



# SUSTAINABILITY REPORT

2023

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Welcome to DelfinGroup fourth consolidated Environmental, Social Responsibility and Governance (ESG) report.

This report is designed to provide DelfinGroup investors, customers, employees and other stakeholders with an overview of company's strategies and activities that contribute to sustainable development, fair corporate governance and sound social responsibility.

The Nasdaq Reporting guide 2.0, GHG Protocol calculation methods and the UN Sustainable Development Goals (SDGs) were used to develop this report.





## CEO statement

Dear reader,

Looking back at the past year, we are proud to say that DelfinGroup continued to confidently pursue its strategy and mission, maintaining its position as the market leader. Our main goal has been and will continue to be to promote financial inclusion and make sustainable consumption more accessible. Throughout the year, we have focused on product digitisation and systems improvements, thus maintaining our market leadership position.

In line with our strategic objectives, we have launched our activities in the Lithuanian market. This is a significant milestone in the history of the organization, as it is the first time we have expanded beyond the borders of Latvia. The launch in Lithuania is a strategic move towards a broader presence in the European market and easier access to our innovative financial and retail services. We are proud to introduce our unique Banknote store network to the Lithuanian market. With the opening of five branches in Vilnius and an online shop, we have started to offer Lithuanian customers a diverse and competitive range of financial solutions and sustainable services. We are pleased to say that this successful expansion is based on our 15 years of experience and the expertise of our team as the market leader in Latvia.

One of the driving forces behind our activities last year was digitalisation. Our remote buying has simplified the process of reselling goods and supported the principles of the circular economy. This solution provides a unique opportunity for our customers to sell used and working goods in the digital space, facilitating the recycling of goods and enabling customers to generate additional income.

**Didzis Ādmīdiņš**  
Chairman of the Management Board of AS DelfinGroup

We are really proud that at the end of 2023, our employees have become shareholders in the company - DelfinGroup employees had the opportunity to convert stock options for the first time last year, broadening the shareholder base while also strengthening employee loyalty to the company. We are committed to continuing the share option programme in 2024 and beyond, allowing employees to participate in shareholder meetings, decide on the future of the company and benefit from share price changes and dividend distributions.

We are delighted to have received prestigious awards and certificates that demonstrate our commitment to excellence in sustainability and operational efficiency. One such recognition is the Gold rating in the Sustainability Index 2023, awarded by the Institute for Corporate Sustainability and Responsibility. This recognition highlights the role of sustainability in our external and internal processes and confirms our commitment to responsible business practices. In addition, we have renewed our ISO 9001 and ISO 50001 certifications, which confirm our continuous efforts to improve both our business processes and our environmental impact.

Looking ahead to 2024, DelfinGroup is poised for continued growth and innovation, including expanding our branch coverage in Lithuania. In the Lithuanian market, we plan to strengthen our presence in the pawn and retail segments, while continuing to add value to our customers.

I would like to express my sincere gratitude to our professional team, loyal customers and investors for their trust in DelfinGroup. Thanks to your trust, we have achieved remarkable results and overcome challenges. Looking ahead, I am confident that we will continue to seize opportunities and achieve our strategic goals.

# 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 and by the end of 2023 also in 5 Lithuanian branches.

Brands:

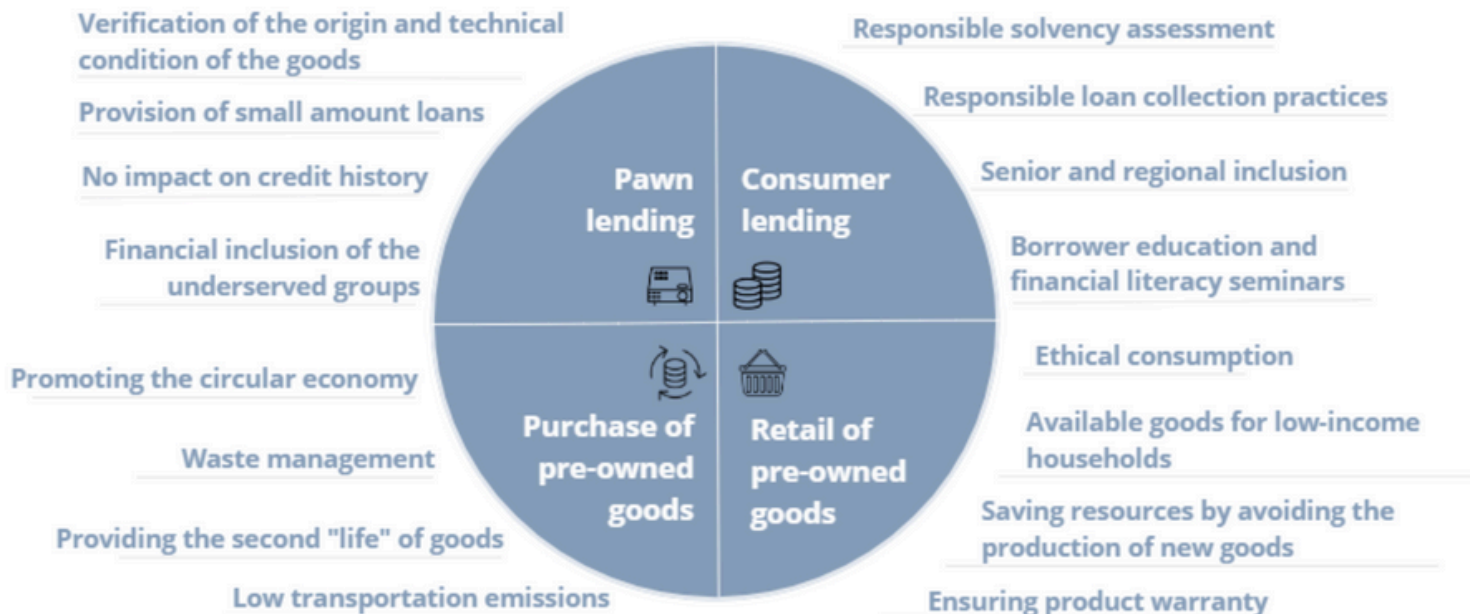
**Banknote** **VIZIA**

## Highly rated Company:

- One of the founders of the Fintech Latvia Association and a member of several working groups important to the industry
- 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
- Family-friendly workplace status from 2022
- Sustainability Index Gold level in 2023
- Mission zero member from 2023
- Participation in the CERT CVD coordinated vulnerability detection program 2023.06.-2024.12.



Main business segments and their sustainable impact:



300+ employees	90+ branches	0 workplace accidents	59k+ active customer
8000+ shareholders	4 dividend payments in 2023	11 bond issues	Working profitably for 14 years
89* mEUR net loan portfolio	+41k revenue growth in 2023	14% profit before tax growth	Dividenžu apmērs līdz 50% no iepriekšējā ceturkšņa peļņas

\*uz 2023.g beigām

## 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 was to 14.1%.

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 2023, or 52.5% and 56.6%, 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. Starting from the end of 2023, in connection with the expansion of the geography of DelfinGroup operations in Lithuania, the circle of interested parties has also increased accordingly.

## In communication with the stakeholders

The company's stakeholders are communicated through the Nasdaq Baltic website, the most popular social networks, the DelfinGroup website, which has an investor and press release section, as well as various media - TV, radio and other media. DelfinGroup representatives actively participate in various forums and conferences. As a member of the Fintech Latvia Association, DelfinGroup representatives regularly participate in public events organised by the Association. In 2023, the internal communication processes have been improved and streamlined, a new and convenient employee intranet site has been created, which serves to bring employees together and inform them in a timely manner about the company's news.

In the year under review, DelfinGroup organised four shareholders' meetings and two investor webinars. In order to inform shareholders and the wider public about DelfinGroup's development, company representatives participated in a conference organised by the Investors' Club.

In 2023, a strong focus was put on citizen surveys, with the aim of ascertaining the level of public knowledge about the circular economy and its benefits, as well as the habits of citizens in disposing of unwanted household goods and electrical goods.

## 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



## Double materiality assessment

In 2023, we have taken a step towards new Sustainability reporting standards and included double materiality assessments in the Sustainability Report.

The double materiality assessment process identified and assessed the business impact on the environment, society and economy. The purpose of dual materiality is to highlight the issues that have the greatest impact and develop strategies to improve sustainability.

### Steps for double materiality assessment:

1. Identification: identification of environmental, social and corporate governance issues according to DelfinGroup's business sector.
2. Prioritization: assessment of the importance of each identified issue, taking into account the financial aspect and its impact on the company and its stakeholders, and vice versa, the company's impact on the identified issues.
3. Evaluation: A detailed study of key issues to understand the nature and extent of their impact.
4. Action: development of an action plan for solving the essential issues.
5. Reporting: reporting on your sustainability activities and progress in addressing key issues.

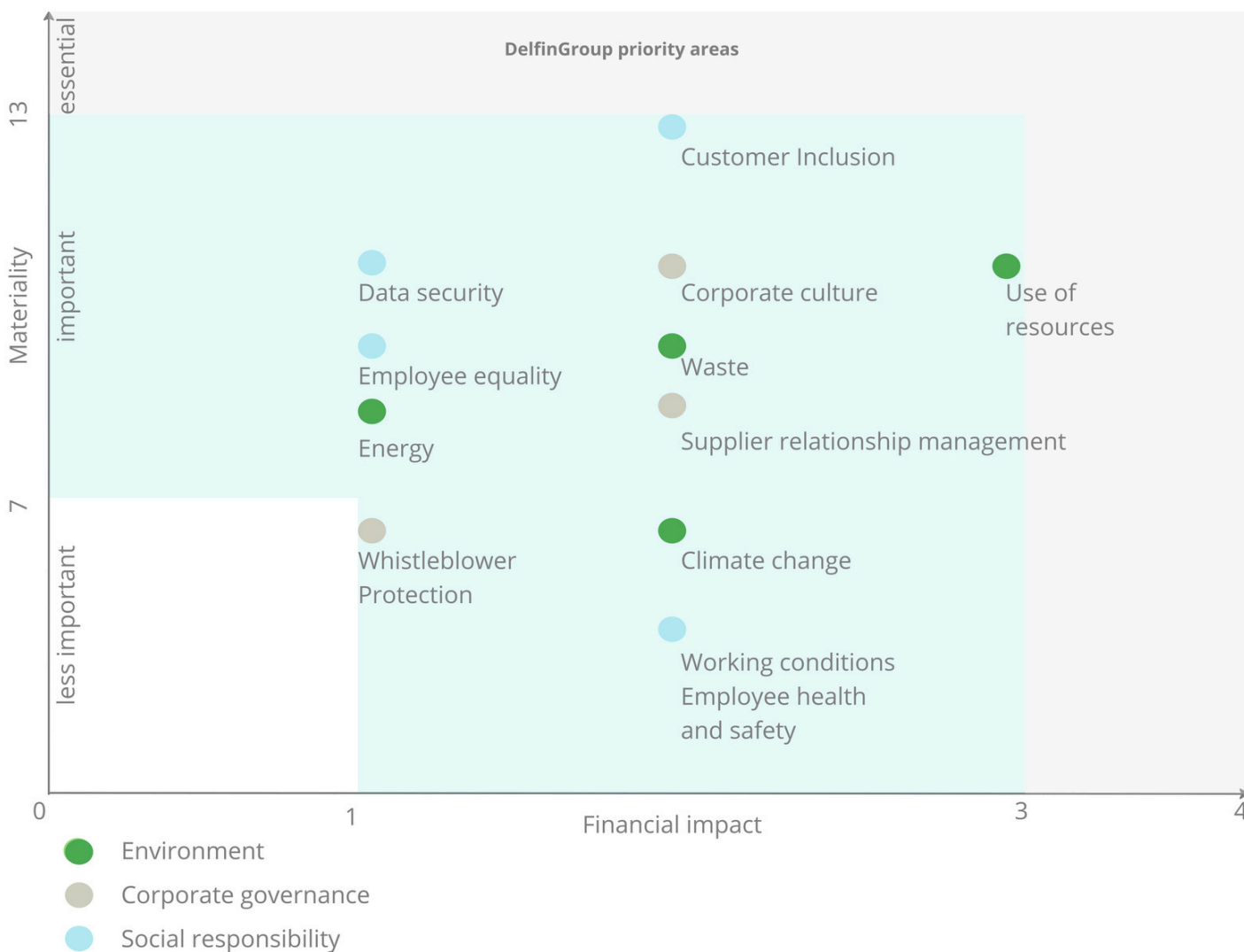
## DelfinGroup būtisko apsektu identificēšana

In identifying the most relevant environmental, social and corporate governance aspects of DelfinGroup, the most relevant Sustainability Factors were used, according to the company's business areas "Financial services activities, except insurance and pension funding" and "Retail trade in non-specialised stores", as well as those aspects that are considered relevant taking into account the views of stakeholders.

### Prioritization of important aspects of DelfinGroup

When evaluating the important aspects of DelfinGroup according to their priority, two scales were used - Materiality of Impact and Financial Materiality, which are related and interdependent.

All identified areas were included in the category of "important" areas, dividing among themselves according to the financial impact and materiality impact of the aspects.



## SUSTAINABILITY RISKS ASSESSMENT

Key aspects of sustainability	Risks	Actions
<b>Environment</b>		
Use of resources	Excessive consumption of resources, which can lead to environmental degradation and increased costs;	1. Promoting the circular economy 2. Implementation of energy management policy; 3. Use of green electricity; 4. Employee training; 5. Public education.  More detailed information is available in the ENVIRONMENT section
Waste	A significant amount of waste that can pollute the environment and create costs.	
Climate change	The effects of climate change can have a negative impact on business operations and supply chains.	
Energy	High energy costs can affect a company's bottom line.	
<b>Social responsibility</b>		
Customer Inclusion	Inequitable customer service can damage a company's reputation and lose customers.	1. Inclusion of clients, including poor families, seniors, residents of regions; 2. Implementation of Equality, Diversity and Inclusion Policy; 3. Mission Zero Charter compliance; 4. Improvement of working conditions; 5. Implementation of data security measures.  More detailed information is available in the SOCIAL RESPONSIBILITY section
Data security	Data security breaches can damage a company's reputation and cause financial losses.	
Employee health and safety	Unsafe working conditions can lead to employee injuries and illnesses.	
Working conditions	Unpleasant working conditions can lead to employee turnover and reduce productivity.	
Employee equality	Discrimination can harm employee well-being and productivity.	
<b>Corporate governance</b>		
Corporate culture	A negative corporate culture can harm a company's reputation and employee well-being.	1. Implementation of corporate governance policies; 2. Implementation of an anonymous reporting channel;  More detailed information in the CLIENTS and CORPORATE GOVERNANCE section
Supplier relationship management	An unethical supply chain can damage a company's reputation.	
Whistleblower protection	Employees may be afraid to report unethical practices if they do not feel protected.	

## DELFINGROUP SUSTAINABLE DEVELOPMENT TASKS

Long-term tasks	Statuss
<b>Climate neutrality</b>	
Employee training on energy efficiency and responsible use of energy resources	ongoing
Branch energy efficiency measures	ongoing
Switching of electricity contracts and switching to the use of renewable electricity	done
<b>Circular economy</b>	
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
<b>Employee well-being and development</b>	
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
<b>Reducing inequality</b>	
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
<b>Corporate governance</b>	
Saglabāt pilnīgu caurskatāmību (Finanšu rezultāti, Ilgtspējas ziņojums, stratēģija un plānotie rezultāti u.c.)	ongoing
Nodrošināt 100% personāla apmācību par DelfinGroup ētikas kodeksu	ongoing
Nodrošināt 100% personāla apmācību par Trauksmes celšanu	ongoing
<b>Inovācijas</b>	
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



# ENVIRONMENT

## E1 GHG emissions, E2 GHG emission intensity

Greenhouse gas (GHG, CO<sub>2</sub>) 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.	2023.
Scope 1, tCO <sub>2</sub>	112	112	123
Scope 2, tCO <sub>2</sub>	117	120	95
<b>Total, tCO<sub>2</sub> Scope 1 + Scope 2</b>	<b>229</b>	<b>232</b>	<b>218</b>
Scope 3*, Employees mobility, tCO <sub>2</sub>	206	281	216
<b>Total, tCO<sub>2</sub></b>	<b>465</b>	<b>513</b>	<b>434</b>
Scope 1, Scope 2 un Scope 3 tCO <sub>2</sub> emissions per 1 000 EUR revenue	0.009	0.0087	0.0057

**Scope 1** calculation includes the emissions created by the DelfinGroup car fleet - the car fleet owned by the company, as well as the employees car fleet under the lease agreement from 2023.

**Scope 2** emissions from the use of electricity and heat generated in DelfinGroup office and branch network are included in the calculation. In 2022, DelfinGroup central office has switched to the use of green electricity, thus reducing emissions related to electricity consumption in the central office to 0. Continuing what has been started, in 2023, 45 Banknote facilities switched to 100% green electricity produced in Latvia, which significantly reduced Scope 2 emissions in 2023.

\***Scope 3** emissions that characterize worker mobility were included in the calculation. In 2021, employee mobility amounted to 206 tCO<sub>2</sub>, in 2022 281 tCO<sub>2</sub>, and in the reporting year 216 tCO<sub>2</sub>. The decrease is explained by the fact that the company entered into lease agreements for the cars owned by the employees and pays for fuel consumption, thereby moving Scope 3 emissions to Scope 1.

DelfinGroup considers emissions from its suppliers to be the most important Scope3 category. DelfinGroup's largest group of suppliers is "Suppliers-Customers". Taking into account the specifics of the company's operation, goods that go on sale in branches are delivered by clients of DelfinGroup's Purchase service or Pawnshop loan service, moreover, taking into account a wide network of branches, goods are usually delivered to the branch closest to the customer, thus ensuring a sustainable delivery practice of goods.

To reduce greenhouse gas emissions, DelfinGroup will use strategies in the following order: Refuse-reduce-replace-compensate.



## E3 Direct and indirect energy consumption, E4 Energy intensity

The company's direct energy consumption is 478 MWh or 29% of the total direct and indirect energy consumption. In order to ensure the full operation of DelfinGroup's office and branches, the largest energy consumption is electricity, which accounts for 38% of the total energy consumption. Green energy accounts for 15% of the total energy consumption, compared to 5% in 2022. In general, in the reporting year, direct and indirect energy consumption has increased by approximately 33 MWh compared to 2022, an increase of 2%.

	2021.	2022.	2023.
<b>Direct energy consumption, MWh</b>			
Fleet	433	435	478
<b>Indirect energy consumption, MWh</b>			
Electricity	668	610	387
Renewable electricity	-	33	253
Heat energy	475	567	560
<b>Total, indirect and direct consumption, MWh</b>	<b>1 576</b>	<b>1 645</b>	<b>1 678</b>
MWh per 1 000 EUR revenue	0.062	0.046	0.047

[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.	2023.
<b>Fleet</b>			
Diesel fuel, MWh	317	337	368
Gasoline, MWh	86	56	100
<b>Total, MWh</b>	<b>434</b>	<b>435</b>	<b>468</b>
<b>Electricity</b>			
Electricity consumption in the office, MWh	31	33	33
Electricity consumption in branches, MWh	637	610	601
<b>Total, MWh</b>	<b>668</b>	<b>643</b>	<b>634</b>
<b>Average consumption per m2, MWh</b>	<b>0.107</b>	<b>0.099</b>	<b>0.090</b>
<b>Heat energy</b>			
Wood briquettes, MWh	-	22	13
Gas, MWh	160	143	176
Central heat supply, MWh	315	402	375
<b>Total, MWh</b>	<b>293</b>	<b>363</b>	<b>564</b>
<b>Average consumption per m2, MWh</b>	<b>0.073</b>	<b>0.085</b>	<b>0.073</b>

## E6 Water consumption

	2022.*	2023.
Water consumption, m3	1774	1903
Water consumption per employee, m3	5.82	5.56
Water consumption per m2 area, m3	0.24	0.23

\*Corrections in 2022 data. Previously, the company reported water consumption of 1390 m3 in 2022.

## 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.

## 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.

## Circular economy

A large segment of DelfinGroup's business consists of buying and selling used goods. DelfinGroup specialists evaluate each item and, if necessary, repair 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. When buying a used product instead of a new one, natural resources are saved, new GHG emissions are not produced, which are related to the production and logistics of a new product.

In 2023, DelfinGroup sold more than 120 thousand used goods. Calculations based on estimates show that the sale of these goods on the secondary market made it possible to avoid 6,180 tons of GHG emissions, which is the same amount as 1,716 Latvian residents in a year.\*

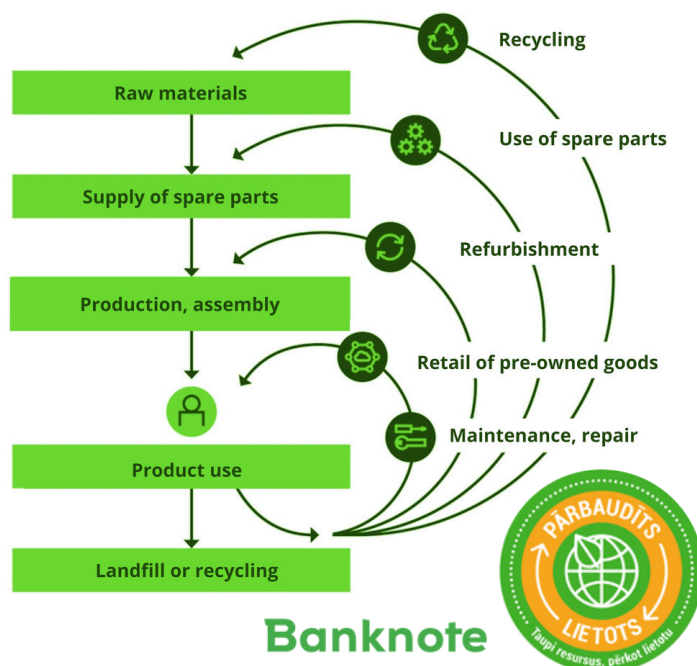
DelfinGroup believes that any used property has value, and the goal of DelfinGroup is to encourage the people of Latvia not to throw away used property, but to find a new owner for it.

## CO2 savings

	2022.	2023.
tCO2 savings from returning used goods to the secondary market	5 437	6 180

## 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 CEO pay ratio

When determining the amount of remuneration, a person's education, professional skills, competences, job duties, level of responsibility, as well as the situation on the labor market and the financial position of DelfinGroup are taken into account. [Remuneration report.](#)

	2022.	2023.
CEO pay ratio	9.6:1	6.1:1

## S2 Employee remuneration ratio

In 2021, the gender pay gap in the Latvian financial sector was 30.4%, while in 2022 the gap was 28.9%\*. Overall, DelfinGroup's gender pay gap in 2023 was 30% (median).

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

## S3 Employee turnover rate:

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, %	2023, %
Kopā	26	34	24	23

## 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 Pudnika, who is a competent and experienced fintech manager. The addition of Sanita Pudnika 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.	F/M, % 2023.g.
Supervisory board	50/50	0/100	0/100	0/100
Management board	0/100	0/100	33/67	25/75
Administration	49/51	54/46	49/51	52/48
Branches	47/53	59/41	64/34	64/36
Total	48/52	56/44	59/41	60/40

## 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. Taking into account the fast pace of the modern world and its various effects on people's mental health, DelfinGroup employees are provided with paid psychological consultations in individual cases.

## 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 company's Equality, Diversity and Inclusion Policy applies not only to DelfinGroup employees, but also to our customers, partners and the organisations 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 Latvian Association of Senior Communities to improve the medical and technical equipment of social care institutions, as well as to provide opportunities for seniors to acquire the knowledge and competences they need today, including by promoting financial literacy among seniors. Since the start of the cooperation with LSCA, assistance has been provided to 20 social care centres throughout Latvia. The long-term goal of the partnership is to improve the quality of life and conditions of seniors, as well as to expand opportunities in the long term.

In addition to continuing to support the introduction of new and innovative solutions in children's healthcare services, this year DelfinGroup, in partnership with the Children's Hospital Foundation, has helped the Children's Clinical University Hospital (CCUH) to provide a new anaesthetic machine

The anesthesia machine:



that will allow young patients to prepare for surgery in a more relaxed way. The company has also supported the training of doctors in new technologies. In 2023, DelfinGroup continued to support Ukraine in its fight for independence and freedom. The company aims to play an active role in building a sustainable society,



Bērnu klīniskā  
universitātes  
slimnīca



## 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](#)

2023.06.-2024.12. DelfinGroup is a member of the CERT CVD coordinated vulnerability disclosure programme.

CERT.LV's mission is to promote information technology (IT) security in Latvia. CERT.LV (Information Technology Security Incident Response Team) is a unit of the "Institute of Mathematics and Informatics of the University of Latvia" (ULMI), which operates under the Ministry of Defence of the Republic of Latvia within the framework of the IT Security Law.

The main tasks of CERT.LV are to maintain and update information on IT security threats, to provide support to state institutions in the field of IT security, to provide IT security incident response support to any natural or legal person if an incident involves a Latvian IP address or .LV domain, to organise information and educational events for employees of state institutions, IT security professionals and other interested parties.



# 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.



- Traditional financial institution Loan product offer
- DelfinGroup Senior Consumer Loan offer
- DelfinGroup pawn loan offer

## 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	2023., transaction count, thousands
0-49.99 EUR	92	104	102
50-99.99 EUR	50	64	69
Total, transactions under 100 EUR	142	168	171

## 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.



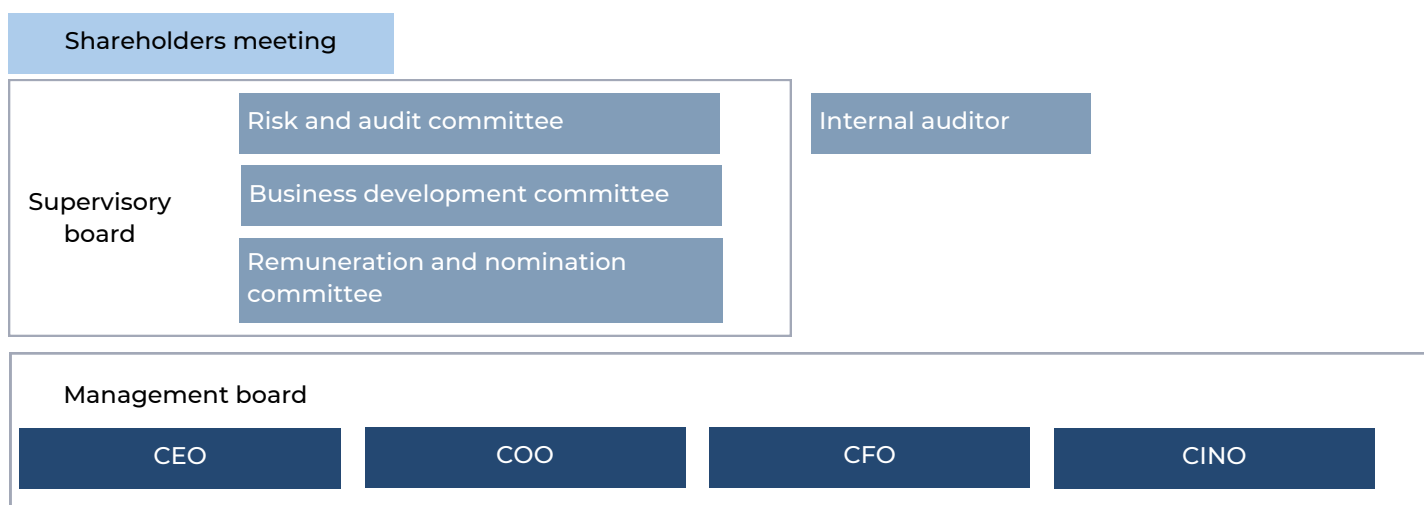
## Inclusion of regions

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.

2023 Statistics of shareholders' meetings:

Regular meeting – 1;

Extraordinary meeting - 3.

### 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.

Padomes un komiteju 2023.g. sēžu statistika:

Supervisory board meetings – 18;

Supervisory board strategic session – 1 (16 hours);

### 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 Voļskis\*

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



Jānis Pizičs

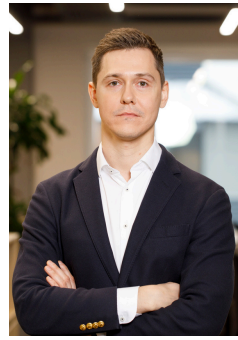
- Chair of the Business Development Committee



Didzis Ādmīdiņš  
CEO



Sanita Pudnika  
COO



Aldis Umblejs  
CFO



Nauris Bloks  
CINO

## 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>

## 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.

## 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.

## Internal whistleblowing system

DelfinGroup has developed an internal whistleblowing system aimed at encouraging employees and other stakeholders to report observed wrongdoing within the company. No whistleblowing reports were received during the reporting period.

DelfinGroup's management does not consider this statistic to be positive, as the absence of reports may indicate negative indications, such as employees' fear of reprisals or poor information about the whistleblowing process. Therefore, during the reporting period:

- Training material on Whistleblowing was revised with a focus on the negative consequences of non-reporting;
- Introduced an additional reporting channel with the possibility to report anonymously.

## 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.

## 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.



Contacts

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