

SUMMARY OF THE CONFLICTS OF INTEREST POLICY

1 PURPOSE OF THE POLICY

Tesseract Investment Oy ("Tesseract") has established a Conflicts of Interest Policy in compliance with MiCA Regulation (EU 2023/1114) and associated EU Delegated Regulations, to **identify, prevent, manage, and disclose** conflicts of interest that could arise among its employees, contractors, management, affiliates, and clients. The objective is to ensure **fair, transparent, and ethical operations** that protect client interests, uphold market integrity, and maintain the company's independence.

2 KEY CIRCUMSTANCES OF CONFLICTS OF INTEREST

The Policy identifies several circumstances under which conflicts of interest may arise. These include situations where personal relationships influence professional decision-making, and where personal financial interests of individuals may compete with the interests of clients or the company itself. Conflicts may also arise when employees or management hold dual roles across competing entities or services, or when certain clients are favoured over others for personal or financial gain.

Other examples include the improper use of confidential information for personal benefit, engagement in outside professional activities that interfere with responsibilities at Tesseract, and the acceptance of gifts or inducements that could impair objective decision-making. Conflicts may further result from related party transactions that are not properly managed, external influence from shareholders or third parties, or remuneration structures that could prioritize personal gain over the interests of clients.

3 MEASURES TO HANDLE CONFLICTS

Tesseract has established a structured process to manage conflicts of interest.

The first step is the **identification** of conflicts. Employees, management, and connected persons are expected to monitor their activities continuously and report any potential conflicts to the Conflict of Interest Officer (COI Officer). Special attention is required when there is an overlap of interests between the company, its employees, and its clients, or where regulatory obligations could be compromised.

The second step is **prevention and avoidance**. Employees must take proactive steps to distance themselves from potential conflicts by declining certain activities or recusing themselves from decisions where conflicts exist. The company's organizational structure clearly separates duties and responsibilities, reducing the opportunity for conflicting interests to arise. Training and internal policies reinforce these prevention strategies.

When conflicts cannot be avoided, Tesseract proceeds to the **management** of conflicts. Independent oversight is provided by the Compliance function and the Conflict of Interest Officer, who ensure that conflict-prone activities are monitored impartially. Chinese walls and the segregation of duties are used to limit the flow of sensitive information, and management or employees involved in a conflict must recuse themselves from related decision-making processes.

If a conflict cannot be entirely mitigated, **disclosure** to the client becomes necessary. In such cases, the nature of the conflict is communicated transparently and in plain language to ensure clients understand the potential impact. Disclosures are regularly updated and published on Tesseract's website and app to maintain client awareness.

Finally, Tesseract ensures robust **documentation and reporting**. All reported conflicts are entered into a Conflict of Interest Register, which is maintained for at least five years. Regular reports summarizing conflicts are submitted to the Board of Directors, with immediate escalation in cases of significant risk.

4 ORGANIZATIONAL GOVERNANCE

The governance of the Conflicts of Interest Policy rests with the Board of Directors, which is responsible for approving, reviewing, and ensuring the effective implementation of the policy. The Board also ensures that Tesseract has sufficient resources and independent oversight mechanisms in place.

The day-to-day implementation of the policy is overseen by the COI Officer, who reports directly to the Board of Directors. The COI Officer has unrestricted access to necessary data and staff and ensures that conflicts are handled impartially and effectively.

Employees and connected persons also play a critical role in conflict management. They are required to promptly identify and report any potential conflicts and to comply fully with mitigation procedures. Regular training is provided to employees to ensure they understand their obligations under the policy and remain vigilant in recognizing potential conflicts.

5 SUPPORTING POLICIES AND CONTROLS

Tesseract supports its conflict management efforts with a number of related policies, including the Governance and Internal Control Policy, the Risk Management Policy, the Execution Policy (which ensures best execution of client orders), the Personal Account Dealing Policy, the Remuneration Policy, the Anti-Corruption Policy, and Internal Guidelines governing inducements and outside activities.

Each of these documents provides additional frameworks and controls to prevent, detect, and manage conflicts of interest effectively.

6 REVIEW CYCLE

The Conflicts of Interest Policy is reviewed at least annually by the Board of Directors and more frequently if necessary. Updates ensure that the policy remains aligned with regulatory requirements, best practices, and the evolving structure and activities of the company.

Appendix 1

Potential conflict of interest situations and mitigation actions

Area	Description of the potential Conflict	Conflicting parties	Mitigation actions	Management
<p>Investment advice, portfolio management, mis-selling</p>	<p>The company recommends a more expensive/not suitable product to the client, which generates higher commissions for the company, even though it is not financially advantageous/suitable for the client.</p>	<p>The company and the Client</p>	<ul style="list-style-type: none"> - The company must only offer products that are financially reasonable and suitable for the client’s risk profile. - The commission structure must be transparent, and the client must be informed of all fees and commissions. 	<p>Risk has been managed by the following actions:</p> <ol style="list-style-type: none"> 1. The company has clear internal guidelines for performing suitability assessments. The compliance function regularly monitors adherence to these guidelines. 2. Sales cannot influence the outcome of the suitability assessment, as the assessment is carried out by a separate team from sales. 3. The company has internal guidelines for inducements, under which the nature and permissibility of each inducement are assessed individually. The compliance function monitors adherence to these guidelines. 4. The company informs clients of estimated costs and charges in advance and reports actual costs and charges as required by regulations.

Legal, Compliance, and Risk Management Collaboration	Legal, compliance, and risk management teams may have competing priorities or interests, leading to fragmented decision-making, where risk and legal risks are not fully considered together.		<ul style="list-style-type: none"> - Foster collaboration and communication between legal, compliance, and risk teams to ensure all risks are identified, evaluated, and addressed holistically. 	Risk has been managed by the following actions: Regular cross-departmental meetings and joint risk and compliance assessments.
Regulatory Compliance Conflicts	The Board or management team may delay or avoid taking actions that ensure compliance with regulations if those actions could harm their personal or professional interests (e.g., reputational damage or fines). Non-compliance with regulations, leading to legal and reputational risks for the company.	The Company and the board/management team	<ul style="list-style-type: none"> - Foster a culture of compliance. - Regularly review regulatory requirements and ensure actions are taken in a timely manner to comply with laws. - Involve the compliance function in critical decision-making processes. 	Risk has been managed by the following actions: 1. Increase awareness by providing compliance training on a regular basis 2. Regular monitoring of legislation (regulatory watch) 3. Ongoing compliance monitoring and reporting, Regular audits of regulatory compliance.
Related-Party Transactions	Transactions between the company and entities owned or controlled by board members or executives are biased, leading to	The Related Party and the Company/shareholder	<ul style="list-style-type: none"> - The company must implement clear guidelines and require independent review for related party transactions. 	Risk has been managed by the following actions: 1. The company has Internal Guidelines on Related Party Transactions

	<p>decisions that benefit related parties over the company.</p> <p>This may lead to misallocation of company resources and erosion of shareholder trust.</p>		<ul style="list-style-type: none"> - Full transparency and disclosure of such transactions should be provided to shareholders 	<p>including the decision-making process related to these.</p> <ol style="list-style-type: none"> 2. Related party transactions are reported as a part of financial statement and management report 3. Regular audit of related-party transactions by auditors.
<p>Board Members and Company Performance</p>	<p>Board members have personal or financial interests that conflict with their fiduciary duty to act in the company's best interest.</p> <p>Consequently, the decisions may be made for personal benefit, undermining shareholder value.</p>	<p>The Board of Directors and the Shareholders</p>	<ul style="list-style-type: none"> - The company must establish clear disclosure and conflict of interest policies. - Independent board members should oversee decisions involving conflicts. 	<p>Risk has been managed by the following actions:</p> <ol style="list-style-type: none"> 1. The company has a Conflict-of-Interest Policy 2. The company has a process in place to identify and mitigate conflict of interest situations 3. The company has Internal Guidelines on Related Party Transactions 4. Conflict of interest will be reported to the Board of Directors on a regular basis as a part of compliance report 5. There is an independent board member in the Board of Directors 6. The company's General Counsel participates in all board meetings as a secretary and ensures that the decisions are in accordance with the Company Act and in the best

				interest of the company and its shareholders.
Portfolio Management and Personal Trading	Portfolio managers may trade for their own benefit based on the same information or market conditions that they use to manage client portfolios, creating a conflict of interest.	The Employee and the Client	<ul style="list-style-type: none"> - Implement policies that restrict personal trading and require disclosure of personal trades by portfolio managers. - Monitor for potential conflicts related to personal investments. 	<p>Risk has been managed by the following actions:</p> <ol style="list-style-type: none"> 1. The company has a Personal Account Daling Policy and Market Abuse Policy <p>Ongoing surveillance of personal trading and trade surveillance systems.</p>
Outsourcing and Conflicts of Interest	Outsourced service providers have financial relationships with the company or executives that may influence decisions, such as recommending in-house products or services over others for financial gain.	The company and the Employee	<ul style="list-style-type: none"> - Conduct due diligence when selecting service providers. - Ensure contracts with third-party providers include conflict-of-interest clauses, and mandate periodic reviews of service delivery. 	<p>Risk has been managed by the following actions:</p> <ol style="list-style-type: none"> 1. The company has an Outsourcing Policy and Vendor Management Process <p>outsourcing agreements and third-party performance are monitored and evaluated on a regular basis.</p>
Transfer of crypto assets	Inadequate asset segregation during transfer process	Operations	<ul style="list-style-type: none"> - Use of segregated wallets or accounts 	<p>Risk has been managed by the following actions:</p> <ol style="list-style-type: none"> 1. The company has Administration and Custody Policy 2. Client assets are segregated from the company's operational funds

				Accounts and wallets are audited on a regular basis.
Custody	Use of client assets for provider's own purposes	The Company and the Client	<ul style="list-style-type: none"> - Segregation of client assets - explicit agreement and client consent 	Risk has been managed by the following actions: <ol style="list-style-type: none"> 1. The company has Administration and Custody Policy 2. The company uses segregated accounts for client assets. Regular independent audits to ensure compliance with asset segregation policies.
Receiving and Transmitting Orders	Employees handling orders are incentivized to route orders to certain brokers or venues that provide them with financial benefits (e.g., kickbacks or preferential treatment).	The company and the Client or Company and Employee	<ul style="list-style-type: none"> - Implement a strict policy to ensure orders are executed in the best interest of clients. - Transparency of trading venue choices, and regular reporting of inducements - 	Risk has been managed by the following actions: <ol style="list-style-type: none"> 1. The company has an Execution Policy that outlines the criteria for broker selection and best execution 2. The company has an internal guideline on inducements. The compliance function regularly monitors adherence to the above-mentioned Policies and guidelines.