

Policy on Managing Conflicts of Interest

Approved

Signet Bank AS

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I Terms Used

1. The following terms and abbreviations are used in this Policy:
 - 1.1. **Official** – a member of the Management Board or Supervisory Board of the Bank, as well as a Key Function Holder¹;
 - 1.2. **Bank** – Signet Bank AS;
 - 1.3. **CCO** – the Chief Compliance Officer; an independent and competent officer of the Group in charge of the overall compliance control function in the Group;

¹ **Key Function Holder** - applies only to the Bank: a person whose position enables him/her to exercise significant influence over the Bank's activities but who is not a member of the Supervisory Board or Management Board of the Bank. Key function holders are, for example, heads of the Bank's specific activities, heads of branches or subsidiaries established by the Bank in another Member State, heads of support and internal control functions.



- 1.4. **Employee** - a natural person, performing specific work under the management of their employer in accordance with a contract of employment for the remuneration specified in the contract of employment, including the Officials;
- 1.5. **Financial Service** – financial services as defined in Article 1, Paragraph 4 of the Credit Institutions Law of the Republic of Latvia, provided by the Bank;
- 1.6. **Group** – the Bank and its subsidiaries;
- 1.7. **Group Company** – subsidiaries of the Bank within the Group, excluding the Bank itself;
- 1.8. **Ancillary Services** – ancillary investment services as defined in the Financial Instrument Market Law of the Republic of Latvia, provided by the Bank;
- 1.9. **Investment Services** – investment services as defined in the Financial Instrument Market Law of the Republic of Latvia, provided by the Bank;
- 1.10. **Investment Research** – for the purposes of this Policy: a study or other information that directly or indirectly recommends or suggests an investment strategy concerning one or more financial instruments or financial instrument issuers, including any opinion on the current or future value or price of such instruments. It is intended for distribution channels or the public, and the following conditions are met:
 - 1.10.1. It is labeled as Investment Research or otherwise presented as an objective or independent explanation of the matters included in the research;
 - 1.10.2. It does not constitute a recommendation provided to a Client as part of investment advice regarding financial instruments;
- 1.11. **Conflict of Interest** – a situation in which an Employee, while performing their duties, must make a decision, participate in decision-making, or undertake other actions related to their position that affect or may affect the personal or financial interests of the Employee, their relatives, or business partners.;
- 1.12. **Client** – a legal or natural person, a legal entity, or an association of such persons or entities with whom the Bank establishes a business relationship or to whom the Bank provides Financial Services;
- 1.13. **Subject of Personal Transactions** – a person, whose Personal Transactions are subject to monitoring. The definition of such persons is established by [Commission Delegation Regulation \(EU\) 2017/565](#)², while the scope of Subjects of Personal Transactions, for the purposes of this Policy, is detailed in the “Procedure for Monitoring Personal Transactions”;
- 1.14. **Personal Transaction** – a trade in financial instruments conducted by a Subject of Personal Transactions or carried out on behalf of this person, provided at least one of the following criteria is met:
 - 1.14.1. The person acts outside the scope of activities they perform as part of their professional duties;

² [COMMISSION DELEGATED REGULATION \(EU\) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive](#)



- 1.14.2. The transaction is carried out on behalf of one of the following persons:
- i) The relevant person;
 - ii) Any person with whom they have family relationship³ or with whom they have close connections;
 - iii) A person for whom the individual has a direct or indirect financial interest in the outcome of the transaction, other than a fee or commission for executing the transaction;
- 1.15. **Personal Transactions Register** – a register established by the Bank in accordance with the requirements of the Financial Instrument Market Law, where information about Personal Transactions is stored and continuously updated;
- 1.16. **Policy** – the Bank’s internal regulatory document “Policy for Managing Conflicts of Interest”;
- 1.17. **Related Parties** – individuals or entities associated with the Bank’s management, including: Shareholders or members of the Bank with significant participation in the Bank, as well as their spouses, parents, and children if the shareholder or member is a natural person; members of the Bank’s Supervisory Board and Management Board, their spouses, parents, and children; commercial companies in which the aforementioned persons have significant participation or influence, or where they hold leadership positions or serve as members of the board or supervisory board;
- 1.18. **Certified Adviser** – a legal entity that complies with the requirements of the Nasdaq Riga Alternative Market First North rules and has entered into an agreement with Nasdaq Riga to provide assistance to issuers and perform the duties of a Certified Adviser in the First North market.

II Objective

2. The objective of the Policy is to define the measures undertaken by the Bank to identify, prevent, or manage Conflicts of Interest that have arisen or may arise during the provision of Financial Services and that affect or may be perceived as affecting the ability of the Bank, its Employees or Related Parties to make objective decisions.

III General Provisions

3. The Policy is reviewed at least once a year to ensure its relevance and compliance with changes in the Bank’s operations and external conditions affecting the Bank’s activities or following amendments to external regulatory acts governing the matters addressed in the Policy. Any necessary changes to the Policy are approved by the Supervisory Board of the Bank.

³ “person with whom a relevant person has a family relationship” means any of the following:

- (a) the spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse;
- (b) a dependent child or stepchild of the relevant person;
- (c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned;



4. To ensure that Clients and potential clients can make informed decisions regarding Financial Services, the Bank shall provide a description of the identified Conflicts of Interest and the measures taken to manage or prevent them by publishing information about the Policy on its website.

IV The nature of Conflicts of Interest

5. This Chapter of the Policy identifies the parties involved in a Conflict of Interest and describes situations in which a Conflict of Interest may arise.

IV-1. Persons between whom a Conflict of Interest may arise

6. A conflict of interest is a situation in which circumstances create a risk that a person's ability to make objective judgments or decisions in their professional role may be influenced by other direct or indirect, financial or non-financial interests.
7. A Conflict of Interest may arise between:
 - 7.1. the Bank, its tied agents, Employees, shareholders or any person who directly or indirectly controls the Bank, and the Client;
 - 7.2. the Bank's Clients;
 - 7.3. the Bank and its Employees, including Officers, shareholders, or any person who directly or indirectly controls the Bank;
 - 7.4. an Employee, including an Officer, in their capacity as both a Bank employee and a Bank client simultaneously;
 - 7.5. an Employee, including an Officer, in their capacity as both a Bank employee and an employee, including an Officer, of a Group entity;
 - 7.6. the Bank as the parent company, Group entities, various structural units, and Employees.

IV-2. Situations in which a Conflict of Interest may arise

8. A conflict of interest is a situation in which circumstances create a risk that a person's ability to make objective judgments or decisions in their professional role may be influenced by other direct or indirect, financial or non-financial interests:
 - 8.1. A conflict of interest may arise if a person has a financial or other interest, for example, as a shareholder or depositor in a company in which they are making decisions. A conflict of interest may also arise in relation to family members or previous professional experience — for instance, when deciding on the use or provision of outsourcing services, and one of the candidates is a company where the person's relative is employed;
 - 8.2. A conflict of interest may arise if an Employee simultaneously has a duty to maintain confidentiality towards one Client and an obligation to act in the interests of another party — such as that Client's competitor or supplier;
 - 8.3. A conflict of loyalty may arise in a situation where an Employee has a duty to act in the interests of the Bank, but at the same time is subject to other obligations or duties of loyalty, for example, towards a Group entity.



9. A Conflict of Interest may arise in the cases, if the Bank, any Employee, including Official or the person who directly or indirectly exercises control over the Bank:
 - 9.1. May profit or avoid financial losses at the expense of the Client;
 - 9.2. Has an interest in the outcome of the service provided to the Client or the transaction carried out on behalf of the Client that does not align with the Client's or the Bank's interests;
 - 9.3. Has an interest in acting in favor of another Client or a group of Clients;
 - 9.4. Engages in the same professional activity as the Client;
 - 9.5. Receives or will receive compensation for the service provided to the Client from another party in the form of money, goods, or services, which is not the standard fee for the service;
 - 9.6. Engages in unlawful activities related to bribery, abuse or excess of official position or authority, thereby obtaining undue benefits for themselves or other persons;
 - 9.7. Engages in unethical conduct, such as accepting gifts from business partners, Clients, or other interested parties, which may influence the integrity of decision-making;
 - 9.8. Holds multiple positions (a position at the Bank and a position in another company);
 - 9.9. Collaborates with another Employee's family members or friends, or with companies owned by them, or with the Bank's competitors, in a manner that is contrary to the interests of the Client or the Bank;
 - 9.10. Uses information obtained in the course of their duties without authorization to gain material or non-material benefits for themselves, their relatives, or Related Parties.
10. In addition, a Conflict-of-Interest during provision of Investment Services or Ancillary Services may arise in situations when:
 - 10.1. An Employee, during the provision of Investment Services (such as accepting and transmitting orders regarding one or more financial instruments or executing orders on behalf of the Client), simultaneously conducts transactions on behalf of the Bank while executing or passing for execution an order for transactions with financial instruments;
 - 10.2. the Employee has confidential information about the Client's transactions or planned transactions (in the course of providing Investment Services and ancillary services: such as accepting and transmitting investors' orders for transactions with financial instruments or executing investors' orders for transactions with financial instruments on behalf of investors or third parties);
 - 10.3. The Employee possesses inside information about the Client's financial situation or other inside information that may affect the price of financial instruments (while providing Investment Services: the initial placement of financial instruments, where the investment service provider does not purchase the financial instruments or does not guarantee their purchase; the purchase of financial instruments for initial placement or the guarantee of purchasing



financial instruments not placed during the initial placement);

- 10.4. The Client is offered or holds (while providing Investment Services such as individual management of investors' financial instruments under an investor's authorization (portfolio management services); execution of financial instrument transactions on behalf of the credit institution; or providing investment advice regarding financial instruments):

10.4.1. Financial instruments independently issued by the Bank, or for which the Bank has provided Investment Research or other types of recommendations;

10.4.2. Financial instruments for which the Bank has entered into a distribution or offering agreement with third parties, particularly if the Bank receives a commission fee for this;

10.4.3. Financial instruments whose issuance or placement, including private placements, the Bank has carried out, organized, or assisted in for a third party;

10.4.4. Financial instruments for which the Bank acts as a market maker.

V Identification of Conflicts of Interest

11. The Bank's structural units are required to use the information available to them to the best of their ability to identify all potential circumstances and situations that may give rise to or create grounds for Conflicts of Interest in relation to the Financial Services provided by these units, as well as to define possible measures for managing such situations.
12. Employees are required to identify situations that cause or may cause a Conflict of Interest, posing significant threats or harm to the Bank or the interests of one or more Clients, and to ensure the implementation of measures to prevent such Conflicts of Interest.
13. The Bank ensures the management of Conflicts of Interest in the provision of Investment Services by establishing an appropriate organizational structure and implementing relevant internal regulatory documents. However, in certain situations, the established organizational or administrative measures may not be sufficient to reliably prevent potential harm to the Client's interests. Therefore, the Bank discloses to the Client the nature and sources of such Conflicts of Interest, as well as the measures to be taken to mitigate the associated risks.
14. The Bank collects, stores, and manages information on ongoing Conflicts of Interest and individual situations that have caused or could potentially cause a Conflict of Interest, as well as the measures that have been taken or should be taken to prevent or manage the respective Conflict of Interest.
15. To promote the timely identification of Conflict of Interest situations, the Bank encourages employees to first report such cases to their direct manager or, if necessary, to the Compliance Control Unit. These channels are considered primary and support open internal communication. At the same time, an anonymous reporting system is



also available in accordance with the “Whistleblowing Procedure”, which may be used in cases where, for justified reasons, it is not possible to report through other means or when protection of identity is desired.

VI Management and Prevention of Conflicts of Interest

16. The system for managing and preventing Conflicts of Interest applies to all activities of the Bank and is based on a preventive (proactive) approach, which includes:
 - 16.1. timely identification of circumstances that may give rise to Conflict-of-Interest situations;
 - 16.2. implementation of preventive measures to avoid adverse impacts on the interests of Clients and potential clients;
 - 16.3. continuous monitoring and process improvement.
17. The system for managing and preventing Conflicts-of-Interest situations includes the following measures:
 - 17.1. establishment of an appropriate organizational structure that ensures the independence of Bank units engaged in activities between which a Conflict of Interest may arise, for example, by setting up information barriers, assigning different lines of organizational reporting, and appropriately distributing responsibilities among Employees;
 - 17.2. development of effective internal procedures, systems, and controls for managing Conflicts of Interest and transactions with Related Parties, which prevent or limit undue influence by third parties on the provision of Financial Services;
 - 17.3. specific measures for the prevention and management of Conflicts of Interest in the provision of Investment Services and ancillary Investment Services;
 - 17.4. disclosure of information to Clients about the Conflict of Interest concerning them and its potential impact.

VI-1. Establishment of an appropriate organizational structure

18. The Bank establishes an internal organizational structure that reduces the risk of Conflicts of Interest arising between the Bank, its Employees, persons who directly or indirectly control the Bank, and Clients. To achieve this, the Bank:
 - 18.1. separates areas of activity into distinct structural units in accordance with regulatory requirements;
 - 18.2. ensures the independence of internal control functions.
19. The Bank ensures the documentation of Conflicts of Interest concerning members of the Bank’s Management Board and Supervisory Board and implements appropriate governance measures. In the decision-making process, members of the Bank’s Supervisory and Management Boards act independently and in the interests of the Bank, adhering to ethical principles, corporate values, and professional standards of conduct. In situations where the interests of the Bank may overlap with those of a member of the Supervisory or Management Board or their Related Parties, the person’s participation in the decision-making and related discussions is evaluated. To ensure transparency and



prevent potential Conflicts of Interest, specific requirements are established for members of the Supervisory and Management Boards regarding the holding of positions in other companies, excluding Group entities.

20. The Bank ensures the management of Conflicts of Interest involving Officers by assessing their economic and professional interests, relationships with other Employees, previous employment, and involvement in other companies. The Bank conducts regular reviews of Conflict of Interest situations and also identifies potential Conflicts of Interest related to the immediate family members of its Officers.

VI-2. Development of internal procedures

21. The Bank has developed a procedure for managing conflict of interest situations, which provides for the assessment of their materiality, evaluation, disclosure, reporting, and monitoring.
22. The Bank has established a detailed procedure related to the issuance of credit to specific persons within the Bank in order to regulate Conflicts of Interest concerning those individuals.
23. The Bank develops effective procedures to prevent or control the exchange of information between Employees involved in activities where there is a risk of a Conflict of Interest, if such information exchange could harm the interests of one or more Clients.
24. The Bank ensures separate supervision of persons whose main responsibilities involve performing activities on behalf of Clients or providing services to Clients, and whose interests are or may come into conflict with the interests of the Client, in accordance with the “Personal Transactions Monitoring Procedure”.
25. The Bank has also established specific requirements aimed at preventing the personal financial interests of Financial Analysts from influencing their analysis and recommendations, as well as at preventing the emergence of Conflicts of Interest related to the Bank’s activities as a custodian bank.
26. If the Bank makes or receives a payment or other benefit from a third party (so-called “inducements”) in connection with a service provided to a client, this may give rise to a Conflict of Interest. The Bank has adopted specific rules on inducements aimed at mitigating the risk that such a payment or benefit could cause the Bank or another party to act in a way that prioritizes its own (or the third party’s) interests over those of the Client.
27. In its “Anti-Bribery and Corruption Risk Prevention Policy”, the Bank has established requirements regarding the giving and receiving of gifts and participation in entertainment events.
28. The Bank’s “Corporate Values and Standards of Professional Conduct and Ethics” define the standards of behavior for Employees.
29. The Bank prevents any direct link between the remuneration or income of persons engaged in Personal Transactions and the activities related to the provision of Investment Services, where a Conflict of Interest may arise in connection with actions



performed during the Investment Service provision process.

VI-3. Special measures for the prevention and management of Conflicts of Interest in the provision of Investment Services and ancillary Investment Services

30. Specific requirements for transactions with financial instruments are established for persons engaged in Personal Transactions, individuals involved in the preparation of Investment Research, and Employees directly involved in the provision of Certified Advisor services. These restrictions are described in the “Personal Transactions Monitoring Procedure”.
31. In accordance with the “Personal Transactions Monitoring Procedure”, the Bank establishes and maintains a Personal Transactions Register, which contains information provided by the subjects of Personal Transactions or obtained during the monitoring process.
32. The Bank may not acquire more than 10% (ten percent) of the Issuer’s share capital or voting share capital if it is providing Certified Advisor services to that issuer as a Certified Advisor.

VII Disclosure of Information to Clients

33. In certain cases, the Bank may determine that the measures taken to prevent or manage Conflicts of Interest are not sufficient to fully protect the Client’s interests from significant harm. In such cases, the Bank shall take all possible steps to safeguard the Client’s interests and ensure the best possible outcome. The Client will be provided with complete information regarding the respective Financial Service.
34. If the Bank is unable to fully prevent potential harm to the Client’s interests, it clearly discloses to the Client the nature or sources of the Conflict of Interest, as well as the measures to be taken to mitigate these risks, before providing the respective Investment Service to the Client. This enables the Client to make an informed decision regarding the service that gives rise to the Conflict of Interest.

VIII Reporting and submission procedures

35. The Bank ensures effective management of conflicts of interest by implementing a clear and transparent framework for reporting, oversight, and decision-making. Employees are required to identify and disclose actual or potential conflict of interest situations in accordance with the Procedure for Managing Conflict of Interest Situations.
36. The Bank’s Management Board and Supervisory Board are provided with information on conflicts of interest within the framework of compliance risk management, in accordance with the reporting procedures established in the Bank’s internal regulatory documents.

IX Employee training

37. The Bank ensures that employees have continuous access to up-to-date internal regulatory documents applicable to the prevention and management of conflicts of interest. Employees are informed about the approved internal regulatory documents in accordance with the procedure established in the Bank’s Internal Regulatory Document



Management Procedure.

38. The Bank regularly conducts employee training to enhance their knowledge and skills in managing conflict of interest risk.

X Tasks of the Bank's Management and Structural Units

39. The Supervisory Board of the Bank:
- 39.1. Approves the Policy and monitor its implementation and improvement;
 - 39.2. Is responsible for the management of Conflicts of Interest in its activities;
 - 39.3. Participates in the establishment of the Group structure to ensure that the Group has a structure capable of implementing the principles set out in the Policy and effectively managing Conflict of Interest situations.
40. The Management Board of the Bank:
- 40.1. Ensures the implementation and timely review of the Policy established by the Supervisory Board of the Bank;
 - 40.2. Ensures the implementation and development of an effective system for the prevention of Conflicts of Interest, including the establishment of an organizational structure and remuneration system to prevent Conflicts of Interest;
 - 40.3. Prevents Conflicts of Interest in their activities and reports any Conflicts of Interest arising in the performance of the duties by the members of the Management Board of the Bank.
41. CCO:
- 41.1. Organizes the establishment of the Conflict-of-Interest prevention system and control its implementation in the Bank;
 - 41.2. Organizes the coordination of the management of Conflict-of-Interest situations at the Group level, including the establishment of information exchange procedures in the field of Conflict-of-Interest management;
 - 41.3. Provides the Management Board of the Bank and Supervisory Board of the Bank with information on Conflicts of Interest within the framework of compliance risk management in accordance with the procedures set out in the Bank's internal regulatory documents.
42. General Compliance Department:
- 42.1. Establishes a Conflicts of Interest prevention system at the Bank;
 - 42.2. Coordinates the management of Conflict-of-Interest situations on a Group-level basis, including cooperation with Group companies to ensure the exchange of information on the management of Conflict-of-Interest situations;
 - 42.3. Provides information on Conflicts of Interest to the CCO.
43. Employees, incl. Officials:
- 43.1. are responsible for identifying and continuously managing Conflicts of Interest in their activities and for reporting Conflicts of Interest in accordance with the procedure set out in the Procedure for Managing Conflict of Interest Situations;



- 43.2. do not misuse information obtained in the course of their work at the Bank, including in connection with transactions involving financial instruments;
- 43.3. prior to accepting any position, providing services, or entering into employment outside the Group, seek the Bank's approval;
- 43.4. provide recommendations on measures to improve the Conflict-of-Interest prevention system.

XI Implementation in Group Companies and Information Exchange with Group Companies

- 44. The principles of the Policy are binding on all Group Companies specified in the Policy.
- 45. The Group Companies, taking into account their business models, may develop and approve their internal regulatory documents that regulate in detail various matters related to Conflict-of-Interest situations management, complying with the following principles:
 - 45.1. These internal documents must comply with the principles set out in the Policy and external legislation;
 - 45.2. When developing Policy-level documents, the procedure for coordinating documents with the Bank, as set out in the Bank's Internal Regulatory Document Management Procedure, must be followed;
 - 45.3. If a Group entity chooses not to develop a separate policy, this Policy shall be fully binding upon it, subject to approval in accordance with the internal procedures established by the Group entity;
 - 45.4. Each Group Company must designate a structural unit, individual, or collegial body responsible for managing Conflicts of Interest;
 - 45.5. Each quarter, Group entities provide the CCO and the Bank's General Compliance Department with consolidated information on potential and actual conflict of interest situations identified within the respective Group entity.
- 46. The CCO is responsible for coordinating the establishment and operation of the Conflict of Interest prevention system within the Group.

XII Related Internal Regulatory Documents

- 1. "Personal Transactions Monitoring Procedure".
- 2. "Whistleblowing Procedure".
- 3. "Procedure for Managing Conflict of Interest Situations".
- 4. "Bank's Internal Regulatory Document Management Procedure".
- 5. "Corporate Values and Standards of Professional Conduct and Ethics".
- 6. "Anti-Bribery and Corruption Policy".

XIII Applicable External Regulations

- 1. [Credit Institution Law](#).
- 2. [Financial Instrument Market Law](#).
- 3. [European Parliament and Council Directive 2014/65/EU](#).
- 4. [European Commission Delegated Directive \(EU\) 2017/593](#).
- 5. [Commission Delegation Regulation \(EU\) 2017/565](#).



6. Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.

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