climate issues into account, as well as implementing good management practices is what makes a company successful in the long term. Our business approach is based on consideration of not only owner interests, but also interests of other stakeholders, i.e. employees, customers, cooperation partners. In our daily work, we implement a responsible approach to contribute to the achievement of the United Nations (UN) Sustainable Development Goals.

We believe that we can have the greatest impact on **5 of the 17 goals set by the UN:**



The above objectives are integrated into our environmental, social and governance sustainability strategy.

Efficiency

Efficient work process is our priority. We implement digital solutions, constantly improve the logic of our internal processes and communication with customers.

Data based approach

Timely availability of accurate data and its correct interpretation is one of the determining factors of business success.

Flexibility

We look for the best solution for each client. With 20+ years of experience, we can be flexible and creative while maintaining the highest professional ethical standards and achieving results.



About us

Vision

Our vision is to become leading sustainable provider of audit, accounting, tax, digital reporting and sustainability services based on traditional professional values: efficient and innovative internal processes and flexible model of cooperation with partners.

Mission

Our mission is to support companies in sustainable development by turning data into valuable information for company managers.

Our values

Responsible business and open communication are the values that a long-term-minded company should take on. For us, this means being professional, fair, practical and ethical.

Professionalism

We find our work exciting! That is why professional development brings joy every day. Professionalism as the basis of work.

Integrity

We value honesty and openness in our job! We find it crucial to be honest with ourselves, the team, the law, cooperation partners and, of course, customers.

Practicability

We are practical in our approach and recommendations. We know that every business is unique and the individual needs of our clients are the most important.

Ethics

We pay close attention to integrity, objectivity, professional competence, confidentiality and professional conduct.

Management



Natalija Zaiceva

Managing partner, sworn auditor, certified tax consultant.

In her professional life, Natalija has been an honest and reliable partner for 200+ companies in various industries, leading audits in the Big Four and Orients Audit & Finance. Currently, Natalija continues to manage her audit practice and actively participates in improving and raising the prestige of the auditor profession. For the third term in a row, Natalija is being elected as a board member of the Latvian Association of Sworn Auditors, leading Ethics Committee. Her duties involve also provision of training for future certified auditors and participation in a working group run by the Ministry of Finance.



Jelena Tihenko

Partner, head of the accounting and consulting department.

Jelena has many years of experience as a chief accountant in trading and manufacturing companies. In 2012, she joined Orients Audit & Finance team and gained in-depth practical knowledge in the field of accounting and financial management in international companies, especially in the information technology and financial technology sector. Jelena's versatile experience allows her to successfully build the next generation accounting and consulting department of Orients Audit & Finance. Leading the team and processes, searching for new solutions is what excites Jelena and drives her personal growth.



Jekaterina Novicka

Partner, head of business development and international relations.

Jekaterina's previous experience is closely related to the formation and operation of the Latvian start-up ecosystem in an international venture capital investment fund in cooperation with fund investors. Taking into account her international experience, Jekaterina joined the family business Orients Audit & Finance to lead the process of achieving the company's strategic goals. Ekaterina is a leading expert in Latvia in the implementation of European Single Electronic Reporting Format (ESEF) projects for banks, publicly traded companies and state capital companies. She is also responsible for development of sustainability (ESG) services.



Olga Kuzmica

Partner, sworn auditor, certified tax consultant.

Olga started her professional activity with the founding of Orients Audit & Finance and has been walking this challenging path hand in hand with the company for 20 years. In 2006, Olga became a certified tax consultant, in 2018 she received the certificate of a sworn auditor and currently takes position of head of audit department. Olga likes to share her knowledge and experience with clients, and also helps younger colleagues to develop professionally and to accept new professional challenges. Starting from 2021, Olga participates in auditor quality control organized by the Latvian Association of Sworn Auditors.

Sustainability in our company

Orients Audit & Finance pays a lot of attention to the principles of sustainability, corporate and social responsibility, implementing activities and projects that contribute to overall well-being and minimize the impact of the company's operations on the environment.

According to standard issued by the Sustainability Accounting Standard Board (SASB), which provides recommendations for determining essential sustainability aspects in various industries, the priority aspects in financial service industry, represented by SIA Orients Audit & Finance and SIA Orients Accounting, are considered social and governance areas.

In order to promote achievement of sustainability goals, partner responsible for ESG area, Jekaterina Novicka, was appointed, as well as employee responsible for ESG product development - Natalja Roze.



Responsible business and open communication are the values that a long-term-minded company should pursue. Following our principle and values, in 2021 we have implemented **several projects** that touch on various areas of corporate responsibility:

In November 2021, we have developed and launched new rebranded Orients Audit & Finance website www.orients.lv.

The new website was developed with the aim to provide a clear picture of the company today, current professional values and established goals. The website has a "Blog" section, which provides an opportunity for the team to openly communicate on current professional topics. Also, sustainability section was incorporated into the website in order to communicate our ESG services and strategy.

In the second half of 2021, in cooperation with our Lithuanian partner UAB Audifina, official representatives of the German AMANA XBRL Tagger tool in the Baltics, we launched the new reporting service - ESEF (European Single Electronic Format). The aim of this solution is to provide financial reports in XHTML format.

In the first half of 2022 we succeeded to submit financial reports in XHTML format for seven companies. Starting from 2021, ESEF reporting requirements apply to all companies listed in the stock exchange and, taking into account the increase in sustainability reporting legislative requirements, it is expected that even more large companies will fall under this regulation in the coming years. Reporting in electronic format not only reduces the use of paper in financial reporting, but its main purpose is to provide transparent and comparable financial and sustainability information for companies across Europe.

New ESG (sustainability) services have been launched in the first half of 2022, including ESG consulting, preparation of sustainability reports and verification of sustainability reports in accordance with the International Standard on Assurance Engagement (3000 ISAE).

In this way, SIA Orients Audit & Finance contributes to the achievement of sustainability goals, moving towards climate neutrality and the well-being goals set by the UN.

Cooperation with stakeholders

In the process of preparation of Sustainability report, SIA Orients Audit & Finance based both on its own view of material aspects of sustainability as well as on the possible needs of stakeholders.

In this Sustainability report, material aspects were determined based on our assumptions, which is a significant limitation as because it does not allow us to consider material aspects basing on direct feedback from stakeholders (e.g. employees, suppliers). In the coming periods, when creating the sustainability report, we plan to involve stakeholders in the identification of important aspects with the help of surveys.

External stakeholders/material aspects:

Customers Quality of provided services, offering of new services following newest market demand, data and information security, timely execution of work.	Regulatory authorities Operational compliance with the requirements of regulatory acts.
Partners, Associations Exchange of experience, promotion of international cooperation.	Suppliers Supply of services and products that meet the needs of the company and promote efficiency.

Internal stakeholders/material aspects:

Owners Development of sustainability strategy, internal control systems, risk management.	Employees Promotion of well-being, healthy and safe work environment, introduction of new solutions to increase work efficiency.
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Defining material aspects

Considering the specifics of our work, the most important aspects for our company are in the governance and social areas, however, we consider our contribution to environmental issues to be essential, therefore we calculate the CO2 footprint and set goals in this area as well.



Economical contribution and governance

Main business indicators

Our business is divided between two companies: SIA Orients Audit & Finance provides audit and assurance services and SIA Orients Accounting provides accounting, tax, digitization of financial statements and sustainability consulting services.

We evaluate our economic contribution by net turnover and net profit, which generates value for the company's employees and shareholders, as well as by paid taxes, which generate value for the society.

The net turnover in 2021 vs 2020 grew significantly due to a fundamental long-term business development strategy, which clients appreciated by the growing demand. The total annual net turnover growth YoY of both companies was 45%. On the other hand, the profitability indicators for both companies decreased in 2021 vs 2020, as the company's management invested funds in the development of new service lines and initiated marketing activities. In 2021 and 2020, the amount of total taxes paid (VAT, wage and corporate income tax) for both companies amounted to EUR 244,629 and EUR 161,331, respectively.

Main business indicators

SIA Orients Audit & Finance

	2021	2020
Net turnover, EUR	287 525	226 372
Corporate income tax, EUR	7 000	7 311
Value added tax, EUR	47 415	39 922
Wage taxes	48 866	38 972
Net profit, EUR	58 631	54 258
Net turnover changes, %	27	9

SIA Orients Accounting

	2021	2020
Net turnover, EUR	294 854	174 372
Corporate income tax, EUR	8 605	10 625
Value added tax, EUR	49 563	27 812
Wage taxes	83 180	36 687
Net profit, EUR	34 220	43 028
Net turnover changes, %	69	N/A

Governance

The management of our company is based on strict compliance with external and internal regulatory acts. The most important governance aspects are listed below:

Data security

Security of clients' and employees' data is our priority, therefore, we are constantly working to provide better solutions for information exchange and storage. IT infrastructure improvement project was implemented in 2022, which makes our clients feel even more secure.

Licensed service provider by State Revenue Service

We have obtained State Revenue Service license for provision of accounting outsourcing services. In 2022 improvement of internal control and risk assessment procedures is set as a priority.

Work efficiency and clients' service

In order to increase work efficiency and provide qualitative services to the clients, in 2022 we have introduced a new time management program in the accounting services department.

Internal control and risk assessment

We follow good practice guidelines in our work, which are described in our procedures. The company's management evaluates the independence of the company and its employees from each client before accepting it. The audit team certifies in writing their independence from the audited company. All employees are compliant with requirements of the Code of Professional Ethics approved by Latvian Association of Sworn Auditors. Our independence policy and procedures are based on Code of Ethics for Professional Accountants issued by IFAC.

Compliance with anti-money laundering (AML) regulation

We comply with anti-money laundering (AML) regulation, which serve as a basis for making decision to start cooperation with the client.

Supervised by state authorities

Our services are supervised by Latvian Association of Sworn Auditors, the Ministry of Finance and State Revenue Service. In 2021, as a result of the inspection by State Revenue Service and the Ministry of Finance, no significant inconsistencies were found.

Social responsibility

Orients Audit & Finance employs 20 full time employees, among whom are two sworn auditors, two certified tax consultants and three members of Latvian Tax Consultants Association. Professional employees are the driving force of our company, which allows us to provide quality service and proactively respond to customer needs. In 2022, the emphasis is placed on the professional development and well-being of employees with the aim of increasing employee satisfaction with working conditions. For this purpose, an employee survey is planned for the first time in 2022 to obtain feedback on working conditions and improvements to be made.

Being socially responsible for us also means supporting those in need. For several years we have been supporting the animal shelter "Ulubele" and the initiative to support small children in hospitals "Great care for the little ones".



Environment

Although environmental issues are not decisive from the point of view of materiality, taking into account the specifics of the company, we believe that everyone's contribution is important on the way to climate neutrality. It is for this reason that we have calculated our CO2 footprint, aiming to expand the scope of the calculation in the coming years.

Our CO2 footprint

In 2022 we performed calculation of CO2 footprint for the first time. Our calculations are based on the calculation methodology of the GHG protocol (Greenhouse Gas Protocol). We have calculated Scope 2 emissions for 2020 and 2021. We have set a Scope 3 emissions calculation for 2022 as a goal. It will include CO2 emissions associated with business trips, as well as employees' cars on the way to and from work, as well as the effect of employees working from office and working from home.

	2020	2021
Scope 1 direct emission (CO2 metric tons)	0	0
Scope 2 purchased electricity (CO2 metric tons)	4,14	4,52
Scope 2 purchased heat (CO2 metric tons)	3,70	5,01
Total (CO2 metric tons)	7,84	8,78

In the future, we plan to work on decreasing of our CO2 emissions by continuing to offer employees remote work opportunities, reducing amount of business trips by preferably using the option of online communication where possible, enhancing electronic document storage as well as reviewing opportunities to optimize the use of energy resources.

Our contribution



Electronic storage of documents

We have significantly reduced the consumption of paper by introducing an electronic archive, thereby minimizing the use of printed documents. We make full use of the opportunities offered by remote communication platforms, significantly reducing the frequency of trips when performing audit tasks.



Work from home

We effectively use the resources of the company and employees, offering flexible organization of work, working from home or from the office. This not only optimizes employee and company resources, but also reduces CO2 emissions from commuting to and from office.



Energy-efficient premises

We are looking for ways to optimize our resource consumption. One of the steps we are considering in the 2-year perspective is energy-efficient premises, which would reduce the CO2 footprint. As a temporary solution in the existing office, we replaced incandescent lamps with LED lamps, which will contribute to significant energy savings.

Significant events after reporting period

In 2022 we made significant input in the development of sustainability services. To increase competence in the field of sustainability, a certificate was obtained in the knowledge of **GRI standards**, and in order to gain in-depth knowledge in the field of sustainability, the responsible employees participated in several courses and training related to this topic.

1

In the spring, 2022 we organized the training for the **Orients** clients and other interested parties on the topic of sustainability and relevant changes in legislation. In June 2022, in cooperation with the Ministry of Finance, we have conducted a comparison of **International Standards of Assurance Engagements (ISAE 3000)** and the **European Sustainability Reporting Standard (ESRS)** to support supervisors in the understanding of the audit requirements for sustainability reports following the implementation of the ESRS.

2

INTEGRA  **INTERNATIONAL**[®]
YOUR GLOBAL ADVANTAGE

We have joined **Integra International** - international audit and accounting association in order to promote the exchange of information and experience both in the field of audit and accounting services, as well as in the area of sustainability, sharing experience and knowledge with auditors from other European countries.

3



SWEDISH CHAMBER
OF COMMERCE IN LATVIA

We have become members of the **Swedish Chamber of Commerce**

4

Prepared by:

Natalja Roze

Orients Audit & Finance
Head of Business Processes and Sustainability



29.07.2022

Approved by:

Natalija Zaiceva

Orients Audit & Finance
Chairman of the Board



29.07.2022