

Approved:

UAB Nordstreet

By order of the CEO of 12 March 2020

No 2020-03-12 VĮ-1

UAB NORDSTREED
POLICY FOR THE IDENTIFICATION, AVOIDANCE AND MANAGEMENT OF CONFLICTS OF INTEREST

I. GENERAL PROVISIONS

1. This Policy for identifying, avoiding and managing conflicts of interest (hereinafter – the **Policy**) of UAB Nordstreet (hereinafter - the **Company**) sets out the measures to identify and avoid any conflicts of interest that may arise when the Company operates as a crowdfunding platform operator that may adversely affect the interests of the Funders or the Project owners or properly manage these conflicts of interest.
2. The Policy has been prepared in accordance with the provisions of the Law on Crowdfunding of the Republic of Lithuania and other legal acts applicable in the Republic of Lithuania.

II. DEFINITIONS

3. Capitalised terms used in this Procedure shall have the following meanings, unless the context requires otherwise:
 - 3.1. **Company** – UAB Nordstreet, company code 304565690.
 - 3.2. **Funder** – a customer of the Company who, through the crowdfunding platform operated by the Company, is seeking to finance or has financed a project.
 - 3.3. **Law** – the Law on Crowdfunding of the Republic of Lithuania.
 - 3.4. **Platform** – a crowdfunding platform administered by the Company.
 - 3.5. **Policy** – this document.
 - 3.6. **Project Owner** – a client of the Company seeking to attract funding through the crowdfunding platform operated by the Company.
 - 3.7. **Related persons** – employees, managers, shareholders of the Company and persons closely related to them.
 - 3.8. **Close relations** – a situation in which two or more natural or legal persons, other entities and bodies are linked by:
 - 3.8.1. participation relations when at least 1/5 of the capital or voting rights of an undertaking is held directly or by way of control;
 - 3.8.2. control relations covering the relationships between a parent undertaking and a subsidiary arising on the basis of control, also other similar relationships between a natural or a legal person and an undertaking, a subsidiary undertaking of an undertaking's subsidiary undertaking also being considered a subsidiary of the previous undertaking;
 - 3.8.3. permanent control relations with the same person – a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship shall be regarded as constituting a close link between all of these persons.

4. Other terms used in the Policy shall be understood as defined in the Law or in the Platform Use Agreement, unless the context requires otherwise.

III. SITUATIONS WHICH HAVE CAUSED OR CAN CAUSE A CONFLICT OF INTERESTS

5. Conflict of interest means a situation where the interests of different parties conflict with each other. Such conflicts may arise among:
 - 5.1. the Company (or Related Persons) and the Company's customers – the Funders and the Project Owners;
 - 5.2. Funders and Project Owners;
 - 5.3. Funders and other Funders;
 - 5.4. Project Owners and other Project Owners.
6. In managing conflicts of interest, the Company continuously monitors and identifies situations where:
 - 6.1. the Company (or a Related person) may have financial benefits or avoid financial losses at the expense of the Funder and/or Project Owner;
 - 6.2. the Company (or Related Person) has an interest in the outcome of the service rendered to the Funder and/or Project Owner or as a result of a Funding Transaction concluded at the expense of the Funder and/or Project Owner that differs from the Funder's and/or Project Owner's interest in the outcome;
 - 6.3. the Company (or a Related person) has a financial or other interest in favouring the interests of one Funder and/or the Project Owner over the interests of the other Funders and/or Project Owners;
 - 6.4. the Company (or Related person) receives, or will receive, not from the Funder and/or Project Owner, the incentive measure that is related to the Funder and/or Project Owner and/or the service provided to the Funder and/or Project Owner or the financing transaction signed by him, and which can be provided in the form of money, goods or services, except in such a case as payments normally made.
7. Conflicts of interest within the Company may arise in the following key areas of practice:
 - 7.1. giving priority to projects related to the Company (or Related Persons) and their owners;
 - 7.2. the Funders and/or the Project Owners may be treated differently from other Funders or Project Owners depending on their direct or indirect relationship with the Company (or Related persons);
 - 7.3. Related persons may enter into Funding Transactions at their own expense using information known to them.
 - 7.4. certain Funders are given the opportunity to finance the project on more favourable terms than other Funders.
 - 7.5. certain Project Owners are given the opportunity to post the Project on the Platform on more favourable terms than other Project Owners.
8. In the event of a potential or emerging conflict of interest, the Company will in all cases seek to ensure that it acts in good faith in the best interests of the Funders and the Project Owners. Where a conflict of interest cannot be avoided, the Company shall make every effort to manage this conflict of interest and shall disclose to the Funders and Project Owners, in respect of whom such a conflict of interest exists or may occur, all information relating to this conflict of interest.

IV. AVOIDANCE OF CONFLICTS OF INTEREST

9. The Company applies conflict of interest avoidance as a key tool in managing potential conflicts of interest.
10. In avoiding conflicts of interest, the Company shall ensure that:
 - 10.1. employees, the CEO and shareholders of the Company declare and periodically update information regarding persons with whom they have close relations;
 - 10.2. all employees, managers and shareholders of the Company, in the performance of their functions, determine whether there is a conflict of interest;
 - 10.3. having identified the potential risk of a conflict of interest, the employee or shareholder of the Company shall immediately inform the CEO of the potential conflict of interest and indicate the nature of the potential conflict of interest;
 - 10.4. all actions taken by the Company (or any Related Persons) in relation to the Funder and the Project Owner are based solely on the interest of the said entities and are carried out objectively and impartially.
11. Upon receipt of a notice from an employee or shareholder of the Company, the CEO shall consider its reasonableness and make a decision regarding the reported conflict of interest. The decision of the CEO shall provide the avoidance or management of conflicts of interest (e.g. removal of an employee from the function and appointment of another employee, authorisation of the employee to continue his/her functions (or concluding a transaction related to the conflicts of interest), including the measures to ensure that the conflict of interest is managed).
12. The Company also takes the following measures to avoid conflicts of interest:
 - 12.1. the Company's employees, CEO and shareholders are committed to confidentiality, integral and professional treatment of the Funders and the Project Owners, always seeking to take into account the interests of the Funders and Project owners, independently of other Funders and Project owners, other activities, the Company or other Related persons;
 - 12.2. the employees, CEO and shareholders of the Company are made aware of the obligation to immediately notify the CEO (in the case of the CEO – the General Meeting of Shareholders) of any situations that cause or may cause a conflict of interest;
 - 12.3. ensures that the applicable Compensation Scheme for Related Persons does not allow the Related Persons to derive financial benefits from situations that cause or are likely to cause conflicts of interest;
 - 12.4. prohibits the Company's employees, managers and shareholders from publishing, exchanging information known to them that may adversely affect the interests of the Funders or the Project Owner, disclosing information that is not publicly available, and any other information related to the Funders or Project Owner that it is not necessary to perform the direct functions of the Company's employees or CEO in the Company;
 - 12.5. ensures that all Funders have access to the same information regarding the Project Owners and their Projects, and that Related Persons may not, for their own benefit or for the benefit of others, obtain additional sensitive information;
 - 12.6. verifies that the Company's employees are able to access and work only with the information necessary for the performance of their functions;
13. The CEO or a person appointed by the CEO shall oversee the effectiveness of the Company's measures to avoid, detect and manage conflicts of interest. In performing these functions, the CEO or a person authorised by the CEO shall:
 - 13.1. periodically, at least once a year, review the provisions of the Policy and the Company's internal procedures and ensure their compatibility with the legal requirements applicable to the Company's activities;

- 13.2. inform the Company's employees, CEO and shareholders about the conflict of interest management procedures implemented in the Company;
- 13.3. advise the related persons whether a potential or actual conflict of interest exists in a particular situation and how it should be managed;
- 13.4. perform other actions aimed at the proper and timely identification and management of conflicts of interest.

V. MANAGEMENT OF CONFLICTS OF INTEREST

14. In the event that the Company determines that a conflict of interest cannot be avoided and may affect or adversely affect the interests of the Funder or the Project Owner, the Funder and/or the Project Owner must be informed of the conflict of interest, indicating the nature, source of the conflict and the means of appropriate management of such conflict.
15. The Company must collect documents that substantiate that the conflict of interest could not be avoided, as well as documents that confirm that the potential or actual conflict of interest has been duly notified to the Funder and/or the Project Owner.
16. In cases where the Project Owner is related to the Company through property or other relationships (through executives, shareholders, etc.), the Company shall apply the following measures of conflict of interest management:
 - 16.1. Funders are informed of the relationship between the Project Owner and the Company in the Project Description;
 - 16.2. the Project Owner's Project shall be evaluated in accordance with the Company's internal procedures by those employees of the Company who have no relationship with the Project Owner; such employee is appointed by the CEO or his authorised person;
 - 16.3. contracts with Project Owners are signed, executed, supervised, decisions on their termination and transfer for recovery are made by those employees of the Company who have no relations with the Project Owner;
 - 16.4. the measures taken to manage conflicts of interest are documented;
 - 16.5. if there is no possibility of managing a potential conflict of interest and there is a risk that the interests of the Funders may be adversely affected, the Company refuses to enter into or maintain a business relationship with such Project Owner;
17. In order to properly manage conflicts of interest, the Company shall also ensure that:
 - 17.1. the Related Persons, for the purpose of personal gain, would not adversely affect the Company, other Related Persons, the Funders or the Project Owners;
 - 17.2. the Related Persons would not be able to participate in adopting specific decisions regarding the Funder or the Project Owner if such involvement would undermine the effective management of conflicts of interest;
 - 17.3. in cases where the Company's employee or shareholder, who is working directly with the Project Owners' assessment, funds the Projects for personal purposes, he or she must inform the CEO and obtain permission to do so. In all cases, such funding shall be carried out on terms no more favourable than those of other Funders.
18. A conflict of interest shall not be deemed to exist where the Company or Related Persons fund a project in the following cases: the remaining eligible amount of the Project is less than the minimum project financing limit set by the Company and the Company seeks to close the Project without giving priority to any Funder.

19. In cases of an existing or potential conflict of interest that cannot be avoided or adequately managed by the means specified in the Policy, the Company shall inform persons who may be adversely affected by the conflict of interest and its intended actions to avoid or manage it.

VI. MANAGEMENT OF CONFLICTS OF INTEREST BETWEEN FUNDERS AND PROJECT OWNERS

20. The Company shall ensure that all Funders are accorded the same terms and conditions for funding projects published on the Platform, except when:
 - 20.1. more favourable conditions for Funders who finance a certain minimum amount are established (e.g., higher interest rates are applied to Funders who finance a larger amount);
 - 20.2. the Funder is allowed to take advantage of the Company's more favourable terms at the expense of the Company (e.g., the Company provides the Funders with the opportunity to receive additional interest as compensation for an unfunded project, as an incentive to fund the project for the first time, or as an incentive to offer other potential clients to finance the project);
 - 20.3. The Funders are involved in different stages of financing of the same project.
21. The Company shall disclose information on any of the more favourable terms provided for in paragraph 20 to the Funders on the website of the Platform it administers, along with information on the funding conditions for specific projects.
22. In certain cases, the Company may propose to the Project Owner, who has published the Project on the Platform, to reduce the amount sought for financing. In order to manage potential conflicts of interest related to this opportunity, the Company announces such opportunity in the Platform along with information on a particular project. Similarly, by offering the Project Owner a reduction in the amount to be collected, the Company shall ensure that the amount sought is in any event not reduced by more than 35% of the original amount sought.
23. If such a need arises, the Company may divide the financing of the Project into several stages which will be published separately and the financing timelines of which will be different. By the decision of the Company a Project that has already been published may be divided into several stages. In order to manage the potential conflicts of interest related to this possibility the Company shall ensure that in such cases the sum of financing sought by the stage of the Project would not be reduced by more than 35% of the original amount of financing sought.
24. If such a need arises, in certain cases, the Company may extend the deadline for financing of a certain Project. In such a case the Company ensure that the extension of the financing deadline would be no longer than 1 month.
25. If the Company makes a decision to make use of one or more of the measures listed in paragraphs 22 – 24 of this Policy, it will without delay inform the funders of that particular Project and shall publish the information related to the chosen measure on the Platform, along with the Project regarding which the measure is used.

VII. FINAL PROVISIONS

20. The Policy shall be approved (amended and completed) by the order of the CEO. Amendments and additions to the Policy shall take effect on the date of the Company's Order, unless otherwise stated in the Order.

21. The Policy shall become effective upon its approval and shall remain in effect until amended, supplemented or revoked.
22. The Policy is published on the Website of the Platform administered by the Company.