

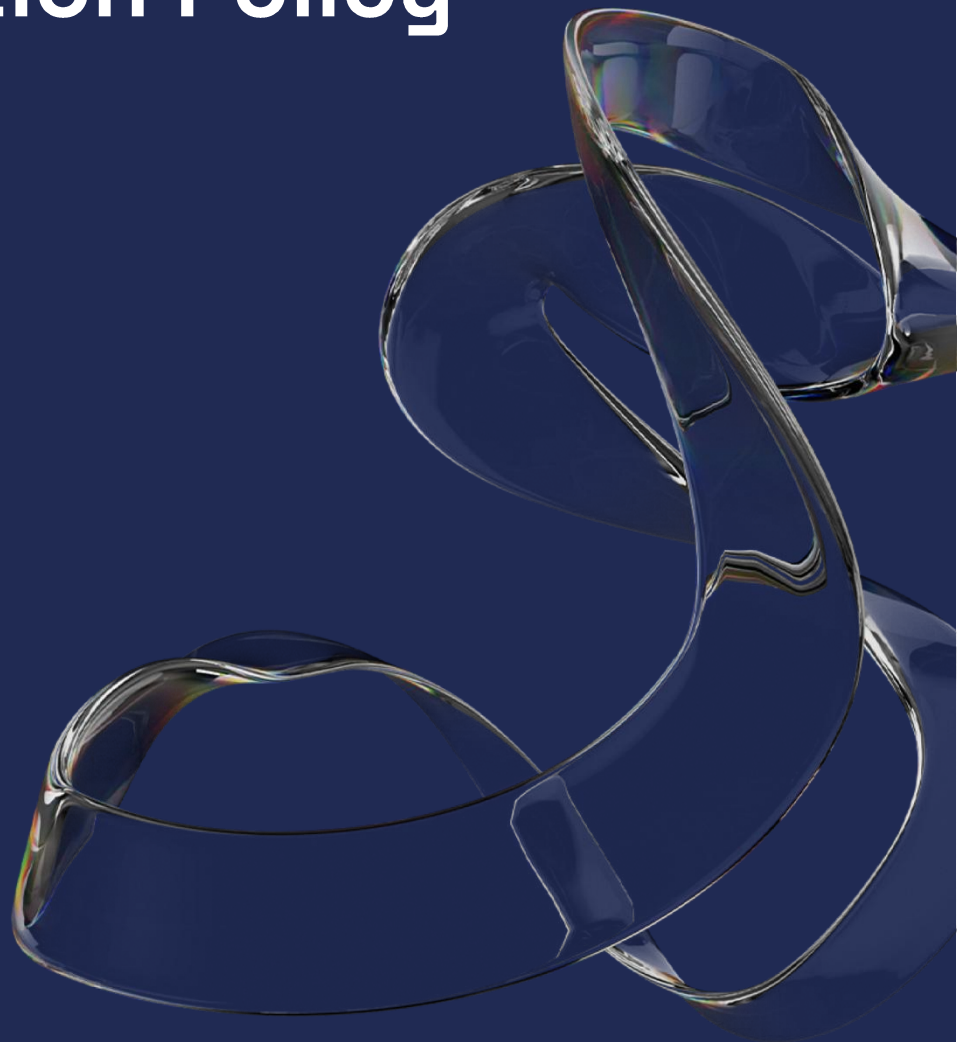
sg capital

Remuneration Policy

Version 4.0 – 31 March 2026

SG Capital Partners AIFP SIA

Reg. nr: 40103946854



The Remuneration Policy of SG Capital Partners AIFP SIA (hereinafter – SG Capital) has been developed in accordance with the provisions of the Law on Alternative Investment Funds and their Managers, the Regulations of the Bank of Latvia on Remuneration Policy and Practice of Alternative Investment Fund Managers and Investment Management Companies (hereinafter – LB Regulations), the European Commission's Delegated Regulation (EU) No. 231/2013, as well as SG Capital's internal regulatory documents. The Policy has been developed considering the business objectives of SG Capital and the managed alternative investment funds.

Objective of the Remuneration Policy

The Remuneration Policy aims to:

- define the basic principles for employee workforce planning, recruitment, and remuneration;
- ensure remuneration policies and practices that are consistent with prudent and effective risk management and that do not limit SG Capital's ability to maintain a sound financial position and solvency;
- ensure remuneration policies and practices that do not encourage risk-taking that is inappropriate to the risk profile and fund rules of the funds managed by SG Capital;
- support SG Capital's obligation to act in the best interests of the managed investment portfolios and ensure measures for the prevention of conflicts of interest.
- to contribute to the achievement of SG Capital's objectives by attracting and motivating the right people with the right skills.

Basic principles and general rules of Remuneration Policy

Key principles of the Remuneration Policy:

- remuneration is in line with SG Capital's long-term business strategy, risk strategy and stakeholder interests, as well as with relevant laws

and regulations;

- the remuneration system is transparent;
- remuneration conditions are understandable to employees and have a long-term perspective;
- ensure consistent remuneration arrangements;
- ensure consistency between pay levels;
- ensure cost-efficiency;
- promote professional development;
- boost staff motivation.

The SG Capital shareholders' meeting shall review the remuneration principles at least once a year.

The SG Capital Management Board is responsible for the development and implementation of the Remuneration Policy, while the Policy is approved by the General Meeting of Shareholders.

Workforce planning and recruitment are the direct responsibility of the Management Board of SG Capital. These activities are carried out considering SG Capital's financial performance, development strategy and plans, the work experience and education of existing employees, the scope of duties to be performed, as well as trends in the labour market.

The Chairperson of the Management Board of SG Capital ensures the effective implementation and execution of the Remuneration Policy and performs ongoing supervision of its application.

The Internal Auditor assesses whether the implementation of the Remuneration Policy complies with the approved policy and the relevant internal and external regulatory requirements. The Internal Auditor subsequently reports to the shareholders of SG Capital on the audits performed, the results obtained, and proposals for improvements to the remuneration system.

Considering SG Capital's organisational structure and number of employees, as well as the nature and specific nature of the funds under its management, SG Capital has carried out an assessment and decided not to establish a separate remuneration committee.

Determination of staff remuneration

The remuneration of SG Capital's employees is determined considering the current remuneration trends in the labour market, the appropriateness and proportionality of the remuneration for the work to be performed, fairness, the employee's potential contribution to the development of SG Capital and the achievement of SG Capital's overall performance objectives.

SG Capital's remuneration principles include a remuneration structure that discourages excessive risk-taking, including in relation to sustainability risks, but specific sustainability factors relating to environmental, social and corporate governance are not considered in setting or assessing remuneration.

However, assessing sustainability risks and planning accordingly to manage them, given that SG Capital has made these factors central to its operations and fund management, including, for example, planning capital investments for the long term and in a way that achieves sustainability objectives, is an essential prerequisite for staff to meet and achieve the quantitative and qualitative targets set for them.

The remuneration principles of SG Capital shall respect the principles of good corporate governance¹ and equal treatment (no discrimination based on sex, race or ethnic origin, religion or belief, disability, age or sexual orientation).

Elements of remuneration

An employee's remuneration may consist of a fixed component and a variable component.

¹ G20/OECD Principles of Corporate Governance

Fixed remuneration consists of monthly salary, statutory allowances provided for by the Labour Law, and benefits granted by SG Capital to employees in special circumstances (e.g., the birth of a child, marriage, death of a close relative, tuition fees, medical treatment expenses or the purchase of medical aids, etc.), monthly allowances (if such payments have been approved by a decision of the SG Capital Management Board), health insurance professional liability insurance.

Variable remuneration is a performance-related component of remuneration payable as a monetary remuneration, based on the following criteria:

1. a measure of how well a staff member has met his or her individual targets;
2. SG Capital's overall performance and financial results.

The individual objectives set for the employee include quantitative measurable targets (e.g. net operating income of assets, vacancy rates, rent levels) as well as qualitative indicators (meeting deadlines, error rates, quality of internal and external customer service, fines, etc.).

In setting the performance indicators, it is ensured that the annual objectives of employees impacting the risk profile are aligned with SG Capital's overall investment strategy, which is further aligned with the operating principles of the managed funds.

SG Capital's overall performance indicators include income and income potential over the next 3, 5 and 10 years, return on equity, cash flows and value of assets under management.

In calculating the variable remuneration, the conditions set out in the LB Regulations regarding the assessment of performance and the determination of the variable remuneration are applied.

Positions impacting the risk profile

According to point 2.7 of the LB Regulations, positions impacting the risk profile are those within the company or an investment portfolio under its

management that affect the risk profile. These positions include all officers or employees whose professional activities, either individually or collectively, have a material impact on the risk profile of the company or the investment portfolio under its management.

The Board of SG Capital shall approve the list of positions impacting the risk profile and ensure that it is reviewed at least every three years, as well as in the event of changes in the organisational structure of SG Capital.

SG Capital shall, in respect of positions impacting the risk profile, ensure remuneration practices in accordance with the LB Regulations that are consistent with prudent and effective risk management and do not encourage risk taking that is inconsistent with the risk profile of the assets under the SG Capital's management and the funds' operating rules. Accordingly, SG Capital complies with the requirements of the LB Regulations regarding the deferral of variable remuneration for positions that impact the risk profile.

The positions that impact the risk profile of SG Capital, in accordance with the criteria set out in the LB Regulations and SG Capital's organisational structure, are listed below:

No.	Job title	Notes
1.	Chairman/Member of the Management Board	SG Capital has 3 (three) members of the Board, one of whom is the Chairman of the Board.
2.	Chief Executive Officer (CEO)	CEO - Chairman of the Board of SG Capital, whose task is to manage, administer and supervise the work of SG Capital in accordance with SG Capital's Articles of Association, resolutions of the members, resolutions of the Board of Directors and the requirements of applicable laws and regulations.

3.	Chief Investment Officer (CIO)	CIO - Member of the Board of SG Capital, tasked with developing investment strategies for fund assets and overseeing their implementation, including monitoring the execution of acquisitions and disposals and financial control of assets under management.
4.	Chief Asset Management Officer (CAMO)	CAMO - Member of the Management Board of SG Capital, which ensures the management of the commercial real estate fund SG Capital Partners Fund I, KS in accordance with the fund's terms of operation and the requirements of regulatory enactments.
5.	Head of Forestry and Agricultural Assets Management (MLAV)	MLAV - an employee approved by the Board of SG Capital, who ensures the management of SG Capital Partners Sustainable Forest and Land Fund I, KS funds in accordance with the fund's operating rules and regulatory requirements.
6.	Forest Management Director (FMD)	FMD - responsible for planning, organising, managing and supervising the management of the investment assets owned by SG Capital Partners Sustainable Forest and Land Fund I, KS.
7.	Head of Administration (AV)	AV provides administrative management of SG Capital's commercial services area, including the planning, management and supervision of projects related to the development of SG Capital's business. AV is also responsible for the implementation and improvement of internal control systems (excluding the areas of anti-money laundering, counter-terrorist and proliferation financing, and sanctions risk management),

		as well as for the implementation of sustainability principles in SG Capital's processes and the management of sustainability risks.
8.	Head of Compliance and Risk Control (ARV)	The ARV ensures SG Capital's compliance and risk control functions, including responsibility for the practical implementation of anti-money laundering and countering the financing of terrorism and proliferation requirements and for sanctions risk management.
9.	Head of Accounting (GJV)	GJV provides the accounting and asset management functions for SG Capital and the funds it manages.

Disclosure of Remuneration Policies and Practices

At least once a year, SG Capital shall disclose updated information on the implemented remuneration policy and practices, including with respect to positions impacting the risk profile, in accordance with applicable personal data protection regulations. This information is available in SG Capital's annual report as well as in the 'Corporate Governance / Remuneration Information' section of SG Capital's website - <https://sgcapital.lv/corporate-governance/>.

Version history of the document

Version No.	Date	Type	Content of changes
1.0	11.07.2023.	Original	The Original version of the document was published.

			version
2.0	24.05.2024.	Updated version	The document has been revised and updated to include more information on the purpose of the Remuneration Policy, its guiding principles and the responsibilities of those involved in the process. The principles and elements of remuneration setting are more fully reflected.
3.0	04.04.2025.	Updated version	<p>The reference to the FCMC Regulations has been replaced with a reference to the Bank of Latvia (LB) Regulations.</p> <p>A reference to the document outlining the remuneration implementation practices has been added.</p>
4.0	31.03.2026.	Updated version	<p>The document has been supplemented with additional objectives of the Remuneration Policy and includes a more detailed description of the responsibilities of the Management Board of SG Capital, the CEO, and the Internal Audit function.</p> <p>The elements of the fixed component of remuneration have been clarified.</p> <p>The list of positions that have a material impact on the risk profile has been supplemented with the position of Forest Management Director. The description of the responsibilities of the Head of Administration has also been clarified.</p>