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## POLICY FOR AVOIDING, IDENTIFYING AND MANAGING THE CONFLICTS OF INTEREST

### 1. GENERAL PROVISIONS

- 1.1. The present Policy for Avoiding, Identifying and Managing the Conflicts of Interest (“**Policy**“) of UAB Crowdpear (“**Company**“) establishes the measures to identify and avoid conflicts of interest that may arise during the Company's operation as a crowdfunding service provider and that may negatively affect the interests of the Company's Clients. The Policy also establishes the measures that the Company takes in order to properly manage the conflicts of interest arising in the Company's activities.
- 1.2. The Policy is prepared by taking into account the nature, scale and complexity of crowdfunding services provided by the Company, as well as the size of the Company and the peculiarities of the organization of activities (business).
- 1.3. The present Policy aims to reasonably ensure that damage to the interests of the Company's Clients is avoided or, if this is not possible, that the damage is properly managed and minimized.
- 1.4. The Policy has been prepared in accordance with the provisions of the Regulation (EU) 2020/1503 of the European Parliament and of the Council on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (“**Regulation**“) and other legislation applicable to the Company and regulating its activities.

### 2. DEFINITIONS

- 2.1. The capitalised definitions in the present Policy have the below meanings, unless the context of their use requires otherwise:
  - 2.1.1. **Company** – UAB Crowdpear, code of legal entity 305888586, seat address: Kareiviu g. 11B, Vilnius;
  - 2.1.2. **Investor** – a natural or legal person who provides financing (in the form of loans) through the Platform for Projects published on the Platform (Project Owners);
  - 2.1.3. **Client** – the Project Owner or Investor;
  - 2.1.4. **Control Relationship** – the situation where two or more natural or legal persons are related to control, i. e., related to parent and subsidiary relations in all cases specified in Article 22 (1) and (2) of the Directive 2013/34/EU, or when any natural or legal persons and the Company are related by similar relations; all subsidiaries of subsidiaries are also considered the subsidiaries of the parent company at the top of the hierarchy of these companies;
  - 2.1.5. **Platform** – the publicly available online information system administered and managed by the Company;
  - 2.1.6. **Policy** – the present document;
  - 2.1.7. **Project** – the business activity of one or more types for which the Project Owner seeks to obtain the financing by submitting a crowdfunding proposal;
  - 2.1.8. **Project Owner** – the legal entity or a natural person (entrepreneur) who seeks to receive financing through the Platform;
  - 2.1.9. **Regulation** – the Regulation (EU) 2020/1503 of the European Parliament and of the Council on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937;
  - 2.1.10. **Related Persons** – the following persons are considered as related persons:
    - 2.1.10.1. Any shareholder of the Company with 20% or more of the Company's share capital or voting rights;

- 2.1.10.2. The managers or employees of the Company;
  - 2.1.10.3. Other natural persons or legal entities related by the Control Relationship with the persons specified in the Clauses 2.1.10.1-2.1.10.2 of the present Policy.
- 2.2. Other definitions used in the present Policy are understood as they are defined in the Regulations or other documents of the Company, unless the context requires otherwise.

### **3. AVOIDANCE OF THE CONFLICTS OF INTEREST**

- 3.1. The company undertakes the implementation of at least the following measures to avoid the conflicts of interest:
  - 3.1.1. Does not participate in crowdfunding offers (Projects) published on the Platform administered by the Company;
  - 3.1.2. Does not publish the Projects owned by any of the Related Persons on the Platform administered by the Company;
  - 3.1.3. Determines whether any of the Related Persons was an Investor of the Project published on the Platform;
  - 3.1.4. Requires the Related Persons to declare and periodically update the information about the persons with whom they are connected by Control Relationship;
  - 3.1.5. During their functions in the Company's activities, requires all Related persons to constantly monitor whether their activities and/or decisions do not result in a conflict of interest;
  - 3.1.6. If a possible risk of conflict of interest is identified, requires the Related Persons to inform the Manager of the Company about it immediately and to indicate the reason and nature of the possible conflict of interest;
  - 3.1.7. Requires the Related Persons to perform all actions they take towards the Clients in an objective and impartial manner towards the relevant entities;
  - 3.1.8. Obligates the Related Persons to comply with confidentiality requirements, to act honestly and professionally towards the Clients, to strive to always take into account the interests of the Clients regardless of the interests of other Clients, their other activities, the interests of the Company or other Related Persons;
  - 3.1.9. Ensures that the applicable remuneration system does not create conditions for Related Persons to obtain the financial benefits from situations that cause or may cause a conflict of interest and breach the interests of Clients;
  - 3.1.10. Prohibits the Related Persons from publishing and exchanging information about the Clients known to them that may negatively affect the interests of the Clients, as well as publish, exchange information that is not publicly available and any other information related to the Client that is not necessary for the Related Persons to perform their direct functions;
  - 3.1.11. Ensures that all Investors are provided with the same conditions when financing the Projects published on the Platform, except for cases where differentiated interest is determined according to the amount (its amount) invested by the Investor in the Project;
  - 3.1.12. Ensures that all Clients have access to the same information about the Projects published on the Platform and their owners, and Related Persons cannot obtain additional sensitive information for their own benefit or that of third parties;
  - 3.1.13. The Manager of the Company constantly monitors and ensures that the Company's employees have access to the information that is only necessary for the performance of their direct functions;
  - 3.1.14. Ensures that the organizational structure of the Company does not allow any of the Related Persons to exert any influence on other Related Persons that could lead to a conflict of interest;

- 3.1.15. Determines any other circumstances that may cause an actual or potential conflict of interest between the Company, Related Persons and Clients, or between one Client and another Client.
- 3.2. After having received a notification specified in the Clause 3.1.6, the Manager of the Company must consider its validity immediately and, having established that a conflict of interest has indeed arisen or there is a real risk of its arising, make a decision determining all measures necessary in its assessment to avoid or control the conflict of interest (for instance, remove the employee from certain functions; transfer the functions of a temporary employee to another employee, etc.). If a conflict of interest cannot be completely avoided, the Manager of the Company must take all measures to control the relevant conflict, with the maximum aim of acting objectively and honestly in relation to the interests of the Clients.
- 3.3. If the Company allows the Related Persons to be Investors in Projects published on the Platform, the Company must take the following measures:
  - 3.3.1. Fully discloses such fact on its administered Platform, including the information about specific Projects in which the relevant Related Persons have invested;
  - 3.3.2. Ensures that the investments of the relevant Related Persons are made under the same conditions as those applied to other Investors;
  - 3.3.3. Ensures that the relevant Related Persons are not subject to any preferential conditions or privileged access to information about specific Projects published on the Platform.

#### **4. IDENTIFICATION AND MANAGEMENT OF THE CONFLICTS OF INTEREST**

- 4.1. To identify and manage conflicts of interest between the Company, Related Persons and Clients, or between one Client and another Client, the Company assesses whether the relevant persons:
  - 4.1.1. May receive financial benefits or avoid financial losses at the Customer's expense;
  - 4.1.2. Are interested in the result of the service provided to the Client that is different from the corresponding interest of the Client in that result;
  - 4.1.3. Has a financial or other incentive to prioritize the interests of the Client or a group of Clients over the interests of another Client.
- 4.2. The conflicts of interest can potentially arise in the following main areas of the Company's activities:
  - 4.2.1. The priority is given to Projects and Project Owners related to the Company or Related Persons;
  - 4.2.2. The Clients may be treated differently from other Clients by taking into account their direct or indirect relationships with the Company or Related Persons;
  - 4.2.3. The Related Persons may enter into crowdfunding transactions on the Platform at their own personal expense by using the information known to them;
  - 4.2.4. The certain Clients are given the opportunity to publish and/or finance the Projects on more favourable terms than other Clients.
- 4.3. If the Company determines that it is impossible to avoid a conflict of interest and it may negatively affect the interests of the Client, it is mandatory to inform the Client about the conflict of interest, indicating the nature and source of the relevant conflict of interest and the means of proper management of such conflict.
- 4.4. If the Project Owner is related to the Company by property or other relations (to the managers, shareholders, employees of the Company, etc.), the Company applies at least the following conflict of interest management measures:
  - 4.4.1. The Investors are informed about the relationship between the Project Owner and the Company in the Project description provided on the Platform;

- 4.4.2. The Project of the Project Owner is assessed according to the internal procedures applicable in the Company by those employees of the Company who have no connection with the relevant Project Owner;
  - 4.4.3. The contracts with the Project Owner are signed, executed, supervised, the decisions on their termination and transfer for recovery are made by those employees of the Company who have no relations with the relevant Project Owner;
  - 4.4.4. The measures taken to manage the conflicts of interest are documented;
  - 4.4.5. If it is not possible to manage a possible conflict of interest and there is a risk that the Investors' interests may be harmed, the Company refuses to start or continue the business relations with the relevant Project Owner.
- 4.5. To properly manage the conflicts of interest, the Company also ensures that:
- 4.5.1. The Related Persons could not have a negative influence on the Company, other Related Persons or Clients to obtain personal benefits;
  - 4.5.2. The Related Persons would not be able to participate in making specific decisions regarding the Client, if such participation would harm the effective management of the conflict of interest;
  - 4.5.3. If the Related Person seeks to finance the Project published on the Platform, it is ensured that the relevant person is given the same conditions as other Investors.

## **5. MONITORING OF MEASURES FOR THE AVOIDANCE, IDENTIFICATION AND MANAGEMENT OF THE CONFLICTS OF INTEREST**

- 5.1. The Manager of the Company or an authorised person appointed by the Manager of the Company continuously supervises whether the Company's measures for the avoidance, identification and management of the conflicts of interest are effective enough to ensure and protect the interests of Clients.
- 5.2. The Manager of the Company or an authorised person appointed by the Manager of the Company reviews the provisions of the present Policy and assesses whether the measures for avoidance, identification and management of the conflicts of interest set out in the Policy are appropriate and ensure the interests of the Company's Clients periodically, but at least once a year.
- 5.3. The Manager of the Company or an authorised person appointed by the Manager of the Company informs the employees and shareholders of the Company about the conflicts of interest management procedures and measures implemented in the Company.
- 5.4. The Manager of the Company or an authorised person appointed by the Manager of the Company also advises the Related Persons whether a potential or real conflict of interest exists in a specific situation and helps to avoid it or, if it is impossible to avoid the relevant conflict of interest, takes measures to manage this conflict of interest.

## **6. DISCLOSURE OF INFORMATION ABOUT THE CONFLICTS OF INTEREST**

- 6.1. The Company publishes information to the Clients about the general nature and causes of conflicts of interest, as well as the actions taken to reduce them on the website of its administered Platform.
- 6.2. The Company ensures that any information provided to the Clients and related to conflicts of interest is sufficiently detailed so that each Client can make an informed decision regarding the use of crowdfunding services provided by the Company that may result in a conflict of interest.

## **7. FINAL PROVISIONS**

- 7.1. The present Policy is approved and/or amended by the order of the Manager of the Company. The amendments of the Policy come into force on the date of the Company's order, unless the respective law provides otherwise.
- 7.2. The present Policy is published on the website of the Platform administered by the Company.

7.3. All employees and shareholders of the Company must be familiarized with the present Policy by signature.