

	POLICY	
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CORPORATE GOVERNANCE POLICY

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1. TERMS AND DEFINITIONS

DelfinGroup or DG	AS DelfinGroup and its subsidiaries
Policy	This Corporate Governance policy
Supervisory Board	Supervisory Board of AS DelfinGroup
Management Board	Management Board of AS DelfinGroup
AML	Anti Money laundering and preventions of terrorism and proliferation financing
Supervisory Board Nomination Commission	A commission set up for a fixed period to select candidates for election as members of the Supervisory Board. The commission may be composed of both members of the Supervisory Board and independent experts.

2. THE PURPOSE OF THE POLICY

- 2.1. The purpose of this policy is to set out the principles of DelfinGroup's corporate governance the company has undertaken to follow in its operations to make ensure the sustainable development of the company, effective and modern management practices, efficient use of company resources, maintain and increase value in the long term, and carry out ethical, responsible, and transparent business.
- 2.2. The Policy has been developed in view of the statutory requirements of the Republic of Latvia, recommendations of the Organization for Economic Co-operation and Development (OECD) for corporate governance (2015), and recommendations for good corporate governance for companies in Latvia "Corporate Governance Code (2020)".
- 2.3. The Policy applies to AS Delfin Group, and its subsidiaries, and is binding to all employees thereof.

3. GENERAL PRINCIPLES OF CORPORATE GOVERNANCE

- 3.1. DelfinGroup is a listed stock company, which operates in accordance with its Articles of Association, laws of the Republic of Latvia while the procedure of implementation of these principles is set in the internal regulations of DelfinGroup.
- 3.2. DelfinGroup's corporate governance is implemented respecting the competencies and powers of the shareholders' meeting, the supervisory and management boards.
- 3.3. DelfinGroup's financial and non-financial objectives are clearly defined.
- 3.4. DelfinGroup officials have a duty to attend meetings duly prepared and to participate actively in the discussion of issues to ensure an effective and valuable contribution to decision-making.
- 3.5. DelfinGroup continuously applies ethical management practices, creates a responsible business environment, and implements fair business practices.

- 3.6 DelfinGroup's policies and procedures set out the obligation to prevent conflicts of interest and corruption and is being effectively implemented in practice and continuously monitored.
- 3.7 DelfinGroup regularly and in a timely manner informs shareholders and other stakeholders about DelfinGroup and its strategic goals, DelfinGroup's economic activities, and financial results (financial statements and reports), dates, agenda, and course of the shareholders' meeting and relevant draft resolutions, decisions and other relevant issues, events, and news.
- 3.8 DelfinGroup ensures and improves the quality of its services and takes all necessary actions to ensure the sustainability of its financial position.

4 STRATEGIC DEVELOPMENT PLANNING

4.1 DelfinGroup's sustainable development is based on the following strategic planning system:

- 4.3.1 DelfinGroup strategy [3 years].
- 4.3.2 Financial plan - long-term [5 years].
- 4.3.3 Budget - short-term [1 year].

- 4.1 DelfinGroup's strategy and financial plans are developed and implemented by the management board considering the values of the company, mission, and vision, and approved and monitored by the supervisory board.
- 4.2 Every six months, the management and supervisory board shall review the strategy and financial plans, evaluate the results and, if necessary, make adjustments approved by the supervisory board.
- 4.3 The management board shall draw up an annual action plan to implement the strategy and reach financial goals.
- 4.4 To monitor the implementation of the strategy and achievement of financial goals referred to in Clause 4.1, the management board shall inform the supervisory board at least once every six months or at request.

5 OBLIGATIONS AND RIGHTS OF SHAREHOLDERS

- 5.1 Shareholders make decisions only in matters specified in the Commercial Law, the Financial Instruments Market Law, and other applicable legal acts, or the Articles of Association of DelfinGroup.
- 5.2 Shareholders shall refrain from actively participating in the day-to-day operations of DelfinGroup to the extent necessary and possible to organize the cooperation between the governing bodies in an efficient and balanced manner. Shareholders shall respect the competence of the supervisory board and the management board and shall not interfere with their powers. DelfinGroup promotes effective shareholder involvement in decision-making and the widest possible participation of shareholders in shareholders' meetings.
- 5.3 In accordance with the principles of good corporate governance, shareholders shall have the right:
 - 5.3.1 to receive proper and relevant information about DelfinGroup in a timely and regular manner;
 - 5.3.2 to receive information on the course of the shareholders' meeting in a timely manner, obtaining all the necessary information for decision-making;
 - 5.3.3 to take decisions at the shareholders' meetings freely, objectively, and without any external or other influence;
 - 5.3.4 to determine the scope, composition, remuneration, and main tasks of DelfinGroup's governing bodies (e.g., Supervisory Board).
 - 5.3.5 To approve Remuneration and Dividend policies of DelfinGroup.
- 5.4 The Annual General Meeting shall be convened by the board, ensuring the possibility to approve the annual report within the deadlines provided by law. An extraordinary shareholders' meeting shall be convened by the management board on its own initiative or at the request of the supervisory board, the external auditor, or the shareholders together representing at least one-tenth of the company's share capital. The shareholders' meeting is entitled to take decisions if shareholders representing at least half of the voting share capital of DelfinGroup participate in it. The shareholders' meeting shall take decisions by a majority of votes of the attending shareholders entitled to vote.
- 5.5 Execution of decisions adopted at shareholders' meetings shall be ensured by the management board, and execution of decisions shall be controlled by the supervisory board. At the request of the shareholders' meeting, but not less

than once a year, the supervisory board shall submit to the shareholders' meeting a report on the implementation of the adopted resolutions.

5.6 DelfinGroup has developed and implemented the procedure for convening shareholders' meetings, setting agenda and ensuring the course of shareholders' meetings.

6 OBLIGATIONS AND RIGHTS OF THE SUPERVISORY BOARD

6.1 The supervisory board is the supervisory body of DelfinGroup, representing the interests of DelfinGroup and its shareholders in between the shareholders' meetings and monitoring the activities of the management board within the framework specified by law. The supervisory board shall consist of 5 members of the supervisory board in accordance with the Articles of Association. The supervisory board shall elect the Chair of the board from among its members. In order for the decisions of the supervisory board to be made objectively, and professionally, and to promote the long-term growth and efficiency of DelfinGroup, the shareholders' meeting ensures that at least half of the members of the supervisory board are independent (one member short shall be allowed if the supervisory board has an odd number of members).

6.2 The procedures for the organizational activities of the supervisory board, the competence, functions, and responsibilities of the members of the supervisory board in exercising its rights and performing the tasks referred to in the Articles of Association and other regulatory enactments shall be determined by the supervisory board's Charter and Annual calendar which shall be approved by the supervisory board.

6.3 The supervisory board may establish committees composed of supervisory board members to review specific matters in detail and provide recommendations for the supervisory board. The supervisory board shall decide on the composition of supervisory board committees, and their tasks, and approve the Charters thereto. The decisions of supervisory board committees are of advisory nature. DelfinGroup establishes the Risk and Audit Committee, as well as the Remuneration and Nomination Committee, which are standing committees and Business development Committee.

6.4 The supervisory board has the right to request information from the management board necessary for the supervisory board to take decisions. The supervisory board usually communicates with the management board through the Chair of the supervisory board and the Chairman of the management board. The supervisory board determines the procedure of circulating information within the supervisory board and between the supervisory board, management board, and employees of DelfinGroup related to the work of the supervisory board.

6.5 The supervisory board oversees the strategic management of DelfinGroup. The supervisory board has the following tasks:

- 6.5.1 approve the strategy and monitor its implementation;
- 6.5.2 approve the annual financial plan (which includes the budget) and monitor its implementation;
- 6.5.3 elect and recall members of the management board;
- 6.5.4 appoint the Chairman of the management board from among the members of the management board;
- 6.5.5 approve the Charter of the management board;
- 6.5.6 determine the remuneration of the members of the management board;
- 6.5.7 set annual financial and non-financial targets for the management board and monitor the achievement thereof;
- 6.5.8 perform the appraisal of the work of the management board and internal auditor;
- 6.5.9 establish committees of the supervisory board;
- 6.5.10 monitor internal control and risk management systems, as well as the performance of the Internal audit unit, and review their adequacy and effectiveness;
- 6.5.11 set general operating principles and, inter alia, approve the key policies;
- 6.5.12 approve the strategic and annual risk-based internal audit plan;
- 6.5.13 consider all issues that are within the competence of the shareholders' meeting and prepare an opinion thereto;
- 6.5.14 approve the conclusion of an agreement with third parties in accordance with the transaction amount specified in the Articles of Association;

- 6.5.15 agree to any partnership, joint venture, association, or similar association or agreement on behalf of DelfinGroup;
- 6.5.16 review issues related to the acquisition of participation in other companies, increase or decrease therein, issuance of power of attorney, granting of loans that are not related to usual business activities of DelfinGroup;
- 6.5.17 represent DelfinGroup before shareholders and other key audiences to report on DelfinGroup activities;
- 6.5.18 perform the annual self-assessment of the work of the supervisory board;
- 6.5.19 perform other tasks in accordance with the provisions of the Articles of Association.

6.6 At least once every two months, the Chair of the supervisory board, but in his/her absence or on his/her behalf - the deputy, shall convene supervisory board meetings. The supervisory board shall take informed and balanced decisions by a simple majority of those attending. In case of equal distribution of votes of the members of the supervisory board, the Chair of the supervisory board has a casting vote.

6.7 Members of the supervisory board shall receive a fixed remuneration, the amount of which shall be determined by a decision of the shareholders' meeting in accordance with DelfinGroup's Remuneration policy. No variable remuneration shall be determined for the members of the supervisory board, nor shall any compensation be paid in case of resignation or being revoked.

7 OBLIGATIONS AND RIGHTS OF THE MANAGEMENT BOARD

7.1 The management board is the executive body that manages the day-to-day business of DelfinGroup and makes all decisions that are not within the exclusive authority of the supervisory board or shareholders.

7.2 The management board consists of at least three members. The management board works according to the functional principle: each member of the management board is responsible for a certain area of operation based on professional knowledge, experience, and competencies in the respective area of responsibility. The members of the management board may authorize one or more members of the management board, as well as other employees of DelfinGroup, to carry out certain transactions.

7.3 The procedure for the organizational activities of the management board, competence, functions, and responsibilities of the members of the management board in exercising its rights and performing the tasks referred to in the Articles of Association and other regulatory enactments shall be determined by the Charter of the management board.

7.4 The management board shall act on behalf of DelfinGroup and take all necessary decisions and implement actions in the best interests of DelfinGroup and to achieve the set goals maintaining, at the same time, the highest standards like the standard of good and diligent management and good corporate governance.

7.5 Members of the management board shall receive remuneration, the amount of which shall be determined by a decision of the supervisory board in accordance with the Remuneration Policy of DelfinGroup.

8 SELECTION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

8.1 Independent candidates for the supervisory board shall be selected in an open process based on criteria of professionalism and competence. The members of the supervisory board shall be elected by the shareholders' meeting for a term of five years. The supervisory board collectively must have the composition of skills, experience, and knowledge to be able to perform its duties to the full extent.

8.2 To organise the selection process of the independent members of the Supervisory Board, a Supervisory Board Nomination Commission is established, chaired by the Chairman of the Supervisory Board and composed of the Chairman of the Remuneration and Nomination Committee and an independent professional from outside DelfinGroup, approved by the Shareholders' Meeting on a proposal from the Chairman of the Supervisory Board. In the event that the Supervisory Board member acting as Chairman of the Remuneration and Nomination Committee is to be reappointed, the Chairman of the Supervisory Board shall assign another Supervisory Board member to the Supervisory Board Nomination Commission or propose to the Shareholders' Meeting an alternative composition of the Supervisory Board Nomination Commission. The Supervisory Board Nomination Commission

shall be chaired by the Chairman of the Supervisory Board or by one of the members of the Commission on a proposal from the Chairman of the Supervisory Board.

8.3 The Supervisory Board Nomination Commission shall decide on the need to engage a professional recruitment company and shall determine the extent to which such support is required.

8.4 In the selection process of the members of the management board and supervisory board, the supervisory board and the shareholders try to ensure the principles of diversity, i.e., in terms of work experience, nationality, gender, and age.

8.5 Candidates for the members of the management board are selected by the supervisory board based on criteria of professionalism and competence. The members of the management board are elected by the supervisory board for a term of five years.

8.6 Each member of the management board and the supervisory board starts his/her duties with induction training, during which the operations and processes of DelfinGroup, strategic documents, corporate governance framework, as well as values and culture of the company are comprehensively explained.

9 OPENNES OF INFORMATION AND TRANSPARENCY OF OPERATIONS

9.1 DelfinGroup ensures equal treatment of shareholders, investors, and lenders, by ensuring, inter alia, equal and identical access to certain information. DelfinGroup ensures that shareholders and stakeholders receive timely and accurate information regarding DelfinGroup's operations in accordance with a pre-approved disclosure calendar.

9.2 The company's financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS). The Sustainability (ESG) report shall be prepared considering, as far as possible, UN Sustainable Development Goals, and the principles set forth in the Global Reporting Initiative (GRI), and the Nasdaq ESG Reporting Guidelines.

9.3 DelfinGroup ensures timely disclosure of verified accurate and unambiguous material financial and non-financial information. All relevant published information shall be available on the DelfinGroup's website, i.e.:

9.3.1 information about DelfinGroup (history, services, strategic goals, articles of association, key policies, corporate governance structure, etc.);

9.3.2 DelfinGroup's shareholders and true beneficiaries;

9.3.3 information about the Management board and the supervisory board;

9.3.4 financial and non-financial reports and information, including financial statements, corporate governance, and sustainability reports;

9.3.5 Dividend policy;

9.3.6 information on transactions of related parties;

9.3.7 announcements and relevant information to investors.

9.4 DelfinGroup follows the procedure of how the issuers of AS Nasdaq Riga disclose information. DelfinGroup publishes announcements and relevant information for investors about financial instruments in the regulated market using the Official Mandatory Central Storage System (ORCIGS) of the Financial and Capital Market Commission (FCMC).

9.5 DelfinGroup informs the shareholders duly (at least 30 days before the meeting) about the agenda, course and voting procedure of the shareholders' meeting. Along with the announcement of the meeting (but not later than 14 days before the date of the meeting), DelfinGroup provides an opportunity for shareholders to acquaint themselves with draft resolutions to be voted on at the meeting. Draft resolutions and the documents attached thereto shall provide detailed, clear, and complete information on the matter under consideration. The DelfinGroup's website provides information on:

9.5.1 planned shareholders' meetings;

9.5.2 notices on convening the shareholders' meeting and draft resolutions.

9.5.3 previous shareholders' meetings and resolutions adopted.

10 INTERNAL CONTROL, RISK MANAGEMENT AND AUDIT

- 10.1 DelfinGroup has implemented an internal control, risk management and compliance system. The implementation of the internal control system is ensured by the management board and internal audit, while it is supervised by the supervisory board.
- 10.2 DelfinGroup's operational risks are constantly identified and managed in accordance with the Risk management policy. DelfinGroup has implemented a risk management system that sets common requirements for the daily management of risks identified by DelfinGroup. At least semi-annually, the supervisory board reviews the report of the management board on the implemented risk management measures.
- 10.3 DelfinGroup has established a system for the prevention of conflict of interest and corruption. The said internal control system provides for the identification, analysis, and assessment of business partners, as well as the analysis and evaluation of specific transactions and circumstances thereto.
- 10.4 The management board ensures the implementation of regulatory enactments and the principles of good corporate governance in terms of the prevention of money laundering and terrorist financing and proliferation and monitoring sanctions. DelfinGroup has appointed a senior officer to govern the AML-related issues.
- 10.5 DelfinGroup has an independent and objective internal audit function, which is performed by an internal auditor. The internal auditor is functionally subordinated to the supervisory board. The supervisory board approves the internal auditor and decides on the termination of the employment contract with the internal auditor. DelfinGroup provides the internal auditor with access to the information necessary for the performance of his/her duties. The internal audit plan is approved by the supervisory board. The internal audit shall report to the supervisory board and /or Risk and audit committee.
- 10.6 DelfinGroup ensures the independence of the external auditor and the absence of potential conflict of interest. DelfinGroup's financial statements are audited by an independent sworn auditor. The term of office of the same external auditor shall not exceed 5 years. DelfinGroup may engage, if necessary, with other external auditors to perform audits in specific areas and provide opinions and recommendations.

11 ETHICS, SUSTAINABILITY, AND RESPONSIBLE PRACTICES

- 11.1 DelfinGroup conducts its business responsibly towards the environment, shareholders, employees, and other stakeholders. DelfinGroup cooperates with stakeholders and provides information in sustainability (ESG) reports accordingly.
- 11.2 DelfinGroup sets corporate values as well as high standards of professional conduct and ethics, ensuring that they address issues of discrimination, corruption, prevention of conflict of interests in daily operations, illegal use of inside information, and any other illegal and unethical conduct. DelfinGroup has developed the Code of Ethics to promote ethical and responsible conduct of the management and employees while carrying out their roles and responsibilities. The management board promotes an environment where employees and stakeholders can report unethical conduct or any breaches (whistleblowing) without fear of retaliation in accordance with DelfinGroup's Whistleblowing policy.
- 11.3 DelfinGroup operates in accordance with the principles of equal competition and conducts transactions with subsidiaries and affiliates in accordance with the transfer pricing principles, which provide for the application of the market price.
- 11.4 Group companies keep records of related parties and transactions and publish information about transactions in the Group's financial statements.

12 MONITORING THE IMPLEMENTATION AND UPDATE OF POLICIES

- 12.1 In addition to this Policy DelfinGroup has put into effect several other policies helping to ensure the successful implementation of corporate governance and they are published on DelfinGroup web page <https://www.delfingroup.lv/>

12.2 The management board is responsible for the implementation of all approved policies and in addition may develop procedures explaining the process of implementation of policies.

12.3 All employees are regularly notified of the newly approved or updated policies and have regular training to strengthen their knowledge of the corporate governance principles, the culture of the company, and values.

12.4. Once a year the supervisory Board performs a corporate governance system audit and provides recommendations for its improvement if needed.

12.5 This policy will be updated as required but at least once in three years.

13. BINDING DOCUMENTS

13.1 Commercial law;

13.2 Financial instruments market law;

13.3 Corporate Governance Code by the Ministry of Justice;

13.4 Articles of Association of DelfinGroup.