

**JOINT-STOCK COMPANY  
„AIFP BALTIC ASSET MANAGEMENT”  
PERSONNEL AND REMUNERATION POLICY**

## 1. TERMS AND ABBREVIATIONS

1.1. **Company** - JSC „AIFP Baltic Asset Management”.

1.2. **Employees** - all employees and officials of the Company.

1.3. **Internal control functions** - risk control, compliance control and internal audit functions.

1.4. **Variable part of remuneration** - performance-based remuneration, which includes remuneration components such as bonuses, incentive schemes for achieving long-term performance, investment portions that are consistent with the Company's business strategy and are calculated based on measurable financial performance of the Company and individual employee results.

1.5. **Fixed part of remuneration** - performance-independent remuneration.

1.6. **Remuneration** - the sum of the variable component of the remuneration (if provided) and the fixed component of the remuneration.

1.7. **Significant variable part of remuneration** - 70 to 100 percent (excluding) of the salary of the official or employee in the reporting year from the variable part.

1.8. **Extra-large variable remuneration component** - 100 (including) per cent or more of

the remuneration of the official or employee in the reporting year from the variable part.

1.9. **Positions affecting the risk profile** - positions where all officials or employees whose professional activities individually or collectively have a material impact on the risk profile of the Company or the fund under his / her management, such as members of the board, members of the supervisory board, chief of internal control functions.

1.10. **Investment service providers** - Company's employees are natural persons involved in the provision of investment services providing pursuant to Section 5, Paragraphs 7 and 8 of the Alternative Investment Funds and their Managers Act, including customer service specialists, sales specialists, financial analysts and others who have significant influence on the quality of the investment service.

1.11. **External recruitment competition** - recruitment competition advertised on the Company's website and / or in the press or on the websites of recruitment companies.

1.12. **Policy** - this Company Policy.

1.13. **Regulations** - Financial and Capital Market Commission Regulation No. 199, dated of 05.12.2017 "Regulatory Provisions on Basic Principles of Remuneration Policy of Investment Management Companies and Alternative Investment Fund Manager.

## 2. PERSONNEL PLANNING, RECRUITMENT AND CONTINUITY

2.1. The purpose of personnel planning and selection is to provide the Company with professional, loyal Employees, respecting the competency requirements of the post as reflected in the job description, the personal characteristics of the candidate and their ability to integrate into the Company.

2.2. Personnel planning and selection is the direct responsibility of the Management Board, taking into account the Company's financial performance, development strategy and development plans, existing work experience of the Employees, education, quality of performance, labour market characteristics.

2.3. The strategic planning of the Company's personnel takes place once a year in the budget planning and it is updated quarterly.

2.4. The recruitment process shall be organized in an objective manner taking into account the knowledge, skills and experience required for each specific position.

2.5. Personnel recruitment is done by, where possible, filling existing positions with existing Company Employees.

2.6. In defining the set of competency requirements required for the successful performance of a specific position, the Board of the Company develops the requirements for the candidates on the basis of the job description and the Company's organizational structure.

2.7. After the call for competition has been developed, a job advertisement will be prepared and published in the case of an external competition.

2.8. Employees are employed by the Company and employment is terminated in accordance with the requirements of the

Labour Law and other laws and regulations of the Republic of Latvia.

### 3. ESTABLISHMENT OF STAFF REMUNERATION, MOTIVATION

3.1. The remuneration of the Company's employees is determined taking into account the trends in the labour market, the consistency and fairness of the remuneration, the employee's contribution to the development of the Company and the achievement of its objectives.

3.2. The remuneration of the Company's employees who occupy positions affecting the risk profile consists of a fixed part of the monthly salary and a variable part of the Company's performance. Remuneration of the rest of the Company's employees consists of the fixed part of the remuneration.

3.3. The Company shall ensure the development and implementation of a remuneration policy for those Employees whose professional activities have a material impact on the risk profile of the Company or the assets under its management which: 1) does not encourage the taking of risks that are incompatible with the risk profile of the fund managed by the Company and the fund's operating rules; 2) does not limit the Company's ability to maintain a stable financial position and solvency; 3) is consistent with the business strategy, objectives, values and interests of the Company and the fund under its management, and complies with and promotes prudent and effective risk management; 4) not in conflict with the principles of investor protection and the interests of other interested parties; 5) exclude the determination of a variable component of a guaranteed amount of remuneration, except in the case of hiring new employees during the first year of work.

3.4. The Company's employees fixed remuneration is not affected by the performance results of Company's customers (alternative investment funds).

3.5. The Company's variable part of remuneration is influenced by the Company's financial performance (profitability). The variable remuneration component is calculated according to the following formula:

$$\text{Value of assets under management (AP) * } 0,00015$$

3.6. Therefore, the total remuneration of the Company's employees is calculated according to the formula:

$$\text{Fixed part of remuneration + (AP) * } 0,00015$$

3.7. For positions affecting the Company's risk profile, the following shall in addition be determined:

3.7.1. The procedure for deferment of a substantial and extremely high variable remuneration component, taking into account that in case of determining a significant variable remuneration component not less than 40 percent (in the case of determining extremely variable remuneration component - not less than 60%) shall be deferred for a period the life cycle of the AIF concerned and not less than three to five years, except where the residual life cycle of the respective fund managed by the Company is shorter and during which the performance, sustainability and associated risks of the respective fund under management of the Company may be assessed, at the same time taking into account the financial performance of the total investment portfolio.

3.7.2. The procedure for the determination of the variable remuneration component shall be determined in such a way that not less than 50 per cent of it is determined in a non-monetary form, i.e. in the case of the variable component of remuneration in accordance with the legal status of the fund i.e. parts of the investment of the relevant fund managed by the Company, in respect of which the performer of the position affecting the risk profile of the investment portfolio mainly carries out this activities, except where the Fund's management, in terms of its net asset value, represents less than 50 per cent of the net asset value of the total investment portfolio of the components forming the entity's managed by the Company. In this case, less than 50 percent of the extremely high variable component of remuneration in a non-monetary form may be determined. The Company shall establish an appropriate retention policy for such instruments, including the number of years for which the recipient of the non-monetary instrument in question is not eligible to sell to ensure that the incentive schemes set out in the Company's remuneration policy are consistent with the interests of the Company and its managed fund and investors of such fund.

3.7.3. Conditions for the reduction or non-payment of compensation in excess of the amounts of severance pay provided for in the Labour Law in the event of termination of an employment contract or a power of attorney if errors and omissions have been discovered during the term of office of the relevant Company. The Company shall ensure that the compensation in the event of termination of an employment contract or an agency contract reflects the results achieved during the employment relationship.

3.7.4. The variable components of remuneration appropriate to each function affecting the risk profile, irrespective of the cost of the structure and the conditions for the acquisition of vested rights shall be such that: (1) the variable remuneration component, is obtained in accordance with the policy of repurchase of investment units and investment risks of the fund managed by the Company, as well as it corresponds to the financial position of the Company as a whole and the performance of the fund managed by the Company. The Company reduces the total amount of the variable component of remuneration, including the total amount of the deferred variable component of remuneration, if the financial performance of the Company or its managed Fund, in respect of which the person performing the risk profile mostly pursues his or her activities, deteriorates or is negative, while also taking into account the results of the financial performance of the total investment portfolio. The Company according to Article 78. and 79 of the Labour Act provides mechanisms such as a request for reimbursement of variable remuneration or a partial or total reduction in the total amount of deferred variable remuneration, for example, when it is based on performance data that subsequently proves to be effective. a partial or total reduction in the amount of the misrepresentation (abuse) (clawback) or of the deferred portion of the variable remuneration component for which there is no irrevocable right based on actual performance (malus); 2) n 3.7.5. the irrevocable right to the deferred portion of the variable component of

remuneration is acquired in proportion to the period (number of years) during which the variable component of the variable component of remuneration is remunerated but not earlier than 12 months after the variable component of remuneration is determined. Prior to the acquisition of the irrevocable right to the deferred portion of a variable component of remuneration, it is adjusted (reduced) to reflect any risks not included in its original calculation that came to light in the period for which the variable component of remuneration was deferred, and related to performance for which the deferred portion of the variable component of remuneration is achieved. The Company observes that the effective payment of the deferred portion of the variable remuneration component may be made when it has acquired an irrevocable right, and no dividend or interest shall be calculated and paid on the deferred portion of the variable component of remuneration that has not acquired an irrevocable right; 3) in case of the actual disbursement of a variable remuneration component, including a deferred component, the requirements of paragraph 3.7.2 of this Policy apply to both the deferred component and the non-deferred component.

3.8. The variable remuneration component for positions affecting the Company's risk profile shall be determined in accordance with the following requirements: 1) the determination of the variable component of remuneration shall take into account the individual performance measurement of the person performing the risk profile in relation to the performance measurement at the level of the business unit or the relevant fund managed by the Company and, in the context of the overall performance at the Company level, as well as assessments of the sustainability of the performance by employees, such as risk control functions; 2) performance measurement shall take into account the performance indicators of the fund managed by the Company over several years in order to ensure that performance measurement is based on long-term performance.