

UAB "Iban Online"

Conflicts of Interest Policy

| Governance | |
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| Version | V3 |
| Approved by | Marc-Anthony Hurr The Managing Director |
| Policy Owner | UAB "Iban Online" |
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Conflicts of Interest Policy

1. Definitions

Agent/Partner – a third party, a legal or natural person, working/acting on behalf of or representing the Company on the basis of a contractual relationship.

Client – a legal or natural person, having business relations on the basis of the contract/agreement between the Company and the Client, where the Company provides services for the benefit of the Client.

Company – UAB "Iban Online", reg. No. 305638426, reg. address at Didžioji g. 18, Vilnius, Lithuania.

Person related to the Client - any natural person or legal person (entity) that is considered to be a person related to the Client, or a related party of the Client, according to the applicable European, national and other applicable legal acts. This relation may arise on basis of ownership rights, contractual rights and obligations as well as mandatory regulations established by the law.

Person related to the Company – any natural person or legal person (entity) that is considered to be a person to the Company or a related party of the Company, according to the applicable European, national and other applicable legal acts. This relation may arise on basis of ownership rights, contractual rights and obligations as well as mandatory regulations established by the law.

2. Purpose and Introduction to Conflict of Interest

It is important to identify and manage conflicts of interest, which arise or may arise in the course of providing a service. A conflict of interest may arise where personal and professional interests of Company's Clients, Person(s) related to the Client(s), the Company itself, Persons Related to the Company, and/or the Company's employee(s), compete and are in conflict (contradiction). A situation may be a conflict of interest even if no improper act or disadvantage to the Client arises from it.

The Company is committed to identify, monitor and manage all actual and potential conflicts of interest in the context of the activities of the Company, that can arise between the Company's Clients, Person(s) related to the Client(s), the Company itself, Persons Related to the Company, and/or the Company's employee(s).

The purpose of this Conflicts of Interest Policy (hereinafter – the **Policy**) is the *Avoidance, Identification, and Management* of conflicts of interest. The Policy has been prepared to identify and summarise the conflicts mentioned herein which the Company may experience as an organisation and how it can address the challenges that such conflicts create. It also provides the Company's Clients with appropriate information, relating to the policies the Company has in place to identify and manage conflicts of interest. In the regular course of business, agents/partners/providers and/or employees of the Company may have an opportunity to advance their own personal interests or interested for the benefit of other persons with or against the interests of the Company. Acting in such a manner is unacceptable and any party acting outside of the best interest(s) of the Company may be subject to disciplinary action and/or penalties.

In the event of a potential or imminent conflict of interest, the Company will in all cases seek to ensure that the best interests of the Investors and Project Owners are acted in good faith. In cases where a conflict of interest cannot be avoided, the Company makes every effort to manage this conflict of interest and to disclose to the Investors and Project Owners in respect of whom this conflict of interest occurs or may occur all information related to this conflict of interest.

3. Regulations

These key points of the Policy are designed to fulfil the Company's obligations under the following legal acts, directly and indirectly regulating the activities of the Company:

- Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937, which will enter into force on 10.11.2021 (hereinafter – the **Regulation**);
- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (hereinafter – **MiFID II**);
- Law on Crowdfunding of the Republic of Lithuania (hereinafter – the **Crowdfunding Law**);
- Law on Markets in Financial Instruments of the Republic of Lithuania (hereinafter – the **LMFI**; MiFID II was transposed at a national, i.e. Lithuanian, level in this law);
- Law on Consumer Credit of the Republic of Lithuania (hereinafter – the **Consumer Credit Law**);
- Law on Real Estate Related Credit of the Republic of Lithuania;
- Law on Companies of the Republic of Lithuania;
- Law on The Prevention of Money Laundering and Terrorist Financing;
- Legal acts, guidelines and various types of consulting as well as best-practice leading documents, issued by direct and/or indirect regulators, regulating and supervising companies, including the Company, acting in *FinTech* sector, e.g.:
 - the European Securities and Markets Authority, established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council (10) (hereinafter - **ESMA**);
 - the European Banking Authority (hereinafter - **EBA**);
 - the Bank of Lithuania (hereinafter - **BoL**);
- other relevant legislation and *soft-law* documents as well as standards.

This Policy shall ensure that the relevant procedures are in place as well as is designed to identify, monitor and handle all potential and actual conflicts so that these are not to the detriment of the Client and/or the Company

The main requirements applied for the Company and all the persons/parties in relation to the activities of the Company, in respect of the conflict of interest(s), are the following:

A. Main principles of the Policy in relation to the Regulation (Article 8, etc.; exemptions may be applied only according to the Regulation):

- A.1. the Company shall not have any participation in any crowdfunding offer on its own crowdfunding platform(s).
- A.2. The Company shall not accept as project owners in relation to the crowdfunding services offered on the crowdfunding platform any of the following:
 - (a) its shareholders holding 20%, or more, of share capital or voting rights;
 - (b) its managers or employees;
 - (c) any natural or legal person, linked to its shareholders, managers or employees by control as defined in point (35)(b) of Article 4(1) of MiFID II.When the Company accepts as investors in the crowdfunding projects offered on its crowdfunding platform any of the persons referred to in Points A.2 (a), (b) and (c), it shall fully disclose on its website the fact that the Company accepts such persons as investors, including information on the specific crowdfunding projects invested in, and shall ensure that such investments are made under the same conditions as those of other investors and that those persons do not enjoy any preferential treatment or privileged access to information.
- A.3. The Company shall maintain and operate effective internal rules to prevent conflicts of interest.
- A.4. The Company shall take all appropriate steps to prevent, identify, manage and disclose conflicts of interest between the Company and Persons Related to the

Company, their shareholders, their managers or employees, or any natural or legal person, linked to them by control, as defined in Point (35)(b) of Article 4(1) of MiFID II, and its Clients, or between one Client and another Client.

- A.5. The Company shall disclose to its clients the general nature and sources of conflicts of interest and the steps taken to mitigate them. Such disclosure shall be made on the website of the Company.
- A.6. The disclosure referred to in Point A.5 shall:
- (a) be made on a durable medium;
 - (b) include sufficient detail, taking into account the nature of each Client, to enable each Client to take an informed decision about the service in the context of which the conflict of interest arises.

B. Main requirements, directly arising in accordance with the national laws and Directive

- Article 9(3) of the Crowdfunding Law:
A crowdfunding platform operator must, *inter alia*, have in place and apply organizational measures for avoidance, identification and addressing the conflicts of interests which may prejudice the interests of a funder or project owner.
- Article 9(8) of the Crowdfunding Law:
A crowdfunding platform operator must, *inter alia*, store documents, data and information related to the funders and the project owner for 10 years after the date of the respective crowdfunding transaction unless the Law on The Prevention of Money Laundering and Terrorist Financing other legal acts provide for a longer period of storage.
- Article 13(1)(5) of the Crowdfunding Law:
A crowdfunding platform operator shall publish the following information on its website, including but not limited to, information of organizational and administrative measures for avoiding, identification and addressing conflicts of interests used by the crowdfunding platform operator.
- Article 25(3)(5)(6) of the Consumer Credit Law:
A peer-to-peer platform operator must constantly follow the requirement to implement and apply the effective organizational and administrative measures, designed to prevent conflicts of interests, which may negatively impact interests of the lenders and consumers (borrowers).
- Article 25(3)(7)(2) of the Consumer Credit Law:
A peer-to-peer lending operator must publish, including but not limited to, information about organizational and administrative measures for preventing conflicts of interests on its website.
- Article 25(4)(2) of the Consumer Credit Law:
Until the conclusion of a credit agreement a peer-to-peer lending operator must familiarize a creditor (lender) with the risks being taken by a creditor (lender) (risks of the operator's insolvency, removal from activities, conflict of interests, consumer's (borrower's) insolvency, improper fulfilment of credit agreement, and other types of risks, intrinsic to a specific peer-to-peer lending platform operator and its activities).
- Article 35(3)(2) of the Law on Real Estate Related Credit of the Republic of Lithuania:
The remuneration policy shall be consistent with the lender's business strategy, objectives, values, and long-term interests and include measures designed to prevent conflicts of interests, it shall also be established that the employee's salary would not depend on the number of approved applications for conclusion of credit agreements or a relative share thereof.
- Article 37(6)(5) of the Law on Real Estate Related Credit of the Republic of Lithuania:
An operator of a peer to peer lending platform shall comply, *inter alia*, with the requirement to implement and apply efficient organizational and administrative measures designed to prevent conflicts of interests, which could have a negative impact on the interests of the grantors of the loan and the borrowers.
- Article 37(8)(2) of the Law on Real Estate Related Credit of the Republic of Lithuania:

An operator of a peer to peer lending platform shall publish the following information on one's website, including but not limited to, information on organizational and administrative measures, designed to prevent conflicts of interests.

- Article 37(8)(2) of the Law on Real Estate Related Credit of the Republic of Lithuania: Prior to the conclusion of a credit agreement, the operator of a peer to peer lending platform shall familiarize the grantor of a loan with the risks assumed by the grantor of a loan (insolvency risk of the operator, the risk of termination of activities, the risk of conflict of interests, insolvency risk of the borrower, the risk of inadequate implementation of the credit agreement and other types of risk typical to a specific operator of a peer to peer lending platform and the operations thereof).

Therefore, the Company takes all appropriate steps to identify, prevent and manage conflicts of interest between the persons acting in the related fields, including managers, employees and tied agents, or any person directly or indirectly linked to them by control and their clients, or between one Client and another, that arise in the course of providing any related service provided to any retail and/or professional Client, or combinations thereof, including those caused by the receipt of inducements from third parties, or by the Company's own remuneration and other incentive structure.

3.1. When the Company is carrying out crowdfunding lending platform operator's, peer-to-peer lending platform activities which are overseen by the regulators (i.e. Bank of Lithuania and other), or ancillary services, **conflicts of interest are defined as any conflicts which arise between the following subjects:**

- the Company and a Client;
- the Client and another Client;
- the employees of the Company and/or Persons Related to the Company and the Clients/Investors/Project Owners; this point also includes any possible conflict with persons having close relations with the employees, the Head, shareholder(s) and other Persons Related to the Company;
- any investors and project owners;
- Investors, directly and/or indirectly investing into the Company (Related Investors), and other investors; this point also includes any interest conflict between any Related Investors;
- Project Owners, directly and/or indirectly related to the rights in respect of the Company (the Related Project Owners) and other project owners; this point also includes any interest conflict between any Related Project Owner;

The avoidance and management of the conflicts identified between the persons mentioned hereinabove shall be performed according the procedures described in a separate part of this Policy, listed hereinbelow in Point 5 of the Policy.

3.2. The types of conflicts envisaged may include situations where the Company:

- standing to make a financial gain, or avoid a loss, at the expense of the Client /Person Related to the Client;
- having an interest in the outcome of a service provided to the Client/Person Related to the Client/Agent/Partner/Person Related to the Company/Employee of the Company or of any related person, or a transaction carried out on their behalf, which is materially different from the interest of that person mentioned herein;
- having financial or other incentive to favour the interests of another Client or group of Clients over that Client;
- carrying on the same business as to the Client/Person Related to the Client/Agent/Partner/Person Related to the Company/Employee of the Company or of any related person; or

being likely to receive from a person other than the Client an inducement, whatever the form, relating to the service provided to the Client other than standard fees or commission for that service.

The avoidance and management of the conflicts identified between the persons mentioned

hereinabove shall be performed according the procedures described in a separate part of this Policy, listed hereinbelow in Point 5 of the Policy.

4. Identification and Detection of Conflicts of Interest

For the purposes of identifying the types of conflict of interest that may arise in the course of providing crowdfunding and peer-to-peer lending platform operator’s services and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company takes into account any of the following situations, whether they are as a result of providing crowdfunding and peer-to-peer lending platform operator’s services or ancillary services or crowdfunding lending platform operator’s activities or otherwise:

- the Company or a Person Related to the Company is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- the Company or a Person Related to the Company has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client which is distinct from the Client’s interest in that outcome; the Company or a Person Related to the Company has a financial and/or other incentive to favour the interest of another Client or group of Clients over the interest of the said Client; the Company or a Person Related to the Company carries on in same business as the Client; the Company or a Person Related to the Company receives or will receive from another client other than the Client, an inducement in relation to a service provided to the Client in the form of a financial gain, goods or services – other than the standard fee or commission for that service.

Examples of types of conflicts:

| Material Conflict | Nature of conflict and measures |
|---|--|
| Personal Account Dealing (please see the separate Personal Account Dealing policy) | The risk arising is that staff who are party to privileged information concerning crowdfunding/peer-to-peer lending with which we deal may trade on information which is unknown to the Client for personal gain. |
| Gifts (please see the separate inducements policy) | This covers the risk that any gifts or hospitality provided by a third party may materially influence a recommendation provided to the Client. |
| Inducements (please see the separate Inducement policy) | This covers the risk of material inducements being given or offered which may conflict with a duty of care owing to the Client. |
| Remuneration (Please see the separate Inducements policy) | This deals with the risk that remuneration policy may encourage staff to take account of their own earnings from a potential transaction rather than the best interests of the Client. The Company should put in place a policy whereby all staff receive the same level of commission regardless of the project the Client invests in. All staff are aware of their obligations to act in the Client’s best regardless of personal benefit. |

5. Managing and Recording Conflicts of Interest

5.1. Managing risks of conflicts of interests

The Compliance Officer is the person responsible for the management of the risks, arising out of conflicts of interests. The Managing Director shall confirm by signing all the most important documents in the relation to this Policy as well as the Policy itself.

The functions, in addition to those related to the implementation of the Policy, of the Compliance Officer, also includes the following actions:

- preparation, review, update, and apply the organizational measures for avoidance, identification and addressing the conflicts of interests, which may prejudice the interests of any a funder/investor or project owner;
- approval of the assessment rules of the project owner, that should include the criteria for the assessment of reputation and creditworthiness of project owners;
- keeping in place and applying the organizational measures for ensuring timely disclosure of the information related to the conflict of interest;
- identifying and implementing measures that helps to reduce the risks related to the conflicts of interests, which are already identified and the relations with the relevant persons have been terminated/pending.

5.2. Reporting and declaring about conflicts of interests

The main principles:

- Any person that thinks that he/she/it himself/herself/itself causes or might cause conflict of interest, or he/she/it detects such a risk caused by other person, must declare/report about such a risk to the Compliance Officer or its authorized person within 3 (three) working days from detection of the risk of conflict of interest.
- The Compliance Officer or its authorized person, having received the aforementioned declaration/report, must react and provide the opinion in writing about such case and risks to the Managing Director within 3 (three) working days from the relevant receipt.
- The Compliance Officer or its authorized person must respond to the person having declared/reported about the conflict of interest in writing within 10 (ten) working days from the date when such person declared/reported about the conflict. Such response must be coordinated with the Managing Director and provide the opinion about the risks identified, measures of reducing/solving thereof, and conclusion about the further perspective of the relevant business relations with that person having caused/that might cause conflict of interest.
- The person having declare/reported about the conflict of interest, must provide the answer, if such has been asked to be provided, in writing to the Compliance Officer or its authorized person within 5 (five) working days from the receipt of the aforementioned respond from the Compliance Officer or its authorized person.

The acceptable means of communication when declaring/reporting and declaring about conflict of interests: in writing (by e-mail, by e-mail with documents in soft copy or by post with original documents in hard copy) about such conflict of interest within 5 (five) working days from such detection.

5.3. Actions and measures to prevent conflicts of interests and deal with them

The Company sets up and follows internal policies and is also responsible for the avoidance of conflict of interest, identification and managing of potential conflicts of interest, if any, and shall ensure the compliance with such procedures. Such procedures and controls that the Company follows regarding conflicts of interest are as follows:

- creation, update (at least once a year) and performance of effective procedures to prevent or control the exchange of information between any persons, where the exchange of such information may harm the interests of one or more Clients and/or the Company.
- Separate supervision of persons whose principal functions involve carrying out such activities on behalf of, or providing services to, Clients whose interests may conflict, or who/that otherwise represent different interests that may conflict, including those of the Company.

- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict may arise in relation to those activities.
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out crowdfunding and/or peer-to-peer lending platform operator's services or ancillary services and/or activities,
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate crowdfunding and/or peer-to-peer lending platform operator's services or ancillary services or activities where such involvement may impair the proper management of conflicts of interest,
- Segregation of duties that could give rise to conflicts if carried out by the same individual.
- Monitoring and Reporting on all compliance procedures above to the Board of Directors.
- Establishment of a *four-eye* principle in relation to the supervision of the Company's activities.
- In case the conflict is in any way related to the Related Project Owner (by property, any rights, etc.), the following actions shall be taken:
 - informing the Related Investors about the Project Owner and the Company; this informing also has to be included in the Project Description;
 - the project of the Project Owner is being evaluated in accordance with the internal procedures, applicable for those employees of the Company who do not have any relations with the Project Owner; such employee shall be appointed by the Managing Director;
 - the contracts/agreements with the Project Owners are signed, executed, supervised, decisions on their termination and transfer for recovery are made by those employees of the Company who do not have any relations with the Project Owner; measures taken to manage the conflict of interest shall be documented;
 - if there is no possibility to manage a possible conflict of interest and there is a risk that the interests of the Investors may be affected, the Company refuses to start or continue business relations with such Project Owner;
 - an extra verification and monitoring must be performed when the Company presents its own projects. The management of the potential risks, *inter alia*, shall include the disclosure to the Investors, which will be provided in writing and in a way acceptable to the Investors.
- Whereas the Compliance Officer of the Company is responsible for proper implementation of the Policy, in any case, when the Compliance Officer receives from other employee, management team, shareholder and/or any person that might have/detect conflict of interest according to the standards of this Policy and relevant legislation, the Compliance Officer or its authorized person may within 5 (five) working days initiate the procedures of collecting information from any person that may cause/be the reason of conflict of interest. Such collection of information, that will help the Company, at first the Compliance Officer thereof, to identify and avoid the potential risks (in respect of this Policy), may be implemented in the following ways/methods, prepared by the Compliance Officer:
 - Information Questionnaires, prepared ad hoc for each case (*ad-hoc*) when possible conflict of interest arises;
 - Standard documentation, being prepared and provided before starting business relations with any Client/Partner/Agent:
 - Client/Partner/Agent Declarations, including a wide range of lists of declarations, confirmations, which helps to identify and avoid the potential risks, and solve such risk issued;
Such declarations will be designed namely to describe the ultimate beneficial owners (UBOs), their sources of funds (SOF), sources of wealth (SOW), previous, current and, if possible, future business and personal activities as well as interests;

- Questionnaires about the use of funds or investment interests; such questionnaires describe and provide data related to the Company itself.
- In case of any actual or potential conflict of interest, detected by the Compliance Officer and approved by the Managing Director, the Compliance Officer or its authorized person shall notify any relevant person having caused/that may cause conflict of interest in writing (by e-mail, by e-mail with documents in soft copy or by post with original documents in hard copy) about such conflict of interest within 5 (five) working days from such detection.
 - In case the conflict of interest may harm interests of the person having been notified, but still the parties agree to continue the business relations, the notified person must give within 5 (five) working days his/her/its signed consent, indicating the understanding of the risks and the will to continue the business relations.
 - In cases where the risk management and other measures, applied by the Company, are not sufficient to ensure the proper protection of the interests of the Client/Person Related to the Client/Agent/Partner, before starting/continuing the further business relationship, such person shall be informed in writing that such measures are not sufficient to ensure the proper protection of the interests of the relevant person. Furthermore, such person must be provided with the detailed description of the conflict, reasons the conflict of interests, possible consequences and risks for that person.

5.4. Avoidance (Circumvention) of Conflicts of Interest

The proper avoidance and circumvention of any conflict of interest follows after a proper disclosure thereof. The Company keeps records of the disclosed and identified conflicts of interest in the Register of Conflicts (hereinafter – the **Register**).

5.5. Closing Provisions about the Management of Conflicts of Interest

The Company at least annually carries out a review and maintains a record of the types of activity carried out from which a conflict of interest may arise. The General principle of avoidance, recording, managing and dealing with conflicts of interests is following the requirements of applicable valid legislation, general legal principles, best practice and case law, not giving any preferences in relation to close relations to the Company and not allowing other possible discriminatory situations.

If it appears for any reason that the conflict cannot be reasonably managed so as not to prejudice the best interests of the Client and/or any person mentioned herein, this will be disclosed.

6. Record Keeping

The Company should maintain a record of all activities where a conflict of interest has arisen or may arise.

The Company will maintain the Policy publicly on the Platform as well as internally with the Register. The Register shall determine the relevant steps the Company shall take to identify the different types of conflicts that may arise and the ways/methods in which such conflicts may be handled. The Register will contain the specific conflicts including but not limited to:

- person notifying, overseeing and monitoring the conflict;
- date when the conflict was identified;
- details of the conflict;
- how the conflict was disclosed;
- the outcomes of the conflict and disclosure thereof;
- frequency of review;
- what amendments were required;

- whether the relationship can continue and if not – what actions/procedures must be performed to continue the relationship;
- circumstances and the fact about the termination of the relationship, if any.

7. Training and Review

All the Company's employees will be given training(s) on how to be aware of conflicts of interest, how and to whom to report on any new or future conflicts. This training(s) will be provided during onboarding and every 6 to 12 months thereafter.

8. Failure to Comply

Failure to comply with this Policy and procedures outlined above may result in disciplinary procedures being invoked.

9. Amendments to the Policy

The Company annually reviews this Policy and should any amendments be made which may materially affect the way in which the Company would handle a conflict of interest on behalf of a Client, the Client shall be notified in writing of the nature of the changes. Please note that the Policy shall be published and made available on the Platform of the Company as well as with the Register. The Client will also be provided, on request, with an up-to-date copy of the conflicts of interest policy statement.

In addition to the above, kindly please be informed that the Compliance Officer is a person responsible for the review the provisions of the Policy and the Company's internal procedures, assurance their compatibility with the legal requirements applicable to the Company's activities, also performs the following functions:

1. informs the Company's employees, Managing Director and Shareholder(s) about the management procedures of conflict of interest, implemented in the Company;
2. consults the Persons related to the Company and/or to the Client on whether there is a potential or real conflict of interest in a particular situation and how it should be managed;
4. performs other actions aimed at the proper and timely identification and management of conflicts of interest.

The responsibilities contained within this document will be reviewed on an annual basis by the Compliance Officer and approved by the Managing Director, and any changes made if appropriate will be recorded.

The Policy shall enter into force upon its approval and shall remain in force until it is amended, supplemented or repealed.

(signature)

Signed by:
Marc-Anthony Hurr
The Managing Director
UAB "Iban Online"