

1. General Provisions

- 1.1. JSC “Rietumu Asset Management” IMC Engagement policy (hereinafter – policy) outlines how the JSC “Rietumu Asset Management” IMC (hereinafter – Company) makes a decision on proxy voting in order to exercise the shareholder rights, and sets guidelines based on which the Company’s representative votes the proxies on behalf of the Company at shareholders meetings.
- 1.2. The Company exercises shareholder rights for investee joint stock companies that have registered address in the member state or shares of which are listed on the regulated market of the member state.
- 1.3. The Company serves its clients’ best interests when it makes decisions on proxy voting and how it votes the proxies.
- 1.4. The Company implements this policy in compliance with:
 - laws and regulations of the European Union;
 - laws and regulations of the Republic of Latvia;
 - regulatory requirements of the Bank of Latvia and the Finance and Capital Market Commission;
 - regulatory requirements of Nasdaq CSD SE (Societas Europaea);
 - international standards and recommendations of the industry.

2. Used Terms and Abbreviations

Joint stock company – a joint stock company that has legal address in a member state and whose shares are listed on the regulated market of the member state.

Member state – a member state of the European Union or a member state of the European Economic Area.

Client – a private individual or a corporate entity, or a legal establishment to whom the Company provides portfolio management services.

Regulated market – a set of organizational, legal and technical measures which enables entry into open and regular transactions in financial instruments.

3. Integration of Shareholder Rights into Investment Strategies of the Company

- 3.1. An integral part of the Company’s investment process is monitoring and analysis of investee joint stock companies, both before and during investment holding period.
- 3.2. The Company makes an investment in shares of joint stock companies which comply with the following principles:
 - 3.2.1. acting in the interests of shareholders;
 - 3.2.2. protection of shareholder interests;
 - 3.2.3. employee motivation;
 - 3.2.4. disclosure of information.

- 3.3. Proxy voting principles of the Company are aimed at protecting and increasing the value of investment in joint stock companies in which the Company has invested the clients' assets.
- 3.4. The Company monitors activities of an investee joint stock company at least on the following matters:
 - strategy;
 - financial and non-financial metrics and risks;
 - capital structure;
 - social impact;
 - environmental impact;
 - corporate governance.
- 3.5. Monitoring measures include the following:
 - analysis of financial and non-financial metrics of an investee joint stock company;
 - analysis of forecasts made by rating agencies and independent consultants;
 - analysis of publicly available information (including negative) on an investee joint stock company and its management (publication in the media/ on the internet).
- 3.6. The Company may decide to sell or not invest in shares of joint stock company, if the Company believes that the joint stock company has unsustainable business development strategy or capital structure, or there is negative public information on it.

4. Ways of The Exercise of Shareholder Rights

- 4.1. The Company applies the following measures in order to improve the management practice and to protect the client's interests:

- 4.1.1. Dialogue with a joint stock company

The Company considers dialogue with a joint stock company as an important way of exercising shareholder rights, for example to receive information on strategic plans and business development strategy of the joint stock company with the purpose to improve corporate governance practices and any other aspect of activity of the joint stock company that is stipulated in Chapter 3.

Dialogue is normally maintained with officials or with a specially designated official of the joint stock company, by participating in annual general meetings and other events for shareholders.

- 4.1.2. Cooperation with other shareholders and communication with the stakeholders of joint stock company

The Company can cooperate with other shareholders and communicate with the stakeholders of joint stock company with the aim of improving the performance of the joint stock company, corporate governance practices, risk management, as well as to serve the clients' best interest.

The Company chooses the approach it considers the best suited to the interests of its clients in compliance with the laws and regulations or internal regulatory documents.

- 4.1.3. Monitoring measures

The Company monitors activity of an investee joint stock company in compliance with the conditions of Chapter 3, by regularly checking the information on financial performance, joint stock company's reports, and information about the joint stock

company in the media.

4.1.4. Exercise of Voting Rights

Exercise of shareholder's voting rights is the efficient way for a shareholder to express his/her opinion and influence activities of joint stock company.

The Company considers aggregated clients' positions in a joint stock company to be minor, if aggregated positions represent less than 1% of share capital or if other shareholder (related group of shareholders) holds a controlling interest in the joint stock company.

If the Company assesses its stake in a joint stock company as minor, the Company reserves the right not to participate in the shareholder meetings, unless it serves the clients' best interests or is required by law.

5. Proxy Voting Principles

- 5.1. The Company's proxy voting principles are aimed at protecting and increasing the value of investment in joint stock companies.
- 5.2. Depending on material information available and an issue concerned Company's representative will comply with provisions under the Voting Matrix for Decision-making approved by the Board (hereinafter – matrix) when votes at shareholders meeting.
- 5.3. Special cases for proxy voting allow deviations from provisions specified in the matrix; special cases are:
 - a proxy vote is not specified by the client or is not specified by provisions of the matrix;
 - a proxy vote should be considered individually in accordance with provisions of the matrix;
 - a proxy vote where exclusion from provisions of the matrix can be in the best interests of clients.
- 5.4. In certain cases the Company can determine that proxy voting is not in the best interests of clients. In the following conditions the Company would abstain from voting proxies:
 - the Company cannot convene on the proxy proposal at issue to make a determination as to what would be in the client's best interest;
 - necessity to preserve liquidity, in case voting restricts the liquidity of financial instrument (some jurisdictions impose restriction upon selling/transferring shares after proxies are voted);
 - when notice about proxy voting was not provided on a timely basis, and despite good faith efforts to vote it is impossible due to the passed voting deadline;
 - the costs to clients associated with voting a proxy or proxies outweighs the economic benefits expected from voting the proxy or proxies.

6. Prevention of Conflict of Interest

- 6.1. Potential conflict of interest may arise in different circumstances, e.g.:
 - Company's employees are linked personally or professionally to a company whose shares are submitted to vote;

- business relations exist between a company whose shares are submitted to vote and Rietumu Group.
- 6.2. The Company have implemented the following principles and mechanisms to ensure that conflicts of interest do not influence votes:
- the Company emphasises and abides by the principle that voting rights are exercised in the best interests of clients;
 - the principle of independence between the Company and Rietumu Group has been implemented that ensure that the Company's employees remain independent in performing their duties.
- 6.3. Records of all potential conflicts of interest and their resolutions are kept according to the *RAM Policy on Prevention of Conflict of Interest*. When a conflict of interest is identified, it is duly disclosed to the concerned clients.

7. Disclosure of Information

- 7.1. Every year until 1 August the Company publishes on its website www.rietumu.com/en/ram/investment-ram-about/investment-documents information on implementation of this policy.
- 7.2. Information on proxy voting includes the following:
- general information on how the Company exercises voting rights of shareholders;
 - explanation of key votes;
 - disclosure on the use of services of authorised advisor (for the purposes of the Section 1 (1), Paragraph 106 of the Financial Instrument Market Law) (if any are used);
 - votes at the shareholders meetings.
- 7.3. The Company keeps records of all client's special instructions on how to vote the proxies; and all relevant information which was used for voting in special cases and for prevention of situations of conflicts of interest.
- 7.4. Voting records are available to clients upon request.

8. Control and Monitoring

- 8.1. The Company's Board is directly responsible for the compliance with this policy.
- 8.2. The Chairman of the Board is responsible for daily control of the policy execution.
- 8.3. The Council of the Company ensures the general control of the policy.