

Date of issue: 2021.02.02

Date of revision and approval: 2021.02.02.

Document developed by: Management board

JSC "DelfinGroup"
Corporate governance policy No.12PL1-0

The principles of DelfinGroup's corporate governance and the procedure for their implementation shall be set out in DelfinGroup's Articles of Association, the Corporate Governance Policy (hereinafter - the Policy), and other DelfinGroup policies and internal rules. The Policy has been developed taking into account the requirements set for companies in the regulatory enactments of the Republic of Latvia, the recommendations of the Organization for Economic Co-operation and Development (OECD) for corporate governance (2015)¹ and recommendations for good corporate governance for companies in Latvia "Corporate Governance Code (2020)"².

DelfinGroup is committed to implementing the principles of good corporate governance to ensure sustainable development, maintain and increase value in the long term, and carry out ethical, responsible and transparent business.

The Policy applies to DelfinGroup and DelfinGroup subsidiaries. The management board of DelfinGroup ensures that the management principles set out in the Policy are implemented in DelfinGroup subsidiaries and accordingly makes decisions at the meetings of the shareholders of the subsidiary in accordance with the principles set out in the Policy.

The Policy is approved and its implementation is monitored by the DelfinGroup's supervisory board. The management board of DelfinGroup is responsible for the implementation and application of the Policy.

1. GENERAL PRINCIPLES OF CORPORATE GOVERNANCE

- 1.1. Clear division of roles, powers and responsibilities. DelfinGroup's corporate governance is implemented respecting the competencies and powers of the shareholders' meeting, the supervisory board and the management board.
- 1.2. Setting clear goals. DelfinGroup's financial and non-financial objectives are clearly defined.
- 1.3. Duty of diligent management. DelfinGroup officials have a duty to attend meetings properly and to participate actively in the discussion of issues in order to ensure an effective and valuable contribution to decision-making with their opinion.

¹ G20/OECD Principles of corporate governance <https://www.tm.gov.lv/lv/g20oecd-korporativas-parvaldibas-principi>

² Corporate governance recommendations for companies in Latvia "Corporate Governance Code"
<https://www.tm.gov.lv/lv/media/4060/download>

- 1.4. Implementation of ethical and responsible business practices. DelfinGroup continuously applies ethical management practices, creates a responsible business environment and implements fair business practices.
- 1.5. Prevention of risks of conflict of interest and corruption. DelfinGroup's policies and procedures set out the obligation to prevent conflicts of interest and corruption, which shall be effectively implemented in practice.
- 1.6. Availability and transparency of information. 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), the shareholders' meeting and relevant draft resolutions, decisions and other relevant issues, events and news.
- 1.7. Ensuring good quality services and a sustainable financial condition. DelfinGroup ensures and improves the quality of its services and takes all necessary actions to ensure the sustainability of its financial position.

2. STRATEGIC DEVELOPMENT PLANNING

- 2.1. DelfinGroup's sustainable development is based on the following strategic planning system:
 - 2.1.1. DelfinGroup strategy [2 years];
 - 2.1.2. Financial plan - long-term [5 years];
 - 2.1.3. Financial plan - short-term [1 year];
- 2.2. DelfinGroup's strategy and financial plans are developed and implemented by the management board, but approved and monitored by the supervisory board.
- 2.3. Every six months, the management board and the supervisory board shall review the strategy and financial plans, evaluate the results and, if necessary, make adjustments approved by the supervisory board.
- 2.4. The management board shall draw up an annual action plan to implement the strategy and financial plans.
- 2.5. In order to monitor the implementation of the strategy and financial plans referred to in Clause 2.2, the management board shall inform the supervisory board at least every six months or at request.

3. OBLIGATIONS AND RIGHTS OF SHAREHOLDERS

- 3.1. 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.
- 3.2. 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 as much as possible with their powers. DelfinGroup promotes effective shareholder involvement in decision-making and the widest possible participation of shareholders in shareholders' meetings.

- 3.3. In addition to the statutory rules and in accordance with the principles of good corporate governance, shareholders shall have the right:
 - 3.3.1. to receive proper and relevant information about DelfinGroup in a timely and regular manner;
 - 3.3.2. to receive information on the course of the shareholders' meeting in a timely manner, obtaining all the necessary information for decision-making;
 - 3.3.3. to take decisions at shareholders' meetings freely, objectively and without any external or other influence;
 - 3.3.4. to determine the scope, composition, remuneration and main tasks of DelfinGroup's governing bodies (e.g. Supervisory Board).
- 3.4. The regular shareholders' 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 shareholders who together represent at least one tenth of the company's share capital. The shareholders' meeting is entitled to take decisions if shareholders who together represent at least half of the voting share capital of DelfinGroup participate in it. The shareholders' meeting shall make decisions by a majority of votes of the attending shareholders entitled to vote.
- 3.5. 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.
- 3.6. The management board of DelfinGroup approves the procedure for convening shareholders' meetings, setting their agenda and ensuring the conduct of shareholders' meetings.

4. OBLIGATIONS AND RIGHTS OF THE SUPERVISORY BOARD

- 4.1. The supervisory board shall be the supervisory body of DelfinGroup, which shall represent the interests of DelfinGroup and all shareholders in-between the shareholders' meetings and monitor the activities of the management board within the framework specified by law. The supervisory board shall consist of 3 to 5 members of the supervisory board in accordance with the Articles of Association. The supervisory board shall elect the chairman of the board from among its members. In order for the

decisions of the supervisory board to be made objectively, 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).

- 4.2. 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 Rules of procedure and Annual calendar which shall be approved by the supervisory board.
- 4.3. The supervisory board oversees the strategic management of DelfinGroup. In addition to the provisions of the law, the supervisory board has the following tasks:
 - 4.3.1. approve the strategy and monitor its implementation;
 - 4.3.2. approve the annual financial plan (which also includes the budget) and monitor its implementation;
 - 4.3.3. elect and recall members of the management board;
 - 4.3.4. approve the Rules of procedure of the management board;
 - 4.3.5. determine the remuneration of the members of the management board;
 - 4.3.6. set annual financial and non-financial targets for the management board and monitor their achievement;
 - 4.3.7. monitor the operation of internal control and risk management systems, as well as internal audit, review their adequacy and effectiveness;
 - 4.3.8. set general operating principles, including the approval of key policies;
 - 4.3.9. approve the strategic and annual risk-based internal audit plan;
 - 4.3.10. consider all issues that are within the competence of the shareholders' meeting and prepare an appropriate opinion on them;
 - 4.3.11. approve the conclusion of an agreement with third parties in accordance with the transaction amount specified in the Articles of Association;
 - 4.3.12. conclude any partnership, joint venture, association or similar association or agreement on behalf of DelfinGroup;
 - 4.3.13. consider issues related to the acquisition of participation in other companies, its increase or decrease, issuance of a power of attorney, awarding of loans that are not related to the normal business activities of DelfinGroup;

- 4.3.14. represent DelfinGroup before shareholders and other key audiences by reporting on DelfinGroup activities;
 - 4.3.15. perform the annual self-evaluation of the work of the supervisory board;
 - 4.3.16. perform other tasks in accordance with the provisions of the Articles of Association.
- 4.4. At least once every two months, the chair of the supervisory board, but in his/her absence or on his/her behalf - his/her deputy, shall convene meetings of the supervisory board. 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 vote of the chair of the supervisory board shall be decisive.
- 4.5. A member of the supervisory board shall be paid a fee, the amount of which shall be determined by a decision of the shareholders' meeting in accordance with the DelfinGroup Remuneration policy. No variable remuneration shall be determined for the members of the supervisory board, nor shall any compensation be paid in case of recall or resignation.

5. OBLIGATIONS AND RIGHTS OF THE MANAGEMENT BOARD

- 5.1. The management board is the executive body that manages and represents DelfinGroup. The management board manages the day-to-day business of DelfinGroup and takes all decisions that are not within the exclusive competence of the supervisory board or shareholders.
- 5.2. The management board consists of at least three members. The management board organizes its work according to the functional principle: each member of the management board is responsible for a certain direction of activity in accordance with the 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.
- 5.3. The procedure for the organizational activities of the management board, the 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 Rules of Procedure of the management board.
- 5.4. The management board shall act on behalf of DelfinGroup and take all necessary decisions and implement actions in the interests of DelfinGroup and to achieve its goals to the highest standards, including the standard of good and diligent management and the requirements of good corporate governance.

5.5. The member of the management board shall be paid a remuneration, the amount of which shall be determined by the decision of the supervisory board in accordance with the Remuneration policy of DelfinGroup.

6. SELECTION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

6.1. Independent candidates for the supervisory board members shall be selected in an open process on the basis of criteria of professionalism and competence. In the selection of candidates for independent members of the supervisory board, DelfinGroup engages a professional selection consultant, determining the scope and tasks of its involvement. The members of the supervisory board shall be elected by the shareholders' meeting for a term of five years. The supervisory board as a whole has the skills, experience and knowledge to be able to perform its duties to the full extent.

6.2. In the selection process of the members of the management board and supervisory board, the supervisory board and the shareholders try to ensure the observance of the principles of diversity, including work experience, nationality, both sexes and different ages.

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

6.4. Each member of the management board and the supervisory board starts his/her duties with introductory training, where the activities and processes of DelfinGroup are comprehensively introduced.

7. OPENNES OF INFORMATION AND TRANSPARENCY OF OPERATIONS

7.1. DelfinGroup ensures equal treatment of shareholders, investors, and lenders, including by ensuring 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.

7.2. The Group's financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS). The Sustainability (ESG) report shall be prepared taking into account, as far as possible, the principles contained in the UN Sustainable Development Goals, the Global Reporting Initiative (GRI), and the Nasdaq ESG Reporting Guidelines.

7.3. Availability of financial and non-financial information. 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:

- 7.3.1. information about DelfinGroup (history, services, strategic goals, articles of association, key policies, corporate governance structure, etc.);
 - 7.3.2. DelfinGroup shareholders and true beneficiaries;
 - 7.3.3. information about the management board and the supervisory board;
 - 7.3.4. financial and non-financial reports and information, including financial statements, corporate governance and sustainability reports;
 - 7.3.5. dividend policy;
 - 7.3.6. information on related party transactions;
 - 7.3.7. published notices and relevant information to investors, including through disclosure systems (ORCIGS).
- 7.4. DelfinGroup follows the procedure by which the issuers of JSC Nasdaq Riga disclose information. DelfinGroup publishes announcements and relevant information for investors about financial instruments on the regulated market using the Official Mandatory Central Storage System of the Financial and Capital Market Commission (ORCIGS).
- 7.5. Information on shareholders' meetings. DelfinGroup informs the shareholders in good time (at least 30 days before the meeting) about the agenda, course and voting procedure of the shareholders' meeting. Simultaneously 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 get acquainted with the draft resolutions on which it is initially planned to vote at the meeting. The draft decisions and the documents attached thereto shall provide detailed, clear and complete information on the matter under consideration. Information available on the DelfinGroup's website:
- 7.5.1. on the planned shareholders' meetings;
 - 7.5.2. notices on convening the shareholders' meeting and draft resolutions;
 - 7.5.3. on the shareholders' meetings held and the resolutions adopted.

8. INTERNAL CONTROL, RISK MANAGEMENT AND AUDIT

- 8.1. 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.
- 8.2. 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 to be implemented in order to manage the risks identified by DelfinGroup on a day-to-

day basis. At least once a year, the supervisory board reviews the report of the management board on the implemented risk management measures.

- 8.3. DelfinGroup has a system for the prevention of conflicts of interest and anti-corruption. DelfinGroup has implemented an internal control system that provides for the identification, research and evaluation of business partners, as well as the research and evaluation of a specific transaction and its circumstances.
- 8.4. The management board ensures the implementation of regulatory enactments and the principles of good corporate governance in the field of money laundering and terrorist financing prevention and sanctions.
- 8.5. DelfinGroup has an independent and objective internal audit function, which is performed by an 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. Internal audit shall report to the management board or audit committee (if any).
- 8.6. DelfinGroup ensures the independence of the external auditor and the absence of potential conflicts of interest. DelfinGroup's financial statements are audited by an independent sworn auditor. The term of office of one external auditor shall not exceed 5 years. DelfinGroup engages, if necessary, external auditors who perform audits in specific areas and provide opinions and recommendations.

9. ETHICS, SUSTAINABILITY AND RESPONSIBLE PRACTICES

- 9.1. DelfinGroup conducts its business responsibly towards the environment, shareholders, employees and other stakeholders. DelfinGroup works with stakeholders and provides information in sustainability (ESG) reports accordingly.
- 9.2. DelfinGroup sets corporate values as well as high standards of professional conduct and ethics, ensuring that they are oriented towards anti-corruption, prevention of conflicts of interest in day-to-day operations, illegal use of inside information and any other illegal and unethical conduct. In order to promote ethical and responsible conduct of members of DelfinGroup's governing bodies and employees in the performance of any activities, DelfinGroup has developed the Code of Ethics. The management board promotes an environment where employees and stakeholders can reliably report any breaches (whistle-blowing).
- 9.3. DelfinGroup operates in accordance with the principles of equal competition, conducts transactions with subsidiaries and affiliates in accordance with the transfer pricing principles, which provide for the application of the market price.

9.4. Group companies keep records of related parties and transactions and make public information about transactions in the Group's financial statements.

10. MONITORING THE IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES AND UPDATING POLICIES

10.1. The development of corporate governance policy is organized and managed by the management board, but approved by the supervisory board.

10.2. All policies concerning the implementation of corporate governance in DelfinGroup shall be approved by the supervisory board, except for the Dividend policy and the Remuneration policy, which shall be approved by the shareholders' meeting. The management board ensures the implementation and enforcement of policies, as well as updates them as necessary in accordance with the frequency specified in each specific policy, but not less than once in 3 years.

10.3. For the successful implementation of corporate governance, the DelfinGroup supervisory board approves at least the following policies, which are published on the DelfinGroup's website:

<https://www.delfingroup.lv/>:

- 10.3.1. Business partner research policy;
- 10.3.2. Code of ethics;
- 10.3.3. Internal audit policy;
- 10.3.4. Internal control and compliance policy;
- 10.3.5. Sustainability and responsible business practice policy;
- 10.3.6. Information confidentiality, circulation and disclosure policy;
- 10.3.7. Conflict of interest prevention and anti-corruption policy;
- 10.3.8. Competition enforcement policy;
- 10.3.9. Personal data processing policy;
- 10.3.10. Risk management policy;
- 10.3.11. Sanctions risk management policy;
- 10.3.12. Whistle-blowing policy;
- 10.3.13. Equality, diversity and inclusion policy

Date of entry into force: 2021.03.10.

Document approved by: Supervisory board

Document editing information

| Editorial date | Editorial number | Changes |
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