



SUSTAINABILITY REPORT

2022

CONTENTS

CEO statement	3
DelfinGroup at a glance	4
Materiality assessment	6
Compliance with UN goals	6
Sustainable development strategy	7
ESG risk assessment	8
Environment	9
Circular economy	10
Social responsibility	11
Customers	13
Corporate governance	14

Welcome to AS DelfinGroup third consolidated environmental, social responsibility, and governance (ESG) report. This report introduces DelfinGroup strategies and activities that promote sustainable company development, corporate governance, and thoughtful social responsibility.

This report meets the Nasdaq Reporting Guide 2.0 guidelines, the Greenhouse Gas Protocol (GHG Protocol) calculation methods, and the UN Sustainable Development Goals (SDGs).





Didzis Ādmidiņš, CEO

In the past year, we have successfully continued the development of DelfinGroup and fulfilled our mission - to create and provide innovative and custom financial solutions for every customer. We aim to lead the fast-growing, dynamic, and changing financial technology industry, attracting the most vital talent and offering widely used and modern financial products. We provide our customers with customized online and face-to-face services, allowing citizens to choose more understandable and convenient ways of receiving services. DelfinGroup has always paid increased attention to making our services available to the widest possible part of society, including in the regions of Latvia.

One of our strategic ambitions is to promote the circulation of pre-owned goods, promoting the circular economy culture in society. The Banknote concept developed by DelfinGroup offers both in-person and remotely the opportunity to sell or buy useful things for secondary use. We have created the Lietots.Pārbaudīts initiative, within the framework of which every item that enters the Banknote store is professionally checked and, if necessary, repaired. This initiative allows us to offer a guarantee on an item we sell. Currently, there is a high demand for pre-owned goods. Thanks to this, we are actively developing another business line - purchasing of goods. DelfinGroup aims to become the primary ambassadors of the circular economy in the region, promoting the circulation of pre-owned goods and the rational use of resources and creating public awareness of an environmentally friendly lifestyle. There are more than 90 Banknote financial service and product sales points in Latvia, with a comprehensive representation directly in regions and small towns. In some places, our branches are the only or one of the few dealers of electrical goods and jewelry and, at the same time, a financial services institution. Taking care of the environment, we gradually prefer energy generated from renewable resources in a nature-friendly way. Thus, in 2022, DelfinGroup central office was fully supplied with green electricity, but as of April 1, 2023, 45 DelfinGroup facilities switched to green electricity.

In corporate governance, we remained open and transparent with our investors, employees, regulators, suppliers, and the wider public.

We aim to create a sustainable society, provide people with opportunities and promote inclusion, diversity,

equality, and well-being, which is why we have financially supported several disadvantaged social groups. In 2022, we increased donations to improve senior opportunities, provided the Children's Hospital with a bicycle ergometer, and supported low-income households. Responding immediately to Russia's aggression against Ukraine, from the first days of the war in February 2022, DelfinGroup actively supported Ukraine - its defenders and the country's residents who suffered or were forced to flee. We have donated more than 250,000 euros to the Children's Hospital Foundation, the Entrepreneurs for Peace Foundation and the TEV Association.

There is a feeling of a job well done regarding the achieved business results. In 2022, DelfinGroup issued loans amounting to 80.3 million euros, which is 62% more than in 2021, while the retail of pre-owned goods increased by 27%, reaching 11.4 million euros. The results show that our operational strategy, developing versatile financial solutions, is correct. This year too, we will emphasize developing the circular economy concept and trade in pre-owned goods.

Entering the regulated market of Nasdaq Riga in 2021, DelfinGroup created a unique dividend policy for the Baltic stock market - Company promised to pay shareholders quarterly dividends of up to 50% of the quarterly profit. In 2022, we fulfilled our promise by making 6 dividend payments of more than EUR 5 million or 0.1197 euros per share, which provided the Company's shareholders with an excellent yield of 8.1%.

In addition, last year, we conducted two webinars for investors and interested parties about the Group's financial and business results. Furthermore, we held five shareholder meetings, inviting shareholders to express their opinion in person and remotely. We also participated in several events organized by the Fintech Latvia Association, where DelfinGroup experts shared their experiences and knowledge.

In the past year, we have significantly strengthened the management team of DelfinGroup with strong industry professionals and have focused on increasing employee motivation. In 2022, to continue developing simple, customer-adapted, and technology-based financial services, we have created a new position - Chief Innovation Officer, whose task is to promote introducing innovative fintech technology solutions in the Group to participate in the creation of strategic development.. In addition, as part of the long-term employee motivation program, we introduced a staff option program to promote belonging to the Group. We value every employee's contribution to the Group's development, so we provide the opportunity to voluntarily participate in the staff option program for employees at all job levels who have worked in the Company for at least 12 months. Now our employees will be able to earn additional wages along with the Group's development. A total of 450 thousand Company shares will be issued as part of the program.

Based on the business and financial results of 2022, as well as setting the Group's strategic priorities and forecasts until 2025, we are in a solid position to continue the growth of DelfinGroup.

I want to thank every investor, customer, and employee who believed in the DelfinGroup story and continues to do so. Thank you for your trust!

DELFINGROUP AT A GLANCE

DelfinGroup is a Latvian fintech company offering affordable, simple, consumer-oriented financial and pawnshop services. In addition, to promote the circular economy, DelfinGroup purchases and sells pre-owned goods.

DelfinGroup has a wide network of branches and robust online services that ensure accessibility for everyone. Customers can receive their services using a mobile application, website, online store, or one of more than 90 branches throughout Latvia.

Brands:

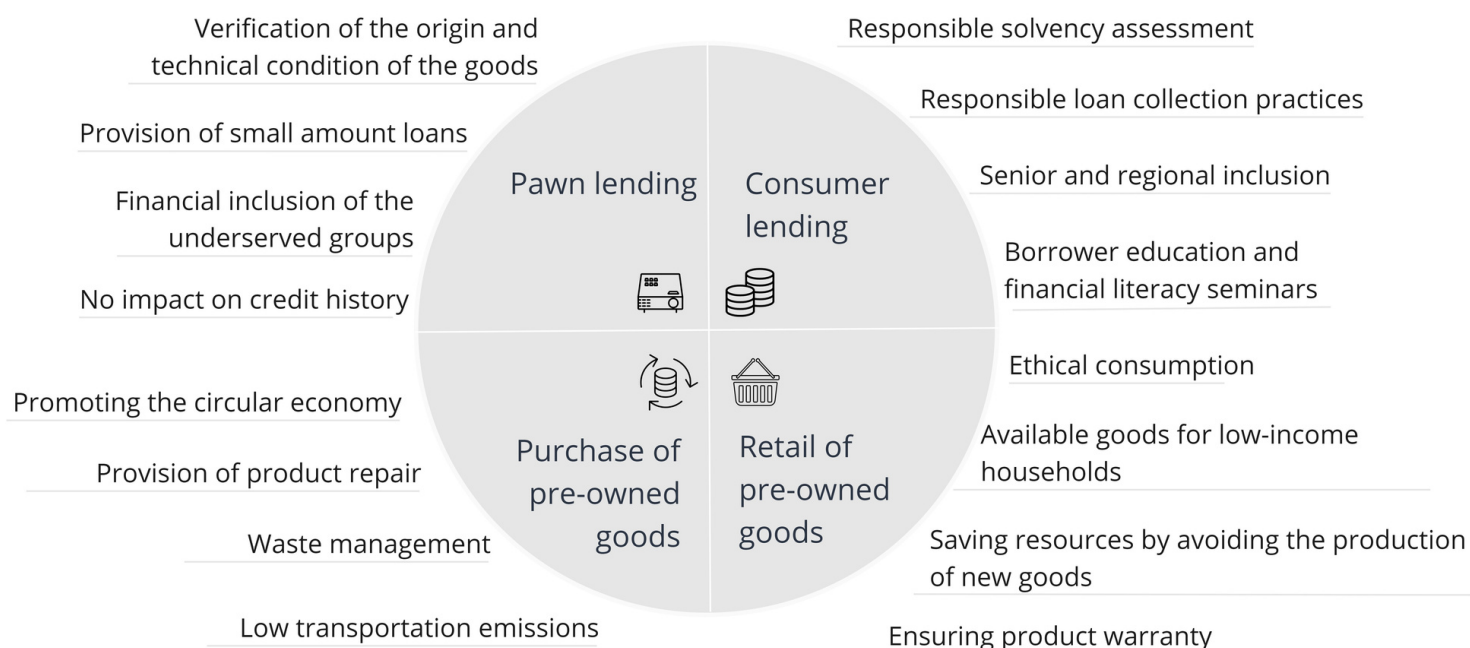
Banknote **VIZIA**



Highly rated Company:

- One of the founders of the Fintech Latvia Association and a member of several working groups important to the industry
- Member of the Latvian Chamber of Commerce and Industry since 2015
- Gold level cooperation with the State Revenue Service since 2019
- Member of the Baltic Institute of Corporate Governance since 2020
- Award of the Latvian Traders Association in 2021
- Award of the Latvian Corporate Governance Advisory Board in 2021 for the most successful supervisory board selection
- Sustainability Index Silver level in 2021
- Family-friendly workplace status from 2022

Main business segments and their sustainable impact:



300+ employees	90+ branches	400k+ customer base	The amount of dividends is up to 50% of the previous quarter's profit
6000+ shareholders	6 dividend payments in 2022	8 bond issues	90k+ active Mintos investors since 2016
67.5* mEUR loan portfolio	7.3* mEUR PBT	65+ mEUR market capitalization	13 years working with profit

*by the end of 2022

Industry data

Over the past six years, DelfinGroup has shown a stable increase in the market share of consumer loans and has become one of the industry leaders. The market share of DelfinGroup consumer loan portfolio increased to 14.5% in the 2022, and the consumer loan issuing market share increased to 14.7%.

DelfinGroup has taken a leading position in the pawn loan industry in Latvia. DelfinGroup pawn loan portfolio and issuance comprised more than half of the Latvian industry in 2022, or 52.8% and 54.4%, respectively.

Stakeholders

The Company's main stakeholders are shareholders, investors, employees, regulators, customers, suppliers, and other cooperation partners. The Company actively engages with stakeholders and constantly reviews its engagement mechanisms to ensure maximum effectiveness.

In communication with the stakeholders

The Nasdaq Baltic stock exchange website, the most popular social networks, the DelfinGroup website, which has an investor and press release section, and various media - TV, radio, and other media- are used to communicate with the Company's interested parties. In addition, DelfinGroup representatives actively participate in multiple forums and conferences. As a member of the Fintech Latvia Association, DelfinGroup representatives regularly participate in public events organized by the association:

- "Life before and after the IPO";
- "The pulse of Latvian Fintech and beyond";
- "Cyber Security Trends and Challenges in the Fintech Industry";
- "Social engineering - unlimited opportunities for fraud or lack of financial literacy."

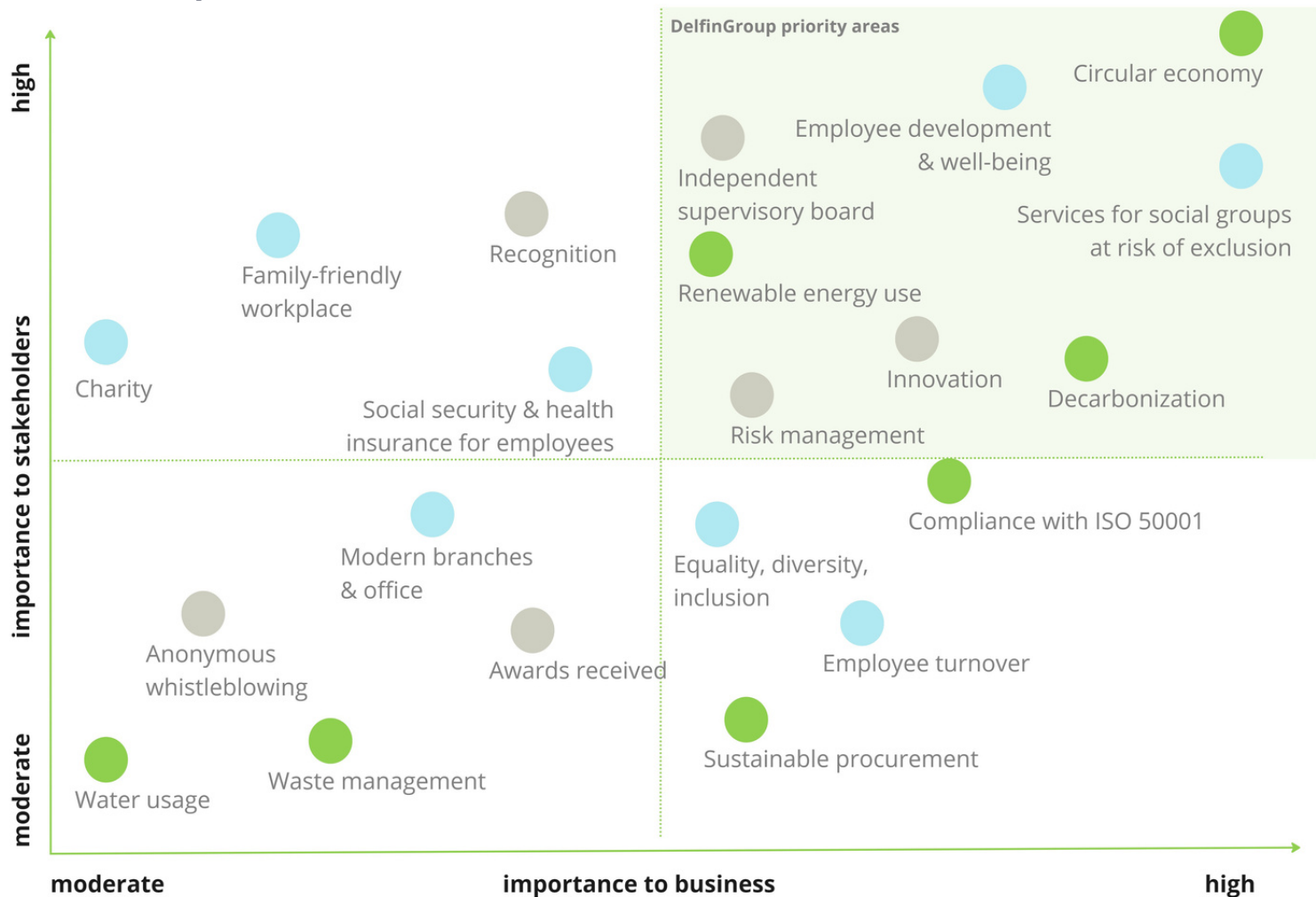
The Company's experts participated in creating a rubric that promotes an understanding of the current affairs of the capital market in Latvia. Furthermore, to promote awareness and inclusion, in cooperation with the Association of Latvian Senior Communities, company representatives conducted lectures on financial literacy for the less protected population group in Latvian society - seniors.

During the reporting year, DelfinGroup organized five shareholder meetings and two investor webinars. Furthermore, to educate the public, the Company's experts participated in the "How to properly invest and buy shares" conference organized by Dienas Biznesa. In addition, to inform shareholders and the general public about the development of DelfinGroup, company representatives participated in a conference organized by the Investors Club.

Shared priorities of stakeholders and business

In 2022, to find out the sustainability-related values of DelfinGroup stakeholders, we created a survey inviting all the Company's stakeholders to fill out. As a result of the survey of internal and external stakeholders as well as the business needs assessment, we compiled a matrix of ESG values.

Shared ESG priorities of stakeholders and business



- Environment
- Corporate governance, innovation
- Social responsibility

Compliance with the UN Sustainable Development Goals

DelfinGroup ESG priority areas are in line with the United Nations Sustainable Development Goals (UN SDGs). DelfinGroup integrated the UN Sustainable Development Goals into its strategy, realizing which UN goals are most relevant to DelfinGroup business and how DelfinGroup responsible actions can contribute to achieving the 2030 Sustainable Development Goals announced by the UN.

ENVIRONMENT

Decarbonization
Renewable energy usage
Circular economy



SOCIAL RESPONSIBILITY

Services for underserved social groups
Employee development & well-being



GOVERNANCE

Governance
Innovation



DELFINGROUP SUSTAINABLE DEVELOPMENT STRATEGY

Long-term goals/tasks	Status
Climate neutrality	
Employee training on energy efficiency and responsible use of energy resources	ongoing
Replacing equipment with more energy-efficient ones, energy-efficiency branches	ongoing
Switching of electricity contracts to the use of renewable electricity	done
Inform society about the positive impact of the circular economy on the environment	ongoing
To encourage people to adopt new habits – sell unnecessary things at the Banknote branch or online platforms, instead of throwing them away	ongoing
Expand the assortment of acceptable goods	ongoing
To develop channels for buying and selling goods	new target, included in 2023
Develop a CO2 handprint calculator for calculating the positive impact on the environment	new target, included in 2023
Employee well-being and development	
Provide fully or partially paid health insurance for employees	ongoing
Provide regular basic health checks for employees	ongoing
Regularly conduct employee training on work safety	ongoing
Implement the Talent Management	new target, included in 2023
Reducing inequality	
Inclusion of seniors in economic life by offering financial services tailored to seniors	ongoing
Avoid any kind of discrimination based on the loan size	ongoing
Sale of pre-owned goods at average lower prices than in traditional stores increases the possibility of purchasing goods for low-income households	ongoing
Organize financial literacy events for seniors	ongoing
Publish financial literacy promotion materials on the website and branches	ongoing
Carry out community support following DelfinGroup corporate social responsibility policy	ongoing
Corporate governance	
Maintain full transparency (Financial results, Sustainability report, strategy, and planned results)	ongoing
Provide 100% staff training on the DelfinGroup Code of Ethics	ongoing
Provide 100% staff training on Whistleblowing	ongoing
Innovation	
Introduce a Research and Development Laboratory for basing business processes on IT innovations and data engineering	new target, included in 2023
Develop services - digitize, automate, thereby reducing the impact of services on the environment and increasing service availability	ongoing

ESG RISK ASSESSMENT

Key ESG risks	Risk management
Retail	
Promotion of excessive consumption; Unverified origin of goods; Significant CO2 emissions related to the transportation of goods; Poor quality of goods;	DelfinGroup, purchasing pre-owned goods, allows customers to get rid of goods they no longer use in the household. Every purchased item is registered, and its origin is carefully checked according to the guidelines. DelfinGroup business model assumes that a bought item is usually listed for sale in the same place in the branch and the online store, thus reducing transport-related CO2 emissions. DelfinGroup inspects and, if necessary, repairs.
Consumer lending	
The borrower is unable to repay the loan; The borrower's income is not regular; Incorrect assessment of the borrower's solvency; The borrower does not understand the loan repayment terms;	DelfinGroup evaluates each customer's credit history and total credit burden. The ability to repay the loan is calculated, considering only the consumer's verifiable and official income. Before concluding the contract, the loan terms are explained to the customer.
Pawn lending	
Unknown collateral origin; The collateral has hidden defects; Collateral is incorrectly valued; A juvenile receives a pawn loan;	The document is requested before collateral acceptance. The customer's data and the product are registered. The Company's trained specialists check all goods, and in case of damage, the goods are repaired in the Company's workshops. A pawnshop loan is not available to juveniles.
Branch network, face-to-face services	
High energy consumption for maintaining a wide network of branches; Difficult management;	DelfinGroup operates according to ISO 50001 energy efficiency standards and has implemented effective company energy management. All branches of the Company are divided into groups managed by a group manager, thereby streamlining branch management. Also, the Company has an organized quality management system and operates according to ISO 9001 quality management standards.
IT, providing online services	
Disclosure of sensitive data; Disclosure of customer data; Risk of cyber attacks;	Privacy policy implemented. Cybersecurity training for all employees is ongoing. Multi-factor authentication process implemented. Network auditing and autonomous response system implemented. Cloudflare solution implemented.

ENVIRONMENT

E1 GHG emissions, E2 GHG emission intensity

Greenhouse gas (GHG, CO₂) emissions are important drivers of climate change and global environmental health. DelfinGroup prioritizes the care and protection of the environment. The calculation of generated emissions is performed in accordance with the greenhouse gas protocol corporate accounting and reporting standard (GHG Protocol Corporate Accounting and Reporting Standard). [1]

	2021.	2022.
Scope 1, tCO ₂	112	112
Scope 2, tCO ₂	117	120
Total, tCO ₂ Scope 1 + Scope 2	229	232
Scope 3*, Employees mobility, tCO ₂	206	306
Total, tCO ₂	465	572
Scope 1 un Scope 2 tCO ₂ emissions per 1 000 EUR revenue	0.009	0.007
Scope 1, Scope 2 un Scope 3 tCO ₂ emissions per 1 000 EUR revenue	0.018	0.016

Scope 1 calculation includes the emissions generated by the DelfinGroup fleet (company-owned fleet and leased fleet).

The Scope 2 calculation includes emissions from electricity and heat generated in the DelfinGroup office and branch network.

*Scope 3 calculation included emissions linked to employee mobility. In 2021, employee mobility emissions were 206 tCO₂, and in the reporting year 306 tCO₂. The increase is due to the lifting of Covid-19 restrictions in 2022. To reduce these emissions, DelfinGroup provides administrative employees with remote work options, and branch employees choose the workplace closest to their residence. To reduce greenhouse gas emissions, DelfinGroup will use strategies with the following priority: Refuse-reduce-replace-compensate.

As of 2022, the DelfinGroup head office now uses green electricity, resulting in zero emissions from electricity consumption at the location.

DelfinGroup considers the emissions its suppliers and employees created to be more critical Scope3 categories. The largest group of suppliers is "Suppliers-Customers." Regarding the specifics of the Company's operation, goods that go on sale in branches are delivered by customers of DelfinGroup Purchase service or Pawnshop loan service. Moreover, considering a wide network of branches, goods are usually delivered to the branch closest to the customer, thus ensuring a sustainable practice of goods delivery.

Continuing sustainable practices, on April 1, 2023, 45 DelfinGroup objects switched to 100% green electricity produced in Latvia, significantly reducing Scope 2 emissions in 2023. Heat energy consumption has gradually increased in 2022, while the transport category has remained unchanged. The rise in energy usage is due to the easing of Covid-19 restrictions.



E3 Direct and indirect energy consumption, E4 Energy intensity

Based on the collected data, the Company's direct energy consumption amounts to 435 MWh or 26% of the total direct and indirect energy consumption. Electricity is the main source of energy consumption for the DelfinGroup office and branches, accounting for 37% of the total indirect energy consumption. However, 5% of this electricity is sourced from green energy. In general, in the reporting year, direct and indirect energy consumption has increased by approximately 70 MWh compared to 2021. In addition, at the beginning of 2023, 45 Banknote branches, where the Company could determine the electricity supplier, switched to green electricity supply.

	2021.	2022.
Direct energy consumption, MWh		
Fleet	433	435
Indirect energy consumption, MWh		
Electricity	668	610
Renewable electricity	-	33
Heat energy	475	567
Total, indirect and direct consumption, MWh	1576	1645
MWh per 1 000 EUR revenue	0.062	0.046

[1] In the reporting year, Scope 2 calculations were improved by adjusting current emission factors, and Scope 1 calculations were supplemented with consumed fuel from lease agreements.

E5 Main sources of energy

The ability of a business to operate is directly affected by the cost, source, availability, and sustainability of energy. Therefore, it is critical to monitor and reduce these indicators. In the previous chapters, we discussed how much energy DelfinGroup consumes. The tables below provide a more detailed breakdown of their resource usage.

	2021.	2022.
Fleet		
Diesel fuel, MWh	317	337
Gasoline, MWh	86	56
Total, MWh	434	435
Electricity		
Electricity consumption in the office, MWh	31	33
Electricity consumption in branches, MWh	637	610
Total, MWh	668	643
Average consumption per m2, MWh	0.107	0.099
Heat energy		
Wood briquettes, MWh	-	22
Gas, MWh	160	143
Central heat supply, MWh	315	402
Total, MWh	293	363
Average consumption per m2, MWh	0.073	0.085

E6 Water consumption

Water is a vital source that supports important natural processes. In the past year, DelfinGroup has been tracking its water usage. As a result of the Company's operations, a total of 1390 m3 of water was consumed in 2022. This translates to an average of 4.6 m3 per employee and 0.25 m3 per m2.

E7 Environmental policy and management

Since 2017, DelfinGroup maintains an energy management system in accordance with the requirements of the ISO 50001:2015 standard "Energy management systems. Requirements and instructions for use", and the accredited certification organization Bureau Veritas Latvia has certified the effectiveness of the system with a certificate.



E8, E9 Climate risk management

Risk management is a continuous enterprise management process involving all DelfinGroup process managers. Risk assessment is an integral part of DelfinGroup strategic decision-making, at all levels of DelfinGroup management. More details "ESG RISK ASSESSMENT" section.

E10 Investments to reduce climate impact

In the reporting year, DelfinGroup has invested more than 220 thousand euros in the restoration of broken goods and their sale, thereby extending the life cycle of goods, reducing the amount of goods ending up in landfills, as well as preserving the emissions and resources that would arise if the goods had to be produced anew. On April 1, 2023, DelfinGroup has concluded a contract with the electricity supplier, switching the contract to the Green electricity tariff in 45 DelfinGroup facilities.

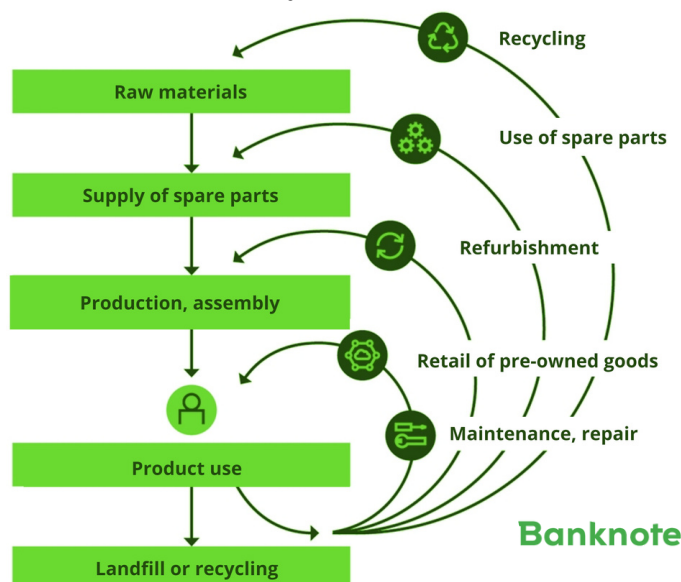
Circular economy

A large segment of DelfinGroup business consists of buying and selling used goods. DelfinGroup specialists evaluate each product and, if necessary, repair the damage so that DelfinGroup can provide a warranty. By accepting and selling pre-owned goods, DelfinGroup extends the life cycle of goods and reduces their premature disposal. Choosing to purchase a used product instead of a new one can help conserve natural resources and prevent the generation of new greenhouse gas emissions that are typically associated with the production and transportation of new products. In 2022, DelfinGroup sold more than 70 thousand used goods. DelfinGroup internal calculations based on estimates show that the sale of pre-owned goods on the secondary market made it possible to avoid 5,437 tons of GHG emissions, the same amount as 1,316 Latvian residents produce in a year.

DelfinGroup believes that any used property has value, and the goal of DelfinGroup is to encourage the people of Latvia not to throw away used parcels but to find a new owner for it.

Linear and circular economies

By buying pre-owned goods, DelfinGroup returned them to various stages of the linear economy, thus contributing to the circular economy.



SOCIAL RESPONSIBILITY

S1 Manager's remuneration indicator

When determining the manager's salary, the person's education, professional skills, competences, job duties, level of responsibility, as well as the situation in the labor market and the financial position of DelfinGroup are taken into account. In 2022, the ratio of the total remuneration of the chairman of the board to the remuneration of other full-time employees was 9.6:1.

[Remuneration report](#)

S2 Employee remuneration indicators

In 2021, the gender pay gap in the Latvian financial sector was 30.4%*.

Overall, DelfinGroup gender pay gap in 2022 was 35% (median).

To ensure fair remuneration practices, DelfinGroup has developed and implemented [Remuneration policy](#).

S3 Workforce rotation

DelfinGroup regularly invests in the development and training of employees' competencies, providing them with the necessary and up-to-date knowledge for their work. Persons without previous experience who apply for the position of customer service specialist are provided with a high-quality and complete training cycle, which helps employees to become competent specialists with knowledge in product evaluation and other competencies. The Company's training department also organizes personality development courses, team-building activities and other necessary training to improve the quality of work. DelfinGroup is aware of the requirements of the modern labor market in the context of continuous professional development and promotes the development of knowledge for employees of all levels. In the reporting year, the Company provided more than 100 different types of internal and external training.

The Company cares about the daily well-being of its employees, which is why DelfinGroup can be proud of its "Family Friendly Workplace" status, which indicates respect for employees' time outside of work duties. Employees have the opportunity to choose a more convenient working time for themselves, as well as the possibility to work remotely.

For 3 months a year, employees have the opportunity to work remotely from another country. In order for employees to have the opportunity to spend more time with their loved ones, working hours are shortened by two hours every Friday during the summer season.

Employee turnover rate:

	2020, %	2021, %	2022, %
Total	26	34	24

S4 Gender diversity

The proportion of women working at DelfinGroup has increased over the past three years. In 2022, the composition of the Company's board was supplemented by Sanita Zitmane, who is a competent and experienced fintech manager. The addition of Sanita Zitmanes to the DelfinGroup team contributed to changes in the gender ratio of the board.

DelfinGroup gender diversity, female/male:

	F/ M, % 2020.g.	F/ M, % 2021.g.	F/ M, % 2022.g.
Supervisory board	50/50	0/100	0/100
Management board	0/100	0/100	33/67
Administration	49/51	54/46	49/51
Branches	47/53	59/41	64/41
Total	48/52	56/44	59/41

S5 Part-time employees

DelfinGroup employed only full-time employees in the reporting year.

S6 Principle of non-discrimination

DelfinGroup stands against any form of discrimination. The Company provides equal opportunity and treatment to all employees, observing all the requirements stipulated in the regulatory acts of the Republic of Latvia. DelfinGroup has developed and implemented Code of Ethics, Equality, Diversity and Inclusion Policy, with which all employees have been introduced.

The Company is a responsible taxpayer, having obtained SRS gold status, and all DelfinGroup employees are provided with state social guarantees that provide support in various life events, such as: illness, unemployment, work injuries, disability, pregnancy, childcare leave and retirement. Not only women but also men can go on childcare leave. In the reporting year, one male employee of DelfinGroup has used this option. DelfinGroup evaluates its employees according to their suitability for the position, knowledge and experience; in the reporting year, one Ukrainian citizen added to the Company's team.

S7 Injuries at work

The safety of DelfinGroup employees is a company priority, so employees are provided with working conditions in accordance with all regulatory acts, as well as regular training is carried out to reduce workplace injuries to zero. DelfinGroup long-term goal is to maintain zero workplace injuries.

S8 Health policy

To take care of the health and safety of employees, DelfinGroup has developed several internal safety instructions, procedures and training. When starting work at DelfinGroup, every employee is introduced to and acknowledges their familiarity with the Internal. During the reporting year, the Company offered its employees the chance to obtain health insurance after completing their probationary period. This was done to ensure that employees had access to the necessary health care and prevention measures. Considering the fast pace of today's world and its various effects on people's mental health, DelfinGroup employees are paid psychologist consultations.

S9 Child employment and forced labour

DelfinGroup strongly opposes forced labor and child labor and does not engage in such practices.

S10 Respect for human rights

Respect for human rights is a non-negotiable core value of a responsible company. DelfinGroup respects the basic human rights enshrined in the European Social Charter, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the Constitution of the Republic of Latvia and other regulatory acts in the Republic of Latvia. The Company guarantees respect for human rights at all levels. DelfinGroup guarantees and continues to undertake to ensure that no human rights violations have been and will not be committed in the future. In case of any violation, employees are provided with the opportunity to safely report it through the whistleblowing developed by DelfinGroup.

Support for society and public organizations

The Equality, Diversity and Inclusion Policy developed in the Company applies not only to DelfinGroup employees, but also to customers, cooperation partners and the organizations we support.

To ensure transparent donation practices, the Company has developed and published Corporate Social Responsibility Guidelines.

As part of its social responsibility initiatives, the Company donates financial resources to the Association of Latvian Senior Communities to improve the medical and technical equipment of social care institutions throughout Latvia, as well as provide an opportunity for seniors to acquire the knowledge and competences needed today, incl. promoting senior financial literacy. Since the start of cooperation with LSKA, assistance has already been provided to 20 social care centers throughout the territory of Latvia. The goal of the long-term partnership is to improve the quality and conditions of life for seniors, as well as to expand opportunities in the long term.

The Company aims to play an active role in building a sustainable society by empowering people and promoting inclusion, diversity, equality and prosperity. In the reporting year, DelfinGroup has provided financial support to several social groups: seniors, children, poor families, as well as other least protected groups.

The support provided in 2022:

Seniors (especially single seniors)
The allocated funds were used: Social support measures; For the education of seniors; To create socialization opportunities; Provision of social care centers with aids; To ensure the operation of the association; To strengthen the opportunities for advocacy of the interests of seniors.
Children
A bicycle ergometer was purchased for the children's hospital
Low-income households
A stove was built for a large family from Vaiņode;
Other groups in society who are the least protected and have limited opportunities to stand up for their rights
<ul style="list-style-type: none">• Associations that have received a total of 255,000 EUR in donations to help support both defenders and citizens of Ukraine:• Children's Hospital Foundation;• Entrepreneurs for Peace;• Society TEV;• Ziedot.lv.

G7 Data protection and privacy

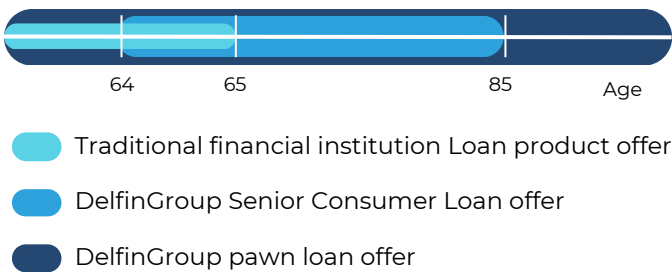
Data security, protection and privacy is DelfinGroup priority. A multi-factor authentication process was implemented to improve protection against account takeovers. The network auditing and autonomous response system provides better visibility into the IT infrastructure, which enables a quick response to various cyber attacks. Cloudflare's solution has been implemented for public resources, which filters, blocks and checks Internet requests that raise suspicions about its legitimacy. DelfinGroup values the data protection of employees, customers and other interested parties, so the company has developed several instructions and policies that strictly define data processing processes to ensure quality data protection. DelfinGroup privacy policy can be found in more detail here: [DelfinGroup | Privacy Policy](#)

CUSTOMERS

Mitigation of discrimination is set as one of the strategic priorities of DelfinGroup Sustainability. In the sustainable development goals declared by the UN, separate p.1.4.1 separate equal rights to economic resources, as well as access to financial services, incl. micro-financing provision. In the financial services industry, there is still a tendency not to serve senior citizens or low-income residents of Latvia, or those customers who need a relatively small amount of loans. Also, with the rapid digitization process, the biggest players in the financial industry have moved the provision of services to online channels, leaving face-to-face service branches only in big cities.

Inclusion of seniors

The desires of modern seniors to be full participants in economic life are becoming more and more relevant. DelfinGroup offers a consumer loan designed especially for seniors, promoting the inclusion of seniors in economic life. The consumer loan is available for new customers up to the age of 80, and for existing customers up to the age of 85. DelfinGroup offers a pawn loan to any person over the age of 18, without further age restrictions.



Providing equal opportunities to customers who need small amount of loans

A group of society that needs a relatively small amount of loans faces difficulties in getting the service it needs. Basically, the only possibility for a customer to get a loan of less than 100 euros is to use a Lombard loan by pledging his belongings. Otherwise, using traditional loan products from financial institutions puts unnecessary financial burden on the consumer. The Lombard loan product offered by Banknote is able to meet the needs of consumers for relatively small amounts, and also shows how much customer demand there is for this type of service. DelfinGroup pawn loan statistics by small loan amounts, number of transactions per year:

Transaction amount	2021., transaction count, thousands	2022., transaction count, thousands
0-49.99 EUR	92	104
50-99.99 EUR	50	64
Total, transactions under 100 EUR	142	168

Inclusion of regions

DelfinGroup is the largest financial services network in Latvia, which also operates in the regions of Latvia, thereby promoting accessibility and inclusion in society. Often, a Banknote branch is the only available store in the region where you can buy the non-food items you need.



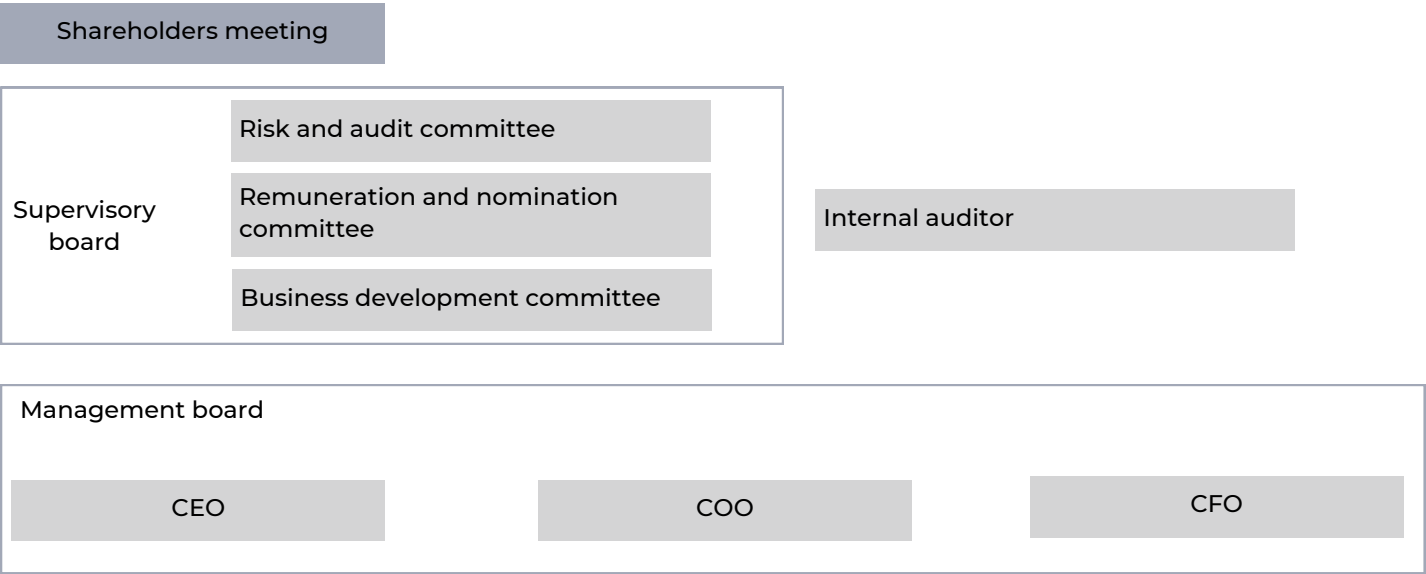
Ensuring equal opportunities for low-income households

By promoting circular economy - buying and selling used goods, DelfinGroup offers its customers to buy the daily goods they need, including the things needed for studies nowadays, such as a computer, or garden and construction equipment needed for outdoor work at affordable prices. In addition, goods sold in Banknote are guaranteed, as well as the possibility of purchasing the product in installments. Buyers who purchase goods at DelfinGroup branches are issued a receipt and secured warranty up to two years, just like any other retail store. DelfinGroup is confident in its products because professional appraisers carefully check the delivered goods. When shopping at DelfinGroup branches, customers can avoid the risk of fraud or discrepancies between the ordered and received goods. For the issuance of pawn loans and the use of buying services, the Company requires an identity document for each seller of goods, and each transaction is registered. Before issuing a consumer loan, the solvency of each customer is always strictly evaluated.

CORPORATE GOVERNANCE

DelfinGroup organizational structure

DelfinGroup governance is ensured by 3 levels of decision-making – at Shareholders' meetings, Supervisory board meetings and Management board meetings.



Shareholders meeting

In 2021, DelfinGroup has become a public joint-stock company, whose shares are listed on the Nasdaq Riga stock exchange and are included in the Baltic Official List. As a result of the IPO, the Company attracted almost 6,000 new shareholders.

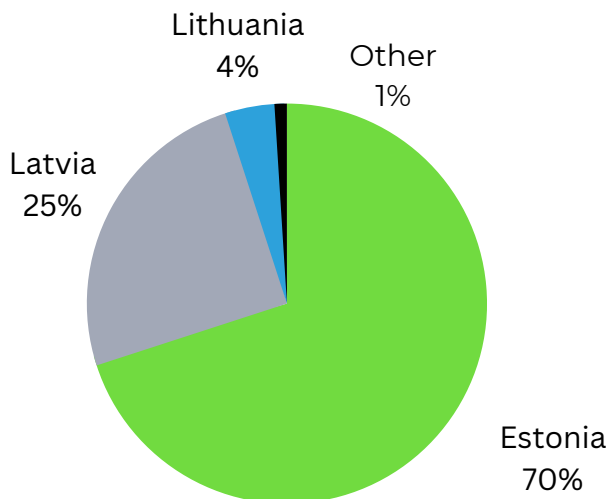
DelfinGroup holds quarterly shareholders' meetings based on DelfinGroup Dividend Policy, which establishes a regular dividend payment procedure. Considering the large number of shareholders, shareholder meetings are held in a hybrid format with the possibility of participating in meetings remotely or in person.

2022 Statistics of shareholders' meetings:

Regular meeting – 1;

Extraordinary meeting - 4.

Shareholders geography



Supervisory board

The board of DelfinGroup was selected in an international competition. In order to check the competence, reputation and potential risk of conflict of interest of the candidates, an independent personnel management company participated in the selection of the board.

According to the independence criteria of the Latvian Corporate Governance Code, 3 out of 5 DelfinGroup board members are independent.

The Board oversees three committees: Audit and Risk Committee, Remuneration and Nomination Committee, Business Development Committee.

DelfinGroup has an Internal Auditor who is functionally independent from the Board and reports directly to the Board.

Management board

The Management board is the executive body that directs the day-to-day commercial activities of DelfinGroup.

The Management board is elected by the Supervisory board. Candidates are selected, ensuring compliance with the principles of diversity and based on the criteria of professionalism and competence.

More detailed information about the board members can be found at: <https://www.DelfinGroup.lv/people>

Supervisory board



Agris Evertovskis

- Chair of the Supervisory board



Gatis Kokins

- Independent board member
- Deputy chair of the Supervisory board



Mārtiņš Bičevskis

- Independent board member
- Chair of the Remuneration and Nomination Committee



Edgars Voļšis

- Independent board member
- Chair of the Audit and Risk Committee



Jānis Pizičs

- Chair of the Business Development Committee

Management board



Didzis Ādmidiņš
CEO



Sanita Zitmane
COO



Aldis Umblejs
CFO

G3 Management's motivation to achieve non-financial goals

The Management board has developed, and the Supervisory board has approved the Company's strategy, which includes non-financial goals. They affect both environmental (responsible use of natural resources, promotion of circular economy), social (care for employees and broader society, promoting equality, inclusion), and corporate governance (transparent processes, decision-making algorithms) aspects. The board is responsible for the execution of the strategy.

G4 Collective agreement and trade union

Although the Company does not have a collective agreement or a trade union, employees are not prevented from joining any freely chosen trade union.

G5 Evaluation of suppliers

The specificity of DelfinGroup business determines that the largest group of suppliers are also DelfinGroup customers - individuals. Customers of the purchasing service are suppliers of the retail segment. DelfinGroup ensures the origin of any property is verified and the owner is registered and confirmed before accepting any good. This makes the buying experience safer and more convenient compared to purchasing goods directly from individuals.

When making purchases from legal entities, all available offers from suppliers are initially evaluated, incl. taking into account their compliance with environmental and social criteria as well.

G6 Code of Ethics and anti-corruption

DelfinGroup and its employees adhere to the principle of fair competition and do not engage in unfair business practices, enter into prohibited or collusive agreements that could limit the free trade of goods or services, artificially fix prices or areas of operation, or otherwise restrict competition. The DelfinGroup Code of Ethics mentions how to identify and how to act in situations related to corruption or bribery. DelfinGroup conducts regular employee trainings on the Code of Ethics; In case of violations, the information is evaluated by an employee independent of the management - an internal auditor.

G8 ESG progress reporting

This is DelfinGroup third report based on globally recognized ESG standards - Nasdaq 2.0, ESRS standards, and emission calculations are based on the GHG protocol. Every year, ESG indicators are published and approved on the official Nasdaq website, which can be viewed by all interested parties.

G9 Disclosure of information

DelfinGroup is a company whose shares are listed on the Nasdaq Riga stock exchange and included in the Baltic Official List, which requires the company to comply with strict requirements and regulations. The Company regularly publishes financial and non-financial reports, incl. Sustainability report.

G10 External validation of information

Every year, the Company conducts an energy efficiency audit, voting on which, also in 2022, the ISO 50001 license was extended. The audit was carried out by Bureau veritas.



Contacts

AS DelfinGroup webpage: www.delfingroup.lv

AS "DelfinGroup"

Legal address: Skantes iela 50A, Rīga, Latvia, LV-1013

E-mail: info@delfingroup.lv

Subscribe:



LinkedIn



Facebook