



Procedure for Organisation of Work of Supervisory Board of Joint Stock Company Development Finance Institution Altum

1. Purpose and Application

- 1.1. The Procedure for Organisation of Work of the Supervisory Board of the Joint Stock Company Development Finance Institution Altum (hereinafter referred to as – Altum) governs the issues pertaining to the internal arrangements and operation of Altum’s Supervisory Board, organisation of its work, rights, obligations and responsibility of the members of the Supervisory Board, procedure for convening and conduct of the meetings of the Supervisory Board, procedure for making and documenting of the decisions made by the Supervisory Board and work of the secretary to the Supervisory Board.
- 1.2. As of the moment of approval of this document it is binding on the members of Altum’s Supervisory Board, Management Board and employees as far as it is applicable.

2. Terms and Abbreviations Used

Shareholders - Ministry of Finance of the Republic of Latvia, Ministry of Economics of the Republic of Latvia and Ministry of Agriculture of the Republic of Latvia.

Procedure – this procedure for organisation of work of Altum’s Supervisory Board.

Commercial Law – Commercial Law of the Republic of Latvia adopted by the Parliament on 13 April 2000 with effective amendments.

Supervisory Board – Supervisory Board of Altum.

Member of Supervisory Board – a member of Altum’s Supervisory Board elected at the shareholders’ meeting of Altum.

Chair of the Supervisory Board’s meeting – chairperson of the Supervisory Board or in the event of his/her absence – another member of the Supervisory Board appointed as the chair of the meeting by the chairperson of the Supervisory Board.

Secretary to the Supervisory Board – an employee of Altum who, acting in accordance with this procedure, supports work of the Supervisory Board.

Management Board – executive institution of Altum managed and represented by Altum.

3. General Provisions

- 3.1. The Supervisory Board is a supervisory institution that represents the interests of the shareholder in between the shareholders’ meetings and supervises operation of the Management Board as stipulated by the laws and regulations and Articles of Association.
- 3.2. The assignments of the Supervisory Board are governed by the Law on Development Finance Institution, Commercial Law, Law on Governance of Capital Shares of a Public Person and Capital Companies and other binding laws and regulations.
- 3.3. The rights and obligations of the Supervisory Board, in addition to those outlined in the Procedure, are detailed in the Law on Development Finance Institution, Commercial Law and Law on Governance of Capital Shares of a Public Person and Capital Companies.
- 3.4. Should any rule included in the Procedure contradict the effective laws and regulations of the Republic of Latvia, the laws and regulations of the Republic of Latvia shall prevail.

4. Rights and Obligations of Member of Supervisory Board

- 4.1. Once elected, a member of the Supervisory Council shall notify the secretary to Altum’s Supervisory Board of his/her postal and e-mail addresses for sending the correspondence and telephone number. A member of the Supervisory Board shall be responsible for updating

these data by informing the Supervisory Board's secretary thereof no later than two days after any changes have taken place to the data.

- 4.2. Should any circumstances arise after election that prevent a member of the Supervisory Board from performing the member's duties, he/she shall inform Altum immediately by submitting a written notice thereof and sending information via e-mail to the Supervisory Board's secretary.
- 4.3. Should a member of the Supervisory Board tender a resignation from the post of a member of the Supervisory Board, he/she shall not take part in the meetings of the Supervisory Board. This provision shall also apply when a member of the Supervisory Board is removed from office.
- 4.4. A member of the Supervisory Board is obligated to participate in the Supervisory Board's meetings, get acquainted with the received materials and draft decisions in due time.
- 4.5. A member of the Supervisory Board is entitled to request from the Management Board any additional information and verify it as well as submit proposals and objections regarding the item under examination that falls within competence of the Supervisory Board.
- 4.6. A member of the Supervisory Board may suggest inclusion of any item that falls within competence of the Supervisory Board in the agenda.
- 4.7. A member of the Supervisory Board shall not abstain from voting on the items being examined at the Supervisory Board's meeting the only exception being when a member of the Supervisory Board has or may have a conflict of interests. In this case, a member of the Supervisory Board shall leave the premises during consideration of the item and voting.
- 4.8. Once elected, a member of the Supervisory Board shall get acquainted with the binding regulations of Altum that govern identification of the related persons and actions in such situations. A member of the Supervisory Board shall inform the Supervisory Board of the conflict of interests in due time by submitting a written report thereof before the item in question is examined at the Supervisory Board's meeting. A member of the Supervisory Board breaching these requirements is liable for losses caused to Altum.
- 4.9. Transactions with a member of the Supervisory Board and/or related persons shall be approved by the shareholders' meeting.
- 4.10. A member of the Supervisory Board may not delegate his/her obligations to another person.
- 4.11. Should a member of the Supervisory Board be unable to attend the Supervisory Board's meeting, the member shall inform the secretary to the Supervisory Board and chair of the Supervisory Board's meeting in due time - at least 12 (twelve) hours in advance. Such action must be justified. In the event of emergency, a member of the Supervisory Board may inform only the chair of the Supervisory Board's meeting without compliance with the aforementioned deadline. Should it be the case a member of the Supervisory Board shall inform of non-attendance as soon as possible.
- 4.12. During a meeting of the Supervisory Board a member of the Supervisory Board shall make a decision and vote considering all the information and circumstances known.
- 4.13. A member of the Supervisory Board is entitled to get acquainted with the minutes of the Supervisory Board's meetings and decisions adopted by the Management Board by contacting the Supervisory Board's secretary, submitting or sending an electronic request to the Management Board of Altum.
- 4.14. A member of the Supervisory Board is entitled to check on execution of the decisions taken by the Supervisory Board by requesting information from the Management Board.

5. Rights and Obligations of Chairperson of Supervisory Board

- 5.1. The chairperson of the Supervisory Board plans, organizes, convenes and steers the meetings of the Supervisory Board as well as determines which items and materials are to be included in the agenda of the Supervisory Board's meeting.
- 5.2. The chairperson of the Supervisory Board is entitled to delegate convening and chairing of the Supervisory Board's meetings to another member of the Supervisory Board during his/her absence.
- 5.3. The chairperson of the Supervisory Board shall be responsible for compliance with the Procedure and, if need be, amending of the Procedure based on the request by himself/herself, other members of the Supervisory Board, all or some of the shareholders or Management Board.

6. Rights and Obligations of Secretary of Supervisory Board

- 6.1. A secretary to the Supervisory Board is an employee of Altum who, in respect of the functions of the Supervisory Board's secretary outlined in the Procedure, is functionally subordinated to the chairperson of the Supervisory Board.
- 6.2. The secretary to the Supervisory Board shall check on the layout compliance of the draft decisions of the Supervisory Board and of the minutes of the Supervisory Board's meetings with the laws and regulations and requirements of the Procedure and execution of the Supervisory Board's decisions, prepare a review of the execution progress of the Supervisory Board's decisions (decision, No and date of the Supervisory Board's minutes, execution deadline, progress) included under agenda item 'Miscellaneous' in every meeting of the Supervisory Board and perform other duties of the Supervisory Board's secretary referred to in the Procedure.

7. Preparation of Documents for Supervisory Board's Meeting

- 7.1. The materials related to the agenda of the respective Supervisory Board's meeting shall be handed over or sent to the Supervisory Board's secretary at least 5 (five) working days before the day of the Supervisory Board's meeting. In certain cases, and if the item to be examined at the Supervisory Board's meeting is urgent, the materials may be handed over or sent in a shorter period of time or handed over immediately before the Supervisory Board's meeting provided such a procedure for handing over of the materials has been co-ordinated with the chair of the Supervisory Board's meeting.
- 7.2. Should the Management Board initiate examination of the item at the Supervisory Board's meeting, then, with regard to the respective item, the secretary to the Supervisory Board shall organize preparation and submission of the materials as required by Altum's Procedure for Adoption and Circulation of the Decisions Made by the Supervisory Board and Management Board.
- 7.3. Should a member of the Supervisory Board initiate examination of the item at the Supervisory Board's meeting, the respective member of the Supervisory Board shall prepare the materials and draft decision and submit them to the Supervisory Board's secretary or dictate accurately or send to the secretary of the Supervisory Board the text of the draft decision. A member of the Supervisory Board may ask the Management Board to prepare the materials.
- 7.4. When submitting the materials for the Supervisory Board's meeting, the person having prepared the documents shall indicate on the documents to be submitted accessibility classification of that information resource as required by the internal procedure regulations of Altum.
- 7.5. The secretary to the Supervisory Board shall prepare (compile) in line with the requirements of the Procedure the materials, including the draft decisions, intended for the Supervisory Board's meeting and ensure that the materials are available for the meeting.

8. Procedure for Convening of Supervisory Board's Meetings

- 8.1. The meetings of the Supervisory Board are convened as needed, but at least once a quarter.
- 8.2. The meetings of the Supervisory Board take place with the Supervisory Board's members participating in person. By way of exception, it is admissible for a member of the Supervisory Board to participate in a meeting via means of communication provided it has been co-ordinated with the chairperson of the Supervisory Board in advance.
- 8.3. Unless a meeting of the Supervisory Board has already been convened by the chairperson of the Supervisory Board or member of the Supervisory Board delegated by the Supervisory Board's chairperson to convene a meeting in his/her absence, each member of the Supervisory Board, shareholder and Management Board is entitled to convene a meeting of the Supervisory Board by filing with the Supervisory Board's secretary a substantiated request addressed to the chairperson of the Supervisory Board explaining the need for and purpose of convening such a meeting and noting the preferred term for convening of the meeting that may not be shorter than 5 (five) days from the moment the request was submitted, but in urgent cases – 24 (twenty-four) hours.
- 8.4. Should the examination of the item at the meeting of the Supervisory Board be initiated by the shareholder or Management Board, a request for inclusion of the item in the agenda of the Supervisory Board's meeting shall be filed with the Supervisory Board's secretary within the term set in Article 8.3. of the Procedure.

- 8.5. The chairperson of the Supervisory Board or in the event of his/her absence or when delegated – another member of the Supervisory Board shall announce the Supervisory Board’s meeting at least 5 (five) days before the planned date of the meeting provided there is no urgent reason for convening the Supervisory Board’s meeting. Within this term (in case of urgency – shorter) the secretary to the Supervisory Board shall send an electronic invitation to all members of the Supervisory Board to the Supervisory Board’s meeting and telephone them, if needed. The secretary to the Supervisory Board shall inform the members of the Supervisory Board electronically about the agenda of the Supervisory Board’s meeting and send to their e-mails the materials at the disposal of the secretary that are to be examined at the Supervisory Board’s meeting.
- 8.6. When convening a meeting of the Supervisory Board the preferred timeline for convening a meeting specified in the request shall be taken into account as much as possible.
- 8.7. Should an urgent item be examined at the Supervisory Board’s meeting and meeting be convened 24 (twenty-four) hours in advance, all the members of the Supervisory Board shall be sent either electronically or by SMS an invitation to the meeting of the Supervisory Board, appending the agenda of the Supervisory Board’s meeting and materials if any have been prepared as at the moment of invitation.
- 8.8. Should the invitation to participate in the Supervisory Board’s meeting not be delivered to a member of the Supervisory Board in person, but be sent to the e-mail or delivered by courier in person to the postal address provided by the member of the Supervisory Board, it shall be considered that the member of the Supervisory Board has received the message within 12 (twelve) hours of it being sent, unless the member of the Supervisory Board has confirmed receipt of the document earlier.
- 8.9. Should the chairperson of the Supervisory Board fail to respond to the request for convening of the Supervisory Board’s meeting within two weeks of its receipt, the initiator of convening the meeting shall be entitled to convene the Supervisory Board’s meeting by substantiating the need to convene the meeting and complying with the requirements set out in the Procedure.
- 8.10. The meetings of the Supervisory Board take place at the legal address of Altum. Should it be impossible to hold the meetings of the Supervisory Board at the legal address of Altum due to objective reasons, then, by way of exception, the meetings may be convened and take place also in another venue, provided the chair of the Supervisory Board has agreed thereupon with the members of the Supervisory Board. If the meetings of the Supervisory Board take place at the legal address of Altum, the Management Board shall provide premises suitable for the Supervisory Board’s meetings and equipment required. The meetings of the Supervisory Board where all the members of the Supervisory Board discuss the item and vote by means of communication (for instance, a conference call) shall take place only at the legal address of Altum. The chair of the Supervisory Board’s meeting shall inform Altum of the need for specific equipment concurrently with convening of the Supervisory Board’s meeting, but not later than 24 hours before the start of the Supervisory Board’s meeting.
- 8.11. When requested by a member of the Supervisory Board, preliminary discussions of the items to be examined at the meeting of the Supervisory Board are held at the time set by the chairperson or another member of the Supervisory Board in absence of the chairperson. No decisions shall be made during the preliminary discussions. No minutes shall be taken down at the preliminary discussions.

9. Conduct of Supervisory Board’s Meetings

- 9.1. The items included in the agenda of the Supervisory Board’s meeting are examined and decisions are taken in compliance with the Law on Development Finance Institution, Law on Governance of Capital Shares of a Public Person and Capital Companies, Commercial Law and this Procedure.
- 9.2. The meetings of the Supervisory Board are closed meetings. The following participate in a meeting of the Supervisory Board: members of the Supervisory Board, invited members of the Management Board, secretary to the Supervisory Board, other persons invited by the chair of the Supervisory Board’s meeting as well as employees of Altum who have prepared or are in charge of the item to be examined at the Supervisory Board’s meeting. In certain cases, the Supervisory Board may establish by vote that the meeting of the Supervisory Board is to be an open meeting. Such a vote may also refer to examination of a particular item.

- 9.3. The Supervisory Board shall not decide on the matters that are within competence of the Management Board.
- 9.4. The Supervisory Board is deemed competent if more than half of the members of the Supervisory Board as stated in the Articles of Association take part in a meeting. A member of the Supervisory Board may take part in a meeting of the Supervisory Board by means of communication, for instance a conference call, if the used means of communication ensures that all the members of the Supervisory Board present at the meeting can participate in discussion of the item and decision-making simultaneously. The fact that a member of the Supervisory Board or another person has participated in a meeting of the Supervisory Board via the means of communication shall be indicated in the minutes of the Supervisory Board's meeting.
- 9.5. The meetings of the Supervisory Board take place in the Latvian language.
- 9.6. At the start of the Supervisory Board's meeting, the chair of the Supervisory Board's meeting shall:
 - 9.6.1. establish whether the Supervisory Board has a quorum for making the decisions as required by the effective laws and regulations and Articles of Association of Altum;
 - 9.6.2. present the agenda of the Supervisory Board's meeting;
 - 9.6.3. establish whether:
 - 9.6.3.1. the agenda of the meeting has to be supplemented i.e. whether any members of the Supervisory Board or Management Board would like to include an urgent item in the agenda that had not been done until the day of the Supervisory Board's meeting. Additional items are included in the agenda if all the present members of the Supervisory Board agree on that;
 - 9.6.3.2. any item included in the agenda has to be deleted from the agenda. The item is deleted from the agenda if all the present members of the Supervisory Board agree on that;
 - 9.6.4. invite all the members of the Supervisory Board present at the meeting to vote on the agenda.
- 9.7. The chair of the Supervisory Board's meeting announces the item to be examined, if needed, comments on it and invites the Chairperson of the Management Board, any of the Management Board's members, an employee of Altum competent in the item or another invited person who is competent to report on the item under examination.
- 9.8. Once the item in question has been reported on, the chair of the Supervisory Board's meeting invites the members of the Supervisory Board to voice their opinions, suggestions and ask questions. A member of the Supervisory Board may express freely his/her opinion about every item included in the agenda as well as put forward suggestions and amendments both by word of mouth and in writing.
- 9.9. Having heard the opinions and comments voiced by the persons present at the Supervisory Board's meeting, the chair of the Supervisory Board's meeting formulates the decision and invites the members of the Supervisory Board to vote.
- 9.10. The Supervisory Board passes its decisions by open ballot with a simple majority of votes. Each member of the Supervisory Board has one vote.
- 9.11. The Supervisory Board passes the decisions by open ballot of the members of the Supervisory Board voting 'FOR' or 'AGAINST'.
- 9.12. The present members of the Supervisory Board shall not withdraw or abstain from voting, except for the case referred to in Article 4.8 of the Procedure.
- 9.13. A member of the Supervisory Board may ask to supplement the decision of the Supervisory Board by his/her comments or personal opinion. If a member of the Supervisory Board disagrees with the decision made by the Supervisory Board, has voted contrary to the decision and has requested that his/her different opinion be entered in the minutes of the Supervisory Board's meeting, he/she shall not be responsible for the decision the Supervisory Board has carried. A member of the Supervisory Board has to substantiate his/her personal opinion.
- 9.14. Voting in person takes place by raising a hand. Should a member of the Supervisory Board participate in the Supervisory Board's meeting by the means of communication, he/she shall tell the vote by word of mouth. The chair of the Supervisory Board's meeting names how many members of the Supervisory Board have voted 'for' and how many have voted 'against', informs which member of the Supervisory Board has not taken part in voting due to the reasons listed under Article 4.8. and announces the decision of the Supervisory Board. The Supervisory Board may postpone passing of the decision if there is a valid reason, for

instance the members of the Supervisory Board have no exhaustive information required for taking the decision.

- 9.15. A member of the Supervisory Board may vote on the items to be examined at the meeting of the Supervisory Board only if he/she takes part in the Supervisory Board's meeting, including through means of communication, except for the case referred to in Article 4.8. of the Procedure.
- 9.16. Once all the agenda items have been examined, the chair of the Supervisory Board's meeting declares the meeting closed.
- 9.17. The members of the Supervisory Board may agree on adjourning of the Supervisory Board's meeting and also on its continuation without convening of a new meeting of the Supervisory Board. The meeting shall not be adjourned for more than 10 working days. The meeting of the Supervisory Board shall not be adjourned when the decision of the Supervisory Board's meeting is needed urgently for execution within the specified deadlines of the activities governed by the laws and regulations.
- 9.18. Should an item falling under competence of the shareholders' meeting be included in the agenda and Supervisory Board decide to transfer the item for examination to the shareholders' meeting, the Supervisory Board's secretary shall inform the Management Board about transfer of the item to the shareholders' meeting and necessity to convene the shareholders' meeting not later than on the next working day following adoption of the respective decision by the Supervisory Board unless the Management Board has already announced the shareholders' meeting earlier.

10. Procedure for Drafting of Supervisory Board's Minutes

- 10.1. The minutes shall be taken at the meetings of the Supervisory Board. The secretary to the Supervisory Board shall take down the minutes at the meetings of the Supervisory Board.
- 10.2. The meetings of the Supervisory Board shall be recorded using audio dictaphone. The secretary to the Supervisory Board shall store the audio file until the minutes of the Supervisory Board's meeting have been prepared and signed by all members of the Supervisory Board who were present at the specific meeting of the Supervisory Board. Once the minutes have been signed, the secretary to the Supervisory Board deletes the audio file.
- 10.3. The following shall be included in the minutes: logo, legal address and registration number of Altum, venue and time of the Supervisory Board's meeting, participants of the meeting, agenda items, the discussion course and content of the agenda items, outcome of the vote by indicating whether a member of the Supervisory Board has voted 'for' or 'against' or 'abstained' on the decision, the decisions carried.
- 10.4. The reports on the items to be examined and/or the different opinions voiced by the members of the Supervisory Board and/or invited attendees shall be included in the minutes of the Supervisory Board's meeting.
- 10.5. The decisions of the Supervisory Board must be clear, accurate, successive and unambiguous,
- 10.6. The decision of the Supervisory Board comes into effect as of the day the decision is made, unless there is a different date of entry into force specified in the decision.
- 10.7. Prior to signing of the minutes of the Supervisory Board's meeting only editorial and grammatical corrections may be made to the minutes without electronic co-ordination with the chair of the Supervisory Board's meeting.
- 10.8. The minutes of the Supervisory Board's meeting are signed by the chair of the Supervisory Board's meeting, the minute taker and all members of the Supervisory Board who were present at the meeting by signing each page of the minutes.
- 10.9. The secretary to the Supervisory Board shall draft the minutes of the Supervisory Board's meeting within 2 (two) working days of the meeting and send the minutes over electronically to those members of the Supervisory Board who participated in the Supervisory Board's meeting for review and approval. Should the decision of the Supervisory Board be required as a matter of urgency for performance within the specified deadlines of the activities governed by the laws and regulations, the secretary of the Supervisory Board's meeting shall prepare the minutes immediately after the Supervisory Board's meeting and forward the minutes to the Supervisory Board for co-ordination.
- 10.10. Once the secretary to the Supervisory Board has sent the minutes of the Supervisory Board's meeting to the members of the Supervisory Board for co-ordination, the members of the Supervisory Board who participated in the Supervisory Board's meeting shall co-ordinate

electronically the minutes of the Supervisory Board's meeting or voice their objections as to the contents of the minutes and adopted decisions within 2 (two) working days or immediately if the decision of the Supervisory Board's meeting is required as a matter of urgency for performance within the specified deadlines of the activities governed by the laws and regulations.

- 10.11. Following co-ordination of the minutes of the Supervisory Board's meeting the secretary to the Supervisory Board shall sign the original copy of the minutes of the Supervisory Board's meeting and transfer it for signature to the members of the Supervisory Board who participated in the meeting of the Supervisory Board.
- 10.12. The original copy of the minutes of the Supervisory Board's meeting shall be co-ordinated and signed not later than within 6 (six) working days following the meeting of the Supervisory Board, except for the circumstances referred to in Article 10.13. of the Procedure, and when the decision of the Supervisory Board's meeting is needed urgently for execution within the specified deadlines of the activities governed by the laws and regulations.
- 10.13. Should a member of the Supervisory Board, who has taken part in the Supervisory Board's meeting, be absent (due to ill health, business trip, a day off), he/she shall co-ordinate and sign the minutes not later than within 2 (two) working days after returning from absence.

11. Registration, Storage and Use of Documents

- 11.1. The chairperson of the Supervisory Board shall decide on the correspondence addressed to the Supervisory Board and establish that the Management Board shall prepare a response to the correspondence addressed to the Supervisory Board and inform the Supervisory Board of its contents. The chairperson of the Supervisory Board shall sign the documents sent out by the Supervisory Board, but in the event of his/her absence – a member of the Supervisory Board designated by the chairperson of the Supervisory Board.
- 11.2. The minutes of the Supervisory Board's meetings are prepared in line with the laws and regulations and Altum's internal regulations for drafting and circulation of documents.
- 11.3. Once the minutes of the Supervisory Board's meeting have been signed, the secretary to the Supervisory Board shall send the minutes of the Supervisory Board's meeting electronically to all members of the Supervisory Board within 2 (two) working days.
- 11.4. The original copies of the minutes together with all the materials that were examined at the Supervisory Board's meeting and appended to the minutes shall be stored at Altum in compliance with all the laws and regulations and Altum's requirements pertaining to management and storage of documents.
- 11.5. The secretary to the Supervisory Board shall provide for binding of the minutes of the Supervisory Board's meetings and their safe storage at the commercial company together with all the materials of the Supervisory Board's meetings.
- 11.6. Apart from the members of the Supervisory Board and secretary to the Supervisory Board the minutes of the Supervisory Board's meetings (including their derivatives) and related documentation are available, for the purpose of sustaining the legitimate economic activity, also to the Management Board of Altum, Shareholder, representative of the Shareholder, Auditor and other institutions in cases covered by the laws and regulations and following the procedure set therein.
- 11.7. Based on a request from the Supervisory Board or Management Board, the secretary to the Supervisory Board shall provide for preparation and release of the derivatives (copies, excerpts, transcripts) of the Supervisory Board's minutes to the structural units/employees of Altum if the decisions' section of the Supervisory Board's minutes contains a specific assignment for the Management Board or respective decision is required for execution of Altum's internal or external regulations or the very text of the minutes requires to do so.
- 11.8. The members of Altum's Management Board are entitled to certify correctness of the derivatives (copies, excerpts, transcripts) of the minutes of the Supervisory Board's meeting in compliance with the right of representation established in the Articles of Association.

12. Accessibility of Information

- 12.1. The Supervisory Board and secretary to the Supervisory Board shall provide for non-disclosure and circulation of restricted access, internal importance and in-house information related

to operation of the Supervisory Board in compliance with internal and external laws and regulations and shall be held liable for non-compliance with the requirements according to the procedure established in the laws and regulations.

- 12.2. The opinion of the Supervisory Board about operation of Altum and other issues within competence of the Supervisory Board, including the decisions made by the Supervisory Board, shall be voiced publicly by the chairperson of the Supervisory Board or in his/her absence – another member of the Supervisory Board if the Supervisory Board has taken a separate decision in this regard. The Management Board of Altum shall be informed prior to making the information public.
- 12.3. The members of the Supervisory Board shall not disclose any information about conduct of the meeting and course of discussion of the items outside of the Supervisory Board's meeting.