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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 (Operator)** – UAB Crowdpear crowdfunding platform operator, crowdfunding service provider UAB Crowdpear, legal entity code 305888586, registered office address Kareiviu st. 11B, Vilnius, Lithuania;
  - 2.1.2. **Lender (Investor)**– is a natural person or legal person (user) who has submitted an investment (financing) offer through the Platform and who has properly registered on the Platform;
  - 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 on annual financial statements, consolidated financial statements and related reports of certain types of companies, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (the "**Directive**"), 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 crowdfunding platform administered by the Operator available at <https://crowdpear.com/> through which the Lenders (Investors) provide the crowdfunding funds to the Borrower (Project Owner);
  - 2.1.6. **Policy** – Policy for Avoiding, Identifying and Managing the Conflicts of Interest of UAB Crowdpear;
  - 2.1.7. **Project** – the project prepared and published on the Platform to satisfy the business needs, excluding the consumption, for the implementation of which the Project owner seeks to attract the Loan Amount from the Lenders (Investors);

- 2.1.8. **Project Owner** – legal entity or natural person (together - the User) who initiates and publishes the Project through the Platform in order to attract Crowdfunding funds from the Lenders (Investors);
- 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 Regulation or other applicable legal acts, the Loan Agreement and/or other mutual agreements published on the Platform or separately concluded between the Users and the Operator. Unless the context otherwise requires, words used in the Policy in the singular include the words used in the plural, and vice versa.

### 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 (Lender) 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 Lenders (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 Lender (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. In order to ensure the proper avoidance and management of conflicts of interest in the Company, the Related Persons fill out the declaration of private interests (an addendum to this Policy) once a year and submit it to the head of the Company or his authorized person.
- 3.4. If the Company allows the Related Persons to be Investors in Projects published on the Platform, the Company must take the following measures:
- 3.4.1. Fully discloses such fact on its administered Platform (website), including the information about specific Projects in which the relevant Related Persons have invested;
  - 3.4.2. Ensure that the investments of the relevant Related Persons are made under the same conditions as those applied to other Lenders (Investors) i.e. The Company does not enter into any separate agreements with the Project Owners, according to which Related Persons would receive conditions of any kind that would differ from the conditions publicly offered on the Platform to other Investors (Lenders);
  - 3.4.3. 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. In order to ensure this provision, any of the Related persons who intends to invest in the Projects offered on the Platform in the future must inform the head of the Company (or his authorized person) about this in advance, and the latter must constantly check the relevant person's access to information related to the Projects and ensure, that such person would only have access to the same information as other Investors (Lenders) and would receive the corresponding access at the same time as other Investors (Lenders). The head of the company (or his authorized person) constantly checks the implementation of the relevant procedures.

#### **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 (Lenders) 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' (Lender's) 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 changed by the order of the head of the Company. The amendments of the Policy come into force on the next day from the date of their adoption, unless other date of entry is specified.
- 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 in accordance with the procedure established by the Company.

Addendum to the  
Policy for Avoiding, Identifying and Managing the Conflicts of Interest  
of UAB Crowdpear

**DECLARATION FORM OF PRIVATE INTERESTS**

20[...] y. [...] month [...] day

**Name, Surname:**

**Duties held (basis of management):**

1. Do you participate in the activities of other legal entities - do you directly or indirectly control at least 1/5 of the company's authorized capital or voting rights?	<b>Yes:</b> <input type="checkbox"/>	<b>No:</b> <input type="checkbox"/>
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If you answered "Yes" to the question, complete the table below:

Name of the legal entity	Code of the legal entity	Proportion of shares held / Voting rights

2. Are you or the legal entities under your control related to other legal entities (subsidiaries, parent companies)?	<b>Yes:</b> <input type="checkbox"/>	<b>No:</b> <input type="checkbox"/>
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If you answered "Yes" to the question, complete the table below:

Name of the legal entity	Code of the legal entity	Control (connection) type

3. Are you permanently connected with other natural or legal persons through a control relationship (do you participate in the activities of other legal persons together, manage legal persons)?	Yes: <input type="checkbox"/>	No: <input type="checkbox"/>
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Name of the legal / Name and surname of the natural person	Code of the legal entity / Personal code of the natural person (birth date)	Control (connection) type

**Other information**

Provide any other information about any other circumstances or situations that may cause conflicts of interest in the Company's activities or may affect your objectivity and independence in the performance of your work duties.

I confirm that I have read, understood and undertake to follow the Policy for Avoiding, Identifying and Managing the Conflicts of Interest of UAB Crowdpear.

I confirm that all information provided in the Declaration form of private interests is correct and complete.

I undertake to update this Declaration form of private interests every time there is a substantial change in circumstances/new information, but at least once a year.

**[name, surname]**

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