

Principles for the exercise of shareholder rights at AS LHV Varahaldus

1. General provisions

- 1.1. This document outlines the principles followed by AS LHV Varahaldus (hereinafter referred to as LHV) in exercising shareholder rights.
- 1.2. At the request of investors in LHV-managed euro funds, LHV will provide additional information about the measures outlined in this document free of charge and, if necessary, clarify the details.

2. Exercise of shareholder rights

- 2.1. LHV exercises shareholder rights primarily through participation in general meetings and the use of voting rights. Voting is one of the key rights of investors and serves as the primary method for influencing the development of portfolio companies. LHV exercises voting rights in its own name but on behalf of the funds, acting in the best interests of the funds and their investors. The exercise of voting rights is guided by LHV's internal rules, which are summarised in this document.
- 2.2. Through the use of voting rights, and when it aligns with the best interests of investors, LHV promotes, among other things, adherence to sustainability principles (ESG principles). By exercising voting rights, LHV promotes improved corporate governance and greater accountability from companies and encourages companies to increase transparency and disclosure.
- 2.3. LHV exercises voting rights jointly on behalf of multiple funds regarding shares (or other voting instruments) included in the funds' assets when this approach is consistent with the investment objectives and policies of all funds. However, LHV may choose not to exercise voting rights in cases where the associated costs are deemed unreasonably high, provided that refraining from exercising voting rights does not harm the interests of the funds' investors, or where the voting rights pertain to an insignificant shareholding.
- 2.4. LHV monitors holdings in portfolio companies by reviewing and analysing their financial and non-financial reports, general meeting materials, corporate events, press releases, media coverage, and by engaging with other shareholders, issuers and their management teams where possible.
- 2.5. LHV monitors significant events related to shares through information provided by the funds' depository, Bloomberg or other publicly available sources (e.g. stock exchange announcements).

3. Prevention and management of conflicts of interest

- 3.1. Before exercising voting rights, LHV identifies any potential conflicts of interest between the fund's investors and LHV or the parties involved in the exercise of voting rights.
- 3.2. If a material conflict of interest arises, LHV assesses whether it can be mitigated. If mitigation is not possible, LHV may refrain from exercising voting rights related to the securities in question or implement other adequate conflict management measures (e.g. exercising voting rights differently for different funds based on the directions of the respective fund manager).