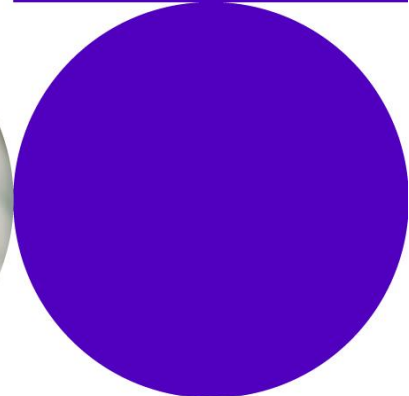
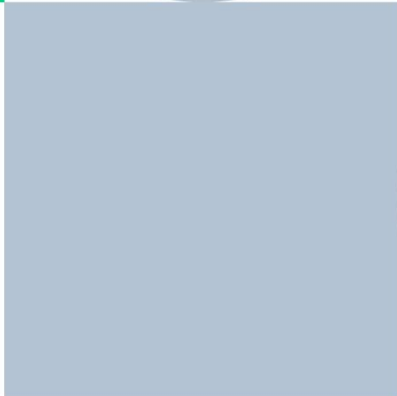
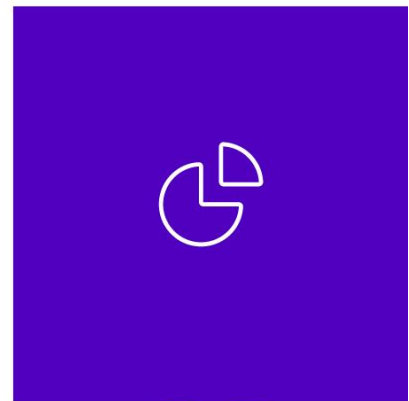
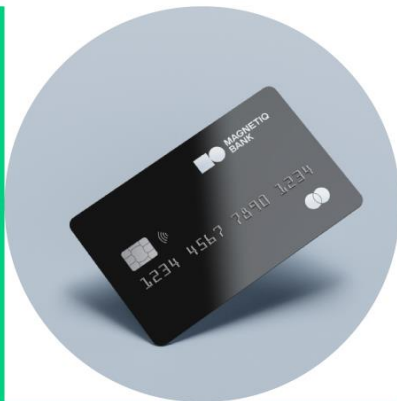


AS Magnetiq Bank Policy for Managing Conflict of Interest Situations



1. Terms and Definitions

- 1.1. **Outsourcing** – activities necessary for ensuring the Bank’s operations which the Bank does not perform itself but delegates to other parties in accordance with the requirements set out in the Outsourcing Policy and in the Outsourcing Procedure of the Bank.
- 1.2. **Compliance laws, regulations and standards** – laws and regulations governing the Bank’s activities, standards set by self-regulatory bodies, codes of professional conduct and ethics, and other best practice standards related to the Bank’s activities.
- 1.3. **Bank** – AS Magnetiq Bank.
- 1.4. **Organisational Structure** – the Organisational Structure of Magnetiq Bank AS, a document approved by a relevant resolution of the Supervisory Council of the Bank and published in the NORMS module of the Bank’s Lotus information system.
- 1.5. **Financial Transaction** – any financial service referred to in Section 1 Paragraph 4 of the Law on Credit Institutions of the Republic of Latvia:
 - 1.5.1. raising deposits and other repayable funds;
 - 1.5.2. lending;
 - 1.5.3. financial leasing;
 - 1.5.4. payment services;
 - 1.5.5. issuing and servicing non-cash means of payment unrelated to the provision of payment services;
 - 1.5.6. trading in currencies or financial instruments on the entity’s own behalf or on behalf of a Client;
 - 1.5.7. trust operations;
 - 1.5.8. provision of Investment Services and Ancillary Investment Services;
 - 1.5.9. issue of guarantees and other instruments of undertaking that assume the obligation of liability to a creditor for debt owed by a third party;
 - 1.5.10. storing valuables;
 - 1.5.11. advising clients on financial matters;
 - 1.5.12. provision of information pertaining to the settlement of a Client’s debt obligations;
 - 1.5.13. other transactions similar in substance to the financial services listed above;
 - 1.5.14. issuing electronic money.
- 1.6. **Ancillary Investment Services** – Ancillary Investment Services referred to in the Financial Instrument Market Law of the Republic of Latvia:
 - 1.6.1. holding financial instruments;
 - 1.6.2. foreign exchange services, if related to the provision of Investment Services.

- 1.7. Investment Services** – Investment Services referred to in the Financial Instrument Market Law of the Republic of Latvia:
- 1.7.1. accepting and transmitting orders for one or more financial instruments;
 - 1.7.2. execution of orders on behalf of a Client;
 - 1.7.3. executing transactions on behalf of the Bank;
- 1.8. Internal Regulations** – documents issued by the Bank that regulate the activities of the Bank and its individual structural units or Employees, such as policies, procedures, regulations or manuals.
- 1.9. Conflict of Interest** – a situation where:
- 1.9.1. a member of the Council or Board of the Bank, or an employee of the Bank, has some personal, direct or indirect, pecuniary or non-pecuniary interest (e.g. some impact upon the interests of the member of the Council or Board of the Bank, a Bank employee, or the relatives, spouse, or business associates member of the Council or Board of the Bank, or Bank employee) in executing Financial Transactions or any other transaction on behalf of the Bank, in making decisions within the scope of their duties or in reviewing applications, complaints and other similar documents submitted to the Bank;
 - 1.9.2. Persons Associated with the Bank, or Persons Associated with a Credit Institution, have a personal, direct or indirect, pecuniary or non-pecuniary interest (e.g. some impact upon the interests of themselves, their relatives, spouses or business partners) in a transaction carried out by the Client through the Bank.
- 1.10. Client** – an individual or legal entity, or an association of such persons, to whom the Bank provides a Financial Transaction .
- 1.11. Inducement** – a payment, fee, or non-financial benefit that the Bank provides or receives from a third party in connection with investment services or Ancillary Investment Services provided to the Client.
- 1.12. Persons Associated with a Credit Institution** – the following persons:
- 1.12.1. the Chairperson of the Bank’s Board or Council, a member of the Bank’s Council, or any other person who, on behalf of the Bank, establishes some civil liability for the Bank by adopting substantive decisions;
 - 1.12.2. an employee of the Bank, or any other individual who is involved in the provision of Investment Services by the Bank, and whose activities are controlled by the Bank;
 - 1.12.3. an individual who is directly involved in the provision of Outsourcing to the Bank during the provision of Investment Services.
- 1.13. Persons Associated with the Bank** – persons deemed associated with the Bank in accordance with the Bank’s Procedure for Identification of Persons Associated with the Bank.
- 1.14. Personal Transaction** – a trading transaction in financial instruments made by or on behalf of a Person Associated with a Credit Institution, where at least one of the following criteria is met:
- 1.14.1. the Person Associated with a Credit Institution is acting outside the areas of activity in which they perform professional duties;
 - 1.14.2. the transaction is carried out on behalf of any of the following:

- 1.14.3. the same Person Associated with a Credit Institution;
 - 1.14.4. any person with whom such person has a familial relationship (spouse or partner of the Person Associated with a Credit Institution who is treated as a spouse for the purposes of the Compliance Laws, Regulations and Standards; dependent child or stepchild; other relative with whom they have lived in the same household for at least one year at the time of the Personal Transaction) or with whom they have a close relationship (e.g. a legal entity in which the Person Associated with a Credit Institution holds 100% ownership and participates in its management unilaterally);
 - 1.14.5. a person with regard to whom a Person Associated with a Credit Institution has a direct or indirect pecuniary interest in the outcome of the transaction, other than a fee or commission for the execution of the transaction.
- 1.15. **Personal Transaction Register** – the Personal Transaction Register established by the Bank in accordance with the Financial Instrument Market Law, where information on Personal Transactions is stored and continuously updated.
- 1.16. **Policy** – the Bank’s Policy for Managing Conflicts of Interest.
- 1.17. **Affiliated Persons** – an affiliated person is any person with whom one has a familial relationship (spouse, or partner who is treated as a spouse for the purposes of the Compliance Laws, Regulations and Standards; dependent child or stepchild; other relative with whom one has lived in the same household for at least one year at the time of the Personal Transaction) or with whom one has a close relationship (for example, a legal entity in which the Person Associated with a Credit Institution holds 100% ownership and participates in its management unilaterally).
- 1.18. **Signet Bank AS CCO** – a compliance control officer, an independent and competent employee of Signet Bank AS responsible for the overall compliance control functions at Signet Bank AS and its subsidiaries.

2. Purpose

- 2.1. The purpose of the Policy is to set out the fundamental principles and elements in order to ensure:
- 2.1.1. the necessary steps to identify circumstances that cause or may cause a Conflict of Interest that poses a material threat or harm to the interests of one or more Clients, and to prevent or mitigate, to every extent possible, Conflicts of Interest and any negative consequences thereof arising from the provision of a Financial Transaction;
 - 2.1.2. prevention of Conflicts of Interest between the Bank and its employees, members of the Board and Council, its shareholders, as well as among any of the aforementioned.

3. General Provisions

- 3.1. The Policy is reviewed at least annually to ensure its currency and relevance to changes in the Bank’s business and external circumstances affecting the Bank’s business, or following amendments to Compliance Laws, Regulations and Standards governing the matters set out in the Policy. Necessary changes to the Policy are approved by the Council of the Bank.

- 3.2. In fulfilling the requirements of the Policy, the Bank's structural units and employees must comply not only with the Internal Regulations, but also with the Compliance Laws, Regulations and Standards binding upon the Bank (the Law on Credit Institutions, the Financial Instrument Market Law, the Financial and Capital Market Commission's Normative Regulation No. 227 of 01.12.2020 "Normative Regulations on the Establishment of an Internal Control System" etc.).
- 3.3. In complying with the requirements of the Policy, the Bank's structural units and employees ensure that they perform their duties to such an extent and in such quality that the performance of their duties by the Bank does not result in a breach of the requirements of the Internal Regulations or the Compliance Laws, Regulations and Standards binding upon the Bank.
- 3.4. The actions to be taken by the Bank to prevent the occurrence of a Conflict of Interest situation in relation to the inducements referred to in section 3.8 are governed by the Bank's Procedure for Managing Conflict of Interest. The Bank ensures appropriate disclosure of information to Clients by posting the Information on Inducements related to Investment Services and Ancillary Investment Services in the Investments section of the Bank's website: <https://old.magnetiqbank.com/dokumenti/>.

4. Occurrence, Detection and Prevention of Conflicts of Interest

4.1. Conflicts of Interest may arise between:

- 4.1.1. the Bank and a Client;
- 4.1.2. Bank employees and Clients;
- 4.1.3. a person directly or indirectly controlling the Bank, and a Client;
- 4.1.4. Clients of the Bank;
- 4.1.5. a Person Associated with the Bank (or a Person Associated with a Credit Institution) and the Client;
- 4.1.6. the Bank and its employees, the Board, the Council, shareholders;
- 4.1.7. Bank employees, members of the Board and Council;
- 4.1.8. an employee of the Bank, being both an employee and a Client at the same time.

4.2. Conflicts of Interest may arise in situations where:

- 4.2.1. the Bank, employees of the Bank, Persons Associated with the Bank, Persons Associated with a Credit Institution, or persons having direct or indirect control over the Bank:
 - 4.2.1.1. make a profit or prevent financial loss to themselves at the expense of a Client;
 - 4.2.1.2. have an interest in the outcome of a service provided to a Client or a transaction carried out on behalf of the Client that is not in the best interest of the Client;
 - 4.2.1.3. have an interest in acting for the benefit of another Client or group of Clients;
 - 4.2.1.4. have an interest in acting for the benefit of another employee, member of the Board or member of the Council;

- 4.2.1.5. have an interest in acting jointly (as relatives, business partners, etc.) with any other employee, member of the Board or Council contrary to the interests of the Bank;
 - 4.2.1.6. perform the same professional activity as a Client;
 - 4.2.1.7. receive, or will receive, remuneration from another person for a service provided to a Client – in the form of money, goods or services – other than the standard fee for such service;
 - 4.2.1.8. give or receive bribes (corruption), abuse or exceed their official position or official power, as to obtain undue benefits for themselves or other persons;
 - 4.2.1.9. accept gifts or inducements from business partners, Clients or other parties concerned that may influence the fairness of their decisions;
 - 4.2.1.10. provide investment services (accepting and transmitting orders pertaining to one or more financial instruments, or executing orders on behalf of a Client), executing or transmitting for execution an order for transactions in financial instruments while executing transactions at the Bank's expense;
 - 4.2.1.11. hold multiple job positions (a position with the Bank and a position at another company);
 - 4.2.1.12. conduct business dealings with family members or friends of a Bank employee, or with companies owned by such;
 - 4.2.1.13. cooperate or maintain relations with the Bank's competitors;
 - 4.2.1.14. employees, members of the Board or Council use information obtained in the performance of their duties for any pecuniary or non-pecuniary benefit to themselves or the to their Related Persons.
 - 4.2.2. employees of the Bank, Persons Associated with the Bank, Persons Associated with a Credit Institution, or persons having direct or indirect control over the Bank, might profit or prevent some financial loss to themselves at the Bank's expense.
- 4.3. Identification of Conflicts of Interest is described in section 5 of the Policy.
- 4.4. Disclosure of Conflicts of Interest:
- 4.4.1. The Bank publishes information on the Policy on its website, www.magnetiqbank.com;
 - 4.4.2. if the organisational or administrative measures established by the Bank in accordance with the requirements of the Policy or other Internal Regulations for the management of Conflicts of Interest related to the provision of Investment Services are insufficient to ensure with reasonable certainty that the risk of damage to the interests of Clients will be eliminated, Employees clearly disclose to a Client the nature or sources of Conflicts of Interest as well as the measures to be taken in order to mitigate these risks before commencing the provision of the relevant Investment Service to the Client, taking into account the requirements set out in the Section 126.¹ of the Financial Instrument Market Law of the Republic of Latvia, which sets out types of exchange of information related to Investment Services).
 - 4.4.3. in any case where disclosure of a Conflict of Interest situation is requested by a Client, an employee must immediately report it to their direct supervisor,

who informs the Head of the Compliance Department of the Bank, solicit and comply with further instructions to disclose and remedy the Conflict of Interest situation;

- 4.4.4. the provisions of section 4.4.3 notwithstanding, the reporting of Conflict of Interest situations may also take place as set out in section 5.4.
- 4.5. A decision-making body (in matters of lending) should notify the Council of the Bank and obtain its acceptance regarding substantial transactions (loans issued by the Bank) with shareholders of the Bank (whether direct or indirect) that hold a significant stake in the Bank, with members of the Board and the Council, Persons Associated with the Bank, the head of the Bank's Risk Control Department, and the spouses, parents and children of such individuals, as well as other Employees of the Bank. The Bank considers a transaction to qualify as substantial if the total of a single transaction or multiple transactions is equal to or greater than EUR 100,000 or the equivalent in a different currency.
- 4.6. The Bank ensures that the provisions of any transactions with Persons Associated with the Bank and Persons Associated with a Credit Institution are no more favourable than those of similar transactions between the Bank and persons not associated with the Bank, and that they do not contradict the interests of the Bank and its depositors or investors, provided that a transaction is executed with any of the aforementioned parties.
- 4.7. The Bank takes the following measures to prevent Conflicts of Interest:
 - 4.7.1. restrictions on the exposure of Bank employees;
 - 4.7.2. restrictions on granting favourable terms;
 - 4.7.3. restrictions on transactions, including Personal Transactions;
 - 4.7.4. restrictions on the receipt of additional benefits from third parties, other than payment for the provision of the Bank's services;
 - 4.7.5. prohibiting bribery and combatting corruption with the aim of preventing the abuse or exceedance of one's official position or official power, as to obtain undue benefits for oneself or other persons;
 - 4.7.6. refraining from entering into a transaction or making a decision, and disclosing a Conflict of Interest;
 - 4.7.7. restrictions on combination of job titles and on business activities for the Bank's employees, members of the Board and Council;
 - 4.7.8. restrictions on Bank employees' access to Bank information;
 - 4.7.9. checks carried out by the Bank's Compliance Department to identify whether employees have been performing their duties in accordance with the provisions of the Bank's Procedure for Managing Conflict of Interest and other Internal Regulations.

5. Identification and Assessment of Conflict of Interest

- 5.1. The Bank's structural units use all information at their disposal to identify, to the best of their ability, all possible circumstances and situations that may precipitate or enable Conflicts of Interest in relation to certain types of services provided by the Bank's structural units;
- 5.2. in analysing a potential Conflict of Interest situation at the Bank, it is assumed that a Conflict of Interest exists in any case where a decision made by employees

regarding a particular service – being provided by the Bank to a particular Client – has been materially influenced by the interests of another person (e.g. the Bank, its employee, another Client, etc.), rather than by reasonable considerations of the relevant transaction solely in the interests of the relevant Client;

- 5.3. Employees identify situations (section 5.2) that cause or may cause a Conflict of Interest posing a material threat or detriment to the interests of the Bank or of one or more of its Clients, and ensure that measures are taken to prevent such a Conflict of Interest (section 4.7);
- 5.4. To facilitate broader identification of Conflict of Interest situations, the Bank maintains an anonymous reporting system in accordance with the Bank’s Management Information System Procedure, which allows Employees to report past or present situations that give rise, or may give rise, to a Conflict of Interest.
- 5.5. In developing Internal Regulations related to the management of Conflict of Interest situations, the Bank ensures adequate identification as well as implements preventative or mitigating measures, which include:
 - 5.5.1. evaluating the severity of identified Conflict of Interest situations, considering the threshold value stated in section 5.8 of the Policy for classifying Conflict of Interest situations as substantial Conflict of Interest situations;
 - 5.5.2. categorising identified Conflict of Interest situations, considering the type of Conflict of Interest situation, kinds of extended Conflict of Interest situations that require ongoing management, or situations of a one-off nature requiring a singular application of management measures;
 - 5.5.3. adequate allocation of duties, entrusting to another suitable employee, Member of the Board or Council of the Bank the duties of a Bank employee, Board or Council member that concern activities involved in a Conflict of Interest situation;
 - 5.5.4. management of Conflict of Interest situations in transactions with an employee in charge of managing Conflict of Interest situations within the Bank, considering the restrictions set out in the Policy that apply to all members of the Board and Council of the Bank, with particular Conflict of Interest situation reporting procedure (see section 14.1.6 of the Policy).
- 5.6. Considering the principles of Conflict of Interest situation management stated in the Policy and in the Bank’s Development Strategy, the Bank specifies the threshold score for the degree of a Conflict of Interest situation where it should be classified as a substantial Conflict of Interest situation. The Bank specifies appropriate action in response to Conflict of Interest situations depending on whether they are classified as substantial or not.
- 5.7. In determining the severity of a Conflict of Interest situation, the likelihood of its occurrence (high, moderate, low) as well as the degree of its eventual impact/harm (high, moderate, low) are considered (see Tables 1 and 2):

Table 1
“Conflict of Interest situation likelihood rating scale”

Rating	Description	Likelihood of occurrence
3	high	Lasting conflict of interest
2	moderate	1-3 times per year

1	low	One-off/isolated
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Table 2
“Conflict of Interest situation impact/harm rating scale”

Rating	Description	Limits, EUR
3	high	Financial impact – EUR 100,000 or more; or if no no/unquantifiable financial impact: affects the Bank reputation; or affects the Bank’ overall internal control system; or affects the interests of Clients/business partners/third parties; or no control mechanisms are in place for the detection and management of such situations.
2	moderate	Financial impact – EUR 10,000 EUR to EUR 100,000; or if no no/unquantifiable financial impact: no impact on the interests of Clients/business partners/third parties; or no/negligible impact on the Bank’s reputation; and control mechanisms are in place for the detection and management of such situations, but require improvement.
1	low	Financial impact – less than 10 000 EUR; or if no no/unquantifiable financial impact: no impact on the interests of Clients/business partners/third parties; or no/negligible impact on the Bank’s reputation; and control mechanisms are in place for the timely detection and management of such situations.

5.8. The severity of a given Conflict of Interest situation is defined as the total of its likelihood and impact/harm ratings: “Severity = Likelihood + Impact/Harm”. The threshold score at which a Conflict of Interest situation is classified as a substantial Conflict of Interest situation is 5 (five) or more.

5.9. A substantial Conflict of Interest situation requires immediate action to mitigate its risks to an acceptable level and the immediate allocation of necessary resources. It takes highest priority in the Bank’s operational planning, with provisions for regular monitoring of risk mitigation measures.

6. Establishment of Appropriate Organisational Structure

6.1. The Bank ensures the establishment of an internal Organisational Structure that enables the identification and mitigation of Conflicts of Interest that may arise in the course of Financial Transactions between the Bank – or its employees, persons exercising direct or indirect control over the Bank, Persons Associated with the Bank, Persons Associated with a Credit Institution – and a Client, or among its Clients; and prevents potential Conflict of Interest between the Bank and its employees, Board and Council members, or among the aforementioned parties; this includes the establishment, and mutual independence, of structural units that perform internal control functions.

6.2. The Organisational Structure for managing Conflict of Interest is designed to prevent the concentration of any activities and the control or supervision thereof

within a single structural unit, and to ensure an optimal ratio between the banks performed within the Bank, and the process of monitoring and supervising them.

- 6.3. The design of the Bank's Organisational Structure ensures that structural units which have or may have a Conflict of Interest between themselves are mutually independent, by implementing:
 - 6.3.1. barriers to the flow of information;
 - 6.3.2. separate organisational lines of reporting;
 - 6.3.3. separate placement (structural units not being situated within a shared space);
 - 6.3.4. other activities as necessary.
- 6.4. As the operational specifics and scale of the Bank change in a way that might cause a Conflict of Interest, appropriate changes to the Organisational Structure are implemented immediately.
- 6.5. To mitigate Conflict of Interest in cases where, in designing the Organisational Structure, it is impossible to ensure complete independence and/or separate lines of reporting among structural units that may face a Conflict of Interest (considering the scale and operational specifics of the Bank), the Bank provides a whistle-blowing opportunity circumventing the organisationally defined lines of reporting – to a superior official, i.e. the decision-making body – on:
 - 6.5.1. Conflicts of Interest;
 - 6.5.2. other deficiencies that might give rise to Conflicts of Interest due to the subordination arrangements defined in the Organisational Structure.
- 6.6. In designing the Organisational Structure and determining the composition of the Bank's Council and Board, the respective duties and authorities, the Bank provides for maintaining a Council and Board which, in their overall activities, are as independent as possible from external and/or internal circumstances, and capable of objectively, professionally fulfilling their respective occupational duties, and which ensure the avoidance of Conflict of Interest situations.

7. Basic Principles for Managing Conflict of Interest Situations

- 7.1. The Board of the Bank ensures such management of Conflict of Interest situations as to ensure:
 - 7.1.1. early identification and management of potential Conflict of Interest situations and action to prevent Conflict of Interest situations;
 - 7.1.2. exclusion of situations where Bank employees, in the performance of their duties, have or may have a Conflict of Interest;
 - 7.1.3. mutual independence of structural units carrying out activities between which a Conflict of Interest arises or may arise (e.g. information barriers, different organisational reporting lines);
 - 7.1.4. that the information provided by the Bank to Clients or potential Clients is clear, accurate, truthful and not misleading;
 - 7.1.5. that the terms of the Bank's transactions with Persons Associated with the Bank and Persons Associated with a Credit Institution are not different from

the terms of similar transactions of the Bank with persons not associated to the Bank and are not contrary to the interests of the Bank or its Clients;

- 7.1.6. imposition of restrictions on personal transactions;
- 7.1.7. regular updating of Internal Regulations;
- 7.1.8. monitoring the management of Conflict of Interest situations;
- 7.1.9. that every employee of the Bank is obliged to report to their direct supervisor any instance of a Conflict of Interest and to refrain from the transaction in question;
- 7.1.10. development of Internal Regulations necessary for the implementation of the Policy, defining the responsibilities of the Bank's structural units and employees;
- 7.1.11. all necessary and possible measures to identify and prevent Conflicts of Interest that may arise during Financial Transactions between the Bank – including its employees, persons who directly or indirectly control the Bank, Persons Associated with the Bank, Persons Associated with a Credit Institution – and a Client, as well as among Clients;
- 7.1.12. the establishment of a Personal Transaction Register in accordance with the Bank's Procedure for Providing Investment Services to the Bank's employees and Persons Associated with a Credit Institution.

8. Measures to Mitigate and Manage Conflict of Interest Situations

A) General Provisions

- 8.1. The Bank continually monitors and/or prevents the simultaneous or consecutive involvement of Persons Associated with a Credit Institution in the provision of various Investment Services or Ancillary Investment Services if such involvement could impair due management of a Conflict of Interest.
- 8.2. The Bank continually monitors and, wherever capable, prevents the exchange of information between Clients and Persons Associated with the Bank/Persons Associated with a Credit Institution whose activities would present the risk of a Conflict of Interest, if such exchange of information might infringe the interests of one or more Clients.
- 8.3. The Bank pays particular attention to Persons Associated with the Bank/Persons Associated with a Credit Institution whose primary occupational duties involve actions being performed on behalf of Clients or the provision of services to Clients, or who represent other interests, including the interests of the Bank, which might come into conflict with the interests of a Client.
- 8.4. The Bank avoids direct linking of remuneration or income gained by Persons Associated with the Bank/Persons Associated with a Credit Institution if a Conflict of Interest might arise with regard to actions performed in the course of providing Financial Transactions.
- 8.5. In accordance with its internal regulations, the Bank takes the necessary measures to prevent or limit the undue influence of third parties upon the procedure of providing Financial Transactions.
- 8.6. Employees, Members of the Board and Council of the Bank are prohibited from

- receiving or soliciting any material gains in violation of regulatory documents applicable to the performance of occupational duties, to adopt a biased decision or to take some other subjective action that leads to a Conflict of Interest situation.
- 8.7. The actions of employees, Members of the Board and Council of the Bank upon receiving gifts are regulated by the Bank's Procedure for Managing Conflict of Interest Situations. In any case, an accepted gift must be proportionate, and its acceptance may not give rise to a Conflict of Interest. The aforementioned provisions also apply to situations where the direct recipient is the spouse or child of an employee, Member of the Board or Council of the Bank.
 - 8.8. Any employee of the Bank must immediately report any situations where a Conflict of Interest arises or might arise in the course of providing Investment Services or Ancillary Investment Services, to the head of the Compliance Control Department.
 - 8.9. The head of the Compliance Control Department is in charge of implementing the monitoring of financial instruments that may present a Conflict of Interest for the Bank, and immediately notifies the Board of the Bank and the Signet Bank AS CCO about detected violations of the specified procedure.
 - 8.10. The head of the Compliance Control Department provides a quarterly report to the Signet Bank AS CCO and to the head of the Signet Bank AS Compliance Division containing summarised information on potential and/or actual Conflict of Interest situations identified in the course of provision of Investment Services and Ancillary Investment Services within the Bank.
 - 8.11. The head of the Compliance Control Department includes information on Conflict of Interest management, including identified Conflicts of Interest, in their quarterly report to the Board of the Bank.
 - 8.12. The Bank develops internal regulations necessary for the implementation of the Policy, which determine the duties and accountability of structural units and employees of the Bank, and regulate the performance of specific actions.

B) Restrictions on Personal Transactions

- 8.13. Persons Associated with a Credit Institution may not:
 - 8.13.1. engage in Personal Transactions based on the Bank's inside information made available to them in the course of fulfilling occupational or professional duties at the Bank;
 - 8.13.2. engage in Personal Transactions by using or inappropriately divulging information that contains privileged transaction information;
 - 8.13.3. engage in Personal Transactions contrary to Compliance Laws, Regulations and Standards or to Internal Regulations;
 - 8.13.4. recommend to a third party such transactions in financial instruments that would qualify as Personal Transaction for the person recommending such transaction, as per the restrictions specified in section 8.13.1 and/or 8.13.2;
 - 8.13.5. disclose to a third party any information, or express an opinion where the disclosing party knows, or should know, that, as a result of the disclosure, the third party might engage in, or recommend that some other party to engage in, a transaction involving financial instruments which would qualify as a Personal Transaction for the person recommending such transaction, as per the restrictions specified in section 8.13.4.

- 8.14. Persons Associated with a Credit Institution, are, in accordance with the procedure specified in the Bank's Procedure Providing Investment Services to the Bank's Employees and Persons Associated with a Credit Institution, to notify the Bank about their Personal Transactions.
- 8.15. The Bank may stipulate that Persons Associated with a Credit Institution require approval from the head of the Compliance Control Department for each individual transaction or for some specific financial instrument. Such an approval is issued by the head of the Compliance Control Department upon notifying the head of the Signet Bank AS Compliance Division or, in cases where such an approval is being issued to a member of the Board or Council of the Bank, also notifying the Signet Bank AS CCO.
- 8.16. If the Bank has specified that Personal Transactions require an approval issued by the Bank, it retains information on the approvals issued for the execution of Personal Transactions, or refusals to provide approval.
- 8.17. Section 8.13 of the Policy does not apply to cases where:
- 8.17.1. a Personal Transaction is executed using discretionary portfolio management services, where no prior communication occurred regarding the transaction between the portfolio manager and the relevant person, or other party at whose expense the transaction is executed;
 - 8.17.2. a Personal Transaction is executed with undertakings for collective investment in transferable securities (UCITS) or alternative investment funds subject to monitoring in accordance with the regulatory enactments of a member state requiring equitable allocation of risk to their assets, if the relevant person or any other party on whose behalf the transaction is being executed is not involved in the management of the relevant undertaking.
- 8.18. The Compliance Control Department, in accordance with the Bank's Procedure Providing Investment Services to the Bank's Employees and Persons Associated with a Credit Institution, enters information into the Personal Transaction Register on the transactions executed by Persons Associated with a Credit Institution based on the information presented by the relevant persons or detected in the course of monitoring.

9. Conflict of Interest mitigation in the activities of the Bank's Council and Board members

- 9.1. In the performance of their duties, members of the Bank's Council and the Board prevent the occurrence of Conflicts of Interest and refrain from making decisions regarding the Bank's Financial Transactions or any other transactions in which they have, or may potentially have, a Conflict of Interest.
- 9.2. The Bank ensures that the management of Conflict of Interest situations concerning Members of the Board and Council of the Bank is organised in such a way that the members of the Council and Board of the Bank operate with independence of mind and solely in the interest of the Bank, in accordance with the Policy, including the Bank's threshold scoring for Conflict of Interest situations classified as substantial Conflict of Interest situations per section 5.8 of the Policy.
- 9.3. The Bank documents any identified Conflict of Interest situation within the Bank regarding the members of the Council and Board of the Bank – whether individually or collectively – as well as the management activities intended to

manage or remedy the situation, including cases where such a situation is identified as minor based on the threshold value indicated in section 5.8 of the Policy.

- 9.4. In the course of decision-making, a member of the Council/Board of the Bank does not use the offers of cooperation proposed by the Bank for personal gain, i.e. each member of the Council/Board of the Bank refrains in their activities from any Conflicts of Interest and must maintain maximum independence from external circumstances, and is willing to assume responsibility for decisions made and adherent to both general principles of ethics and the corporate values specified by the Bank, as well as to standards of professional conduct and ethics.
- 9.5. If the interests of the Bank concern the interests of a member of the Council/Board of the Bank or their Affiliated Persons, the member of the Council/Board of the Bank:
 - 9.5.1. is not eligible to vote on adopting the relevant decision; the Council and/or Board of the Bank may adopt the decision to exclude the relevant Member of the Board or Council of the Bank in the review discussion of the matter at hand, with an entry to this effect made in the session minutes of the Council or Board of the Bank;
 - 9.5.2. has the duty to report these interests before the session of the Council or Board of the Bank begins;
 - 9.5.3. is prohibited from influencing other Members of the Board and Council of the Bank toward the adoption of a decision that would be favourable to themselves.
- 9.6. A Member of the Board or Council of the Bank who violates Conflict of Interest prevention requirements is accountable for any losses and/or harm caused to the Bank.
- 9.7. The Bank specifies the duty of Members of the Board and Council of the Bank to receive approval from the Bank prior to assuming employment with other companies, except for companies within the same prudential consolidation group as the Bank.
- 9.8. A member of the Bank's Council or Board reports to the Bank's Council any Financial Transactions or other transactions wherein such member of the Bank's Council or Board has or may have a Conflict of Interest, whether directly or indirectly.
- 9.9. Members of the Bank's Council and Board are required to disclose potential Conflict of Interest situations that may arise in connection with their own activities, or the activities of persons closely related to them, at other financial institutions.

10. Prevention of Conflict of Interest in the Activities of a Board or Council Member or Key Employee of the Bank

- 10.1. In developing the Policy for management of Conflict of Interest regarding a Board or Council member or an employee of the Bank performing essential functions (key employee) of the Bank, the Bank stipulates for the evaluation of at least the following for such persons:
 - 10.1.1. their economic interests;

- 10.1.2. their personal, professional and economic relationships with other employees, persons with significant financial participation in the Bank, and other external stakeholders;
 - 10.1.3. their legal labour relationships within the past 5 (five) years;
 - 10.1.4. their participation in the capital of other commercial companies if such participation affect, or might affect, the relevant person's interests.
- 10.2. The Bank is obliged to obtain information from a Council or Board member or key employee of the Bank in order to evaluate the activities of these persons outside the Bank and to prevent the unwanted effects of such activities upon the Bank and its interests, including information describing these persons' political influence and political relationships.
- 10.3. The Bank, in developing the Policy and the Procedure for Managing Conflict of Interest Situations, identifies the actual or potential Conflict of Interest situations regarding the Council and Board members and key employees of the Bank which, in addition to the provisions of section 4.6 of the Policy, pertain to these persons' spouses, parents or children, and reviews the identified actual or potential Conflict of Interest situations no less than once per year.
- 10.4. Management of Conflict of Interest situations regarding Council and Board members and key employees of the Bank is part of the process of evaluating the suitability of a Council or Board member or key employee. Some of the sources for information on aspects specified in sections 10.1–10.3 of the Bank are: curriculum vitae (CV); Board Member Suitability Assessment Questionnaire; Board Member Annual/Regular Suitability Assessment Questionnaire; Council Member Suitability Assessment Questionnaire; Council Member Annual/Regular Suitability Assessment Questionnaire; Key Employee Annual/Regular Competence and Occupational Performance Assessment Questionnaire; AS Magnetiq Bank Employee Questionnaire.

11. Prevention of Conflict of Interest in the Establishment and Operation of the Bank's Committees

- 11.1. Where necessary, the Bank establishes a standing or temporary committee and determines its personnel composition.
- 11.2. In decision-making, members of an established committee have no voting rights during the review of matters where even an apparent Conflict of Interest exists. If a committee is unable to make a decision in connection with a potential Conflict of Interest, decision-making is escalated to the Board, disclosing any and all information regarding the Conflict of Interest.

12. Provision of Information to a Client

- 12.1. In providing information to Clients or potential Clients of the Bank, employees of the Bank ensure that the information is clear, accurate, true and comprehensive (with all major substantial risks disclosed to the Client), and is not misleading. Employees observe the core principles of Client interest protection in their everyday activities and communication with Clients or potential Clients.
- 12.2. In maintaining management of Conflict of Interest situations within the Bank, the Bank takes appropriate organisational and administrative measures to prevent

unfavourable influence upon the interests of Clients or potential Clients.

- 12.3. The Bank defines and documents a procedure for drafting and providing information that ensures that the information disclosed to Clients is accurate, is not misleading, and does not contradict the activities conducted by the Bank.
- 12.4. Where Conflict of Interest situations arise, the Bank takes every measure to:
 - 12.4.1. as far as possible observe the interests of the Client and ensure the best possible execution and protection of interests for the Client;
 - 12.4.2. enable the Client to receive comprehensive information regarding the service provided (i.e. transaction);
 - 12.4.3. unless the Bank is capable of preventing harm to the interests of the Client by implementing Conflict of Interest mitigation measures, disclose the essence of the Conflict of Interest to the Client.
- 12.5. The Bank ensures that, in fulfilling their occupational duties, employees make decisions in matters that concern the interests of the Bank or of Clients by providing objective, comprehensive, true and reliable information on the essence of a transaction, and by disclosing all existing or potential Conflicts of Interest.
- 12.6. The Bank ensures that all information provided by employees to Clients or potential Clients, whether in person or via mass media, is clear (excluding the possibility of interpretation), accurate, true and is not misleading or contradictory to the activities of the Bank.
- 12.7. The Bank ensures that no information available to employees in the course of fulfilling their occupational duties is illegally divulged or used for purposes unrelated to the fulfilment of occupational duties or performing specific occupational assignments in the interest of the Bank.

13. Action where Administrative Measures do not Resolve a Conflict of Interest

- 13.1. If the set of administrative measures implemented by the Bank fails to resolve a Conflict of Interest, the following principles are observed:
 - 13.1.1. where a Conflict of Interest arises between an employee and a Client – the Client's interests take priority wherever possible;
 - 13.1.2. where a Conflict of Interest arises between an employee and the Bank – the Bank's interests take priority;
 - 13.1.3. where a Conflict of Interest arises between different structural units or employees of the Bank, those interests take priority which effect the least possible harm to the interests of Clients or of the Bank, or to the reputation of the Bank and its shareholders.

14. Reporting and Disclosures

- 14.1. All Conflicts of Interest (both existing and potential) are reported in writing to the head of the Compliance Control Department, who ensures that the information is collected, stored, remedial/preventative measures are specified and the adequacy thereof is monitored, so that the potential of Conflicts of Interest arising in the future is prevented as far as possible; the decisions made and actions taken toward managing Conflicts of Interest are documented, including the following:

- 14.1.1. upon identifying a Conflict of Interest/the potential for Conflicts of Interest in their occupation, an employee of the Bank may not execute their own transactions, and they are obliged to immediately notify their direct supervisor and the head of the Compliance Control Department about the situation at hand, and to cease their participation in decision-making and to refuse the fulfilment of occupational duties which pertain to the interests of themselves or an Affiliated Person;
 - 14.1.2. any employee of the Bank, having identified a Conflict of Interest/the potential for Conflicts of Interest in their occupation, is obliged to immediately notify the head of the Compliance Control Department;
 - 14.1.3. a Member of the Board or Council of the Bank, having identified a Conflict of Interest/the potential for Conflicts of Interest in their activities, immediately reports the situation at hand to the Council of the Bank and to the head of the Compliance Control Department;
 - 14.1.4. key employees of the Bank, having identified a Conflict of Interest/the potential for Conflicts of Interest in their activities, immediately report the situation at hand to their direct supervisor and to the head of the Compliance Control Department;
 - 14.1.5. the head of the Compliance Control Department reports to the chair of the Council of the Bank on an identified Conflict of Interest/potential Conflict of Interest situation in the activities of the Council/Board or individual Board and Council members;
 - 14.1.6. if a Conflict of Interest/potential Conflict of Interest situation is identified regarding the head of the of Compliance Control Department, this is reported to the Bank's Chief Risk Officer, who further notifies the Council of the Bank.
- 14.1. The head of the Compliance Control Department presents to the Bank's Council (by way of an AS Magnetiq Bank Compliance Risk Management Report) and Board information on Conflict of Interest management within the Bank as part of compliance risk management.
 - 14.2. The Compliance Control Department, on a quarterly basis, provides information on potential and/or actual Conflict of Interest situations identified within the Bank to the head of the Signet Bank AS Compliance Division and to the Signet Bank AS CCO.
 - 14.3. The head of the Compliance Control Department includes information on Conflict of Interest management, including identified Conflicts of Interest, in their Monthly report to the Board of the Bank.
 - 14.4. The Bank enables its employees to blow the whistle anonymously on actual or potential Conflict of Interest situations and to express proposals for preventing them in accordance with the procedure specified in the Bank's Management Information System Procedure.

15. Tasks of Bank Management and Structural Units

- 15.1. The Council of the Bank:
 - 15.1.1. supervises the periodic improvement of the Conflict of Interest Prevention System in line with changes in the Bank's activities and external circumstances affecting the Bank's activities;

- 15.1.2. approves the Policy, including necessary amendments hereto, and maintains monitoring of its implementation and improvement;
 - 15.1.3. is responsible for the management of Conflict of Interest in its activities;
 - 15.1.4. participates in developing the Organisational Structure in order to ensure that the Bank establishes Organisational Structure capable of implementing the principles specified in the Policy and effectively managing Conflict of Interest situations;
 - 15.1.5. defines the Bank's corporate values, including high standards of professional conduct and ethics (in accordance with the requirements set out in the Bank's Code of Professional Conduct and Ethics), to ensure that members of the Council, members of the Board, heads of the Bank's structural units and other employees perform their duties with the utmost integrity, are impartial in performing their duties and making decisions, comply with Compliance Laws, Regulations and Standards, respect the confidentiality and trade secrets of business and Client information and their actions and behaviour are consistent with high ethical standards.
- 15.2. The Board of the Bank:
- 15.2.1. ensures the management of Conflict of Interest situations within the Bank by implementing the Policy established by the Council of the Bank;
 - 15.2.2. ensures the implementation of the Policy as defined by the Council, and its timely revision;
 - 15.2.3. ensures the implementation and enhancement of a effective system for the mitigation of Conflict of Interest;
 - 15.2.4. ensures the establishment of an Organisational Structure and remuneration system that would prevent a Conflict of Interest;
 - 15.2.5. ensures prevention of Conflict of Interest in its activities, and reports to the Bank's Council and to the head of the Compliance Control Department on Conflicts of Interest that arise in the fulfilment of occupational duties by the members of the Board of the Bank;
 - 15.2.6. reviews information on Conflicts of Interest and specifies remedial/preventative measures for mitigation, appointing responsible structural units or employees;
 - 15.2.7. approves the Bank's Procedure for Managing Conflict of Interest Situations, the Procedure providing investment services to the Bank's employees and Persons Associated with a Credit Institution;
 - 15.2.8. approves the necessary Internal Regulations, including amendments;
 - 15.2.9. ensures that the Bank's employees are suitably qualified and sufficiently experienced in accordance with the requirements set out in the Bank's Human Resources Policy;
 - 15.2.10. ensures the implementation of the standards of professional conduct and ethics set by the Bank's Council and ensures the prevention of Conflicts of Interest of employees in accordance with the Bank's Code of Professional Conduct and Ethics, etc.
- 15.3. The Bank develops the Internal Regulations necessary for the implementation of the Policy, determining therein the duties and accountability of structural units and employees of the Bank, and regulating the performance of specific

activities.

- 15.4. The Compliance Control Department is in charge of establishing and maintaining a system for management of Conflict of Interest situations within the Bank in accordance with the core principles of the Policy and the recommendations given by the head of the Signet Bank AS Compliance Division, head of the Signet Bank AS Risk and Compliance Department, or the Signet Bank AS CCO.
- 15.5. The head of the Compliance Control Department:
 - 15.5.1. ensures the establishment of a Conflict of Interest prevention system within the Bank;
 - 15.5.2. ensures coordination of Conflict of Interest situation management within the Bank, including by cooperating with responsible structural units and specifying a detailed procedure for exchange of information regarding Conflict of Interest situation management;
 - 15.5.3. ensures the collection, retention and analysis of information on Conflicts of Interest;
 - 15.5.4. provides the Signet Bank AS CCO with information on Conflicts of Interest upon request;
 - 15.5.5. in cooperation with structural units of the Bank, develops remedial/preventative measures for improving the Conflict of Interest mitigation system within the Bank;
 - 15.5.6. within the framework of coordinating new/updated Internal Regulations, ensures the evaluation of the likelihood and impact of a Conflict of Interest event upon the operation of the Bank, and initiates necessary remedial/preventative measures for resolving or minimising Conflict of Interest;
 - 15.5.7. monitors whether relevant process/product owners that develop new products, or conduct operational risk self-assessments in cooperation with the Operational Risk Management Division, evaluate the likelihood and impact of a Conflict of Interest event upon the operation of the Bank, and initiate necessary remedial/preventative measures for resolving or minimising Conflict of Interest.
- 15.6. Employees:
 - 15.6.1. prevent the occurrence of Conflict of Interest in their occupation and report Conflicts of Interest to the head of the Compliance Control Department and to their direct supervisor in accordance with the specified procedure;
 - 15.6.2. report to the Human Resources Department of the Bank on their participation in/employment with other merchants or other organisations, including the following:
 - 15.6.2.1. before taking any position outside employment with the Bank, or acquiring shares/stocks in a legal entity in an amount exceeding 10% (ten per cent) of the stock capital of that legal entity, receiving approval from the Bank;
 - 15.6.2.2. in accordance with the procedure and timing specified in Internal Regulations, filling out the AS Magnetiq Bank

Employee Questionnaire.

- 15.6.3. making suggestions for the implementation of remedial/preventative measures necessary in order to improve the Conflict of Interest prevention system.
- 15.7. In accordance with the procedure and timing specified in Internal Regulations, a Board or Council member or key employee provides the necessary information/fills out the necessary documents for enabling the process of suitability assessment for the Board or Council member or key employee.
- 15.8. According to its operational plan, the Bank's Internal Audit Department performs independent monitoring of the Conflict of Interest situation assessment process and conducts review of the identification of Conflict of Interest situations as part of its audits, ensuring reporting thereof.

16. Inducements

A) General Provisions

- 16.1. If, in the course of providing Investment Services or Ancillary Investment Services, the Bank provides or receives Inducements, the compliance of such Inducements with the provisions of the Policy is evaluated. Information on the Inducements received by the Bank is disclosed on the Bank's website (Information on inducements related to investment and ancillary services at <https://old.magnetiqbank.com/dokumenti/>).
- 16.2. In providing Investment Services and Ancillary Investment Services, the Bank may not receive Inducements from third parties:
 - 16.2.1. for directing a Client's Orders to a specific trading venue or execution venue;
 - 16.2.2. where the provision of the relevant services to the Client would be biased or distorted as a result of an Inducement.
- 16.3. In providing Investment Services or Ancillary Investment Services, the Bank may receive and hold an Inducement from a third party if the following conditions are met:
 - 16.3.1. the Inducement is intended to improve the quality of service provided to the Client, and the Inducement does not impair how the Bank complies with its obligation to act in an honest, fair, and professional manner in the interest of the Client;
 - 16.3.2. the Inducement is an insignificant non-financial benefit that is justified, proportionate and not substantial enough to affect the actions of the Bank in a way that would infringe the interests of the relevant Client.
- 16.4. In evaluating the compliance of an Inducement with the provisions of the Policy, the Bank documents how the specific Inducement improves the quality of service provided to the relevant Clients, and what measures are taken in order to prevent any negative effects upon the Bank's obligation to act in an honest, fair, and professional manner in the interest of the Client.
- 16.5. In the interest of the Policy, Inducements are not deemed to include payments or benefits that:
 - 16.5.1. are necessary for the provision of the relevant Investment Services or Ancillary Investment Services, such as financial instrument holding

expenses, transaction settlement and currency exchange costs, duties specified in applicable regulations, or fees for legal/financial services;

- 16.5.2. by their nature cannot affect the Bank's obligation to act in an honest, fair, and professional manner in the interest of its Clients.
- 16.6. An Inducement is considered one intended to improve the quality of service provided to a Client if it is justified by the provision of an additional or higher-level service to the relevant Client in proportion to the degree of Inducement received, including competitive pricing on access provided to a wide range of financial instruments that might be suitable for the Client's needs, including the appropriate quantity of financial instruments being offered by third-party product providers that have no close relationship with the Bank;
- 16.7. they bring no direct benefit to the Bank, its stockholders, shareholders or employees while failing to bring any tangible benefit to the relevant Client;
- 16.8. they are substantiated by the provision of long-lasting benefits to the relevant Client in the context of a lasting Inducement.

B) Disclosure fo information to Clients

- 16.9. Prior to providing an investment service or Ancillary Investment Service, the Bank discloses to the Client information about the Inducement received from or paid to third parties.
- 16.10. If the Bank was unable to assess the amount of an Inducement *ex ante*, prior to producing the relevant Investment Service or Ancillary Investment Service, the Bank discloses the method of calculating this amount, as well as information on the actual amount of Inducement received or paid following a transaction (*ex post*).
- 16.11. If the Bank receives lasting Inducements, it informs its Clients individually at least once per year about the total amount of Inducements received or paid.
- 16.12. Information on insignificant non-financial benefits is disclosed to Clients before the provision of the relevant Investment Service or Ancillary Investment Service.
- 16.13. The Bank reports insignificant non-financial benefits by providing general descriptions of them on the Bank's website (Information on inducements related to investment and ancillary services at <https://old.magnetiqbank.com/dokumenti/>).

17. Related Documents

- 17.1. 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.
- 17.2. Law on Credit Institutions.
- 17.3. Financial Instrument Market Law.
- 17.4. Normative Regulations of the Financial and Capital Market Commission No. 227 of 01.12.2020 "Normative Regulations on the Establishment of an Internal Control System".

- 17.5. Development Strategy of the Bank (current).
- 17.6. Organisational Structure of the Bank.
- 17.7. The Bank's Outsourcing Policy.
- 17.8. The Bank's Human Resources Policy.
- 17.9. The Bank's Procedure for Managing Conflict of Interest Situations.
- 17.10. Procedure for Identification of Persons Associated with the Bank.
- 17.11. The Bank's Outsourcing Procedure.
- 17.12. The Bank's Management Information System Procedure.
- 17.13. The Bank's Code of Professional Conduct and Ethics.
- 17.14. The Bank's Procedure Providing Investment Services to the Bank's Employees and Persons Associated with a Credit Institution.