

# CONFLICT OF INTEREST POLICY

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## 1. GENERAL PROVISIONS

- 1.1. AB NEO Finance (hereinafter - **the Company** ) Conflict of Interest Resolution Policy (hereinafter - the **Policy** ) establishes measures to prevent, identify and properly manage conflicts of interest that may arise when the Company acts as a mutual lending platform operator and as a Consumer Lender when the Company itself lends personal funds to consumer credit recipients and / or may adversely affect the interests of Investors and / or Consumer credit recipients (hereinafter - the Clients).
- 1.2. Conflicts of interest are managed in accordance with the Company's *Internal Management, Risk and Control Management Policy and Strategy* .
- 1.3. The policy is based on:
  - (a) Law on Consumer Credit of the Republic of Lithuania.
  - (b) Board of the Bank of Lithuania in 2020 July 23 by resolution no. 03-106 approved description of the requirements for the management system of electronic money institutions and payment institutions and the protection of funds received.
  - (c) Board of the Bank of Lithuania in 2013 November 14 by resolution no. 03-181 (wording of Resolution No. 03-217 of 20 November 2018) approved by the Regulations on the Assessment of the Managers and Persons Performing the Main Functions of Financial Market Participants Supervised by the Bank of Lithuania.
  - (d) Board of the Bank of Lithuania in 2013 March 19 by resolution no. 03-62 (wording of Resolution No. 03-12 of 28 January 2016) approved by the Regulations on Creditworthiness Assessment and Responsible Lending of Consumer Credit Recipients.
  - (e) EBA / GL / 2021/05 Recommendations of the Internal Management Guidelines.
- 1.4. The policy is binding on all employees of the Company.
- 1.5. The Board, management and employees of the Company follow this Policy in making day-to-day decisions and assessing the management of conflicts of interest in the Company. The Head of the Company's Administration and the Head of the Legal and Compliance Department are responsible for the implementation of the Policy in the Company and in day-to-day operations. The Company's management and employees are involved in the process of managing conflicts of interest, and the Head of the Company's Administration and the Head of the Legal and Compliance Department must acquaint the Company's employees with this Policy.
- 1.6. The Board of the Company must review and approve the Policy at least once a year or more often and submit it to the General Meeting of Shareholders (hereinafter - the Supervisory Board) for approval.

## 2. TERMS USED

- 2.1. **Close relatives** - the spouse, cohabitant, partner of the person concerned, where the partnership is registered in accordance with the law, as well as their parents (adoptive parents), children (adopted), siblings, grandparents, grandchildren and their spouses, cohabitants or partners when the partnership is registered in accordance with the procedure established by law.
- 2.2. **Conflict of interests** - a situation when the personal interests of the Related Persons conflict or may conflict with the interests of the Company and (or) the Clients
- 2.3. **Board** - the management body of the Company .
- 2.4. **Declaration of interests** - a document by which the Stakeholder, as defined in this section of the Policy, provides (discloses) information to the Company on the circumstances that could lead to a conflict of Interest of the relevant Stakeholder.
- 2.5. **Private Interests** or **Interests** - the property or non-property interest of an employee of the Company, the Chief Executive Officer or a member of the Board, which may influence the decisions, orders or other actions taken in the performance of duties related to the Company. A property or non-property interest should be understood as (including but not limited to): (i) any personal interest of the person concerned; (ii) the interest of any third party, where the person concerned may, for any reason, seek to satisfy that third party; (iii) any duties (whether formal or informal) which the person concerned holds with regard to the post, social status or any relationship

with third parties.

- 2.6. **Interested individuals** - The Chief Executive Officer, the management body of the Company, all employees of the Company who perform any duties related to the Company make decisions that may affect the rights or obligations of the Company.
- 2.7. **Person concerned** - in relation to a specific Stakeholder, a Related Party is: (i) any shareholder of the Company who directly or indirectly owns a voting right or share capital of 20 per cent; (ii) the Head of Administration; (iii) the management body of the Company; (iv) employees working for the Company under a contract of employment or provision of services; (v) A close person; and (vi) and any other person who may directly or indirectly influence the decisions of the Company.

### 3. ROLES AND RESPONSIBILITIES

- 3.1. Roles and responsibilities are allocated in accordance with the Company's *Internal Management, Risk and Control Management Policy and Strategy*.
- 3.2. The Company's Supervisory Body oversees the implementation of and compliance with the Policy.
- 3.3. The Company's Supervisory Authority is responsible for the development, approval and supervision of an effective policy for the identification, assessment, management and reduction or prevention of actual and potential **conflicts of interest at the Company level** .
- 3.4. The Company's Supervisory Board is responsible for developing and approving effective policies for identifying, evaluating, managing and reducing or preventing **conflicts of interest and actual interests of the Company and private employees, including members of the Company's Board** , that may adversely affect the performance of their duties and responsibilities. .
- 3.5. In its organizational and administrative system, the Company seeks to take sufficient measures to prevent the negative impact of conflicts of interest on the interests of its customers.
- 3.6. **The Board of the Company** is responsible for maintaining and implementing the Policy in order to identify, assess, manage and reduce actual and potential conflicts of interest of the Company and employees, including members of the Board of the Company, which may adversely affect the performance of their duties and responsibilities.
- 3.7. The Chief Executive Officer of the Company and the Head of the Legal and Compliance Department are responsible for the implementation of the Company's policy and day-to-day operations.
- 3.8. The Legal and Compliance Department is responsible for:
  - (a) Advising employees on appropriate ways to manage conflicts of interest;
  - (b) Registration of information on conflicts of interest;
  - (c) Identification and prevention of conflicts of interest, assessment of their significance and implementation of mitigation measures.
- 3.9. Managers are responsible for complying with the Policy, taking into account their own actual and potential conflicts of interest and the actual and potential conflicts of interest of their employees:
  - (a) Be aware of potential conflicts of interest inherent in the work of their employees;
  - (b) Inform the Legal and Compliance Department of conflicts of interest reported to them by employees.
- 3.10. All employees must:
  - (a) know their duty to avoid conflicts of interest where possible and to manage those conflicts of interest that cannot be avoided
  - (b) assess their private and personal interests and whether they conflict or may conflict with their official duties
  - (c) disclose any conflicts of interest they may have under the procedures set forth in the Policy.
- 3.11. All employees must notify their line manager if the employee believes a situation may arise that could be considered a conflict of interest. All employees are required to promptly disclose at the internal level any matter that may give rise to or has already given rise to a conflict of interest.

#### **4. MANAGEMENT OF CONFLICTS OF INTEREST OF THE COMPANY'S BOARD**

- 4.1. The members of the Board of the Company must make reasonable, objective and independent decisions.
- 4.2. The Board of the Company must ensure that its members do not exercise their interests and do not represent the interests of several conflicting parties. The members of the Board of the Company submit declarations of interest every year.
- 4.3. In its work, the Board of the Company must monitor whether potential conflicts of interest of the Company as a whole are identified and managed in such a way that one Group company is not placed at an unreasonable disadvantage and thus does not have a hidden (disguised) distribution of profits.
- 4.4. In its work, the Board of the Company must also monitor possible conflicts of interest between the Company and the shareholder, identify and manage them in such a way that neither the shareholder nor the Company's customers are unduly disadvantaged.
- 4.5. The members of the Board of the Company must not vote on all issues that give rise to or may result in a conflict of interest, or when the objectivity and ability of these members to perform their duties in the Company may be reduced due to other reasons.
- 4.6. The members of the Board of the Company may not be the heads of competing institutions.
- 4.7. In mitigating the identified conflicts of interest of the members of the Board of the Company, the Company documents the measures taken, including the arguments on how those measures help to effectively ensure objective decision-making.

#### **5. CONFLICTS OF INTEREST OF COMPANY EMPLOYEES**

- 5.1. Conflict of interest policy for employees aims to identify conflicts of interest of employees, including the interests of their immediate family members. The Company recognizes that conflicts of interest may arise not only from current but also from previous personal or professional relationships. In the event of a conflict of interest, the Company assesses its significance and decides on appropriate mitigation measures and implements them.
- 5.2. With respect to conflicts of interest that may arise from past relationships, the Company has set a period of 5 years for employees to report such conflicts of interest on the basis that they may still have an impact on employee behavior and participation in the decision-making process.
- 5.3. The policy covers the following situations or relationships in which conflicts of interest may arise:
  - (a) economic interests (eg, shares, other ownership and membership relationships, financial control and other economic interests of commercial customers, intellectual property rights, loans granted by the Company to an employee-owned entity, membership in, or ownership of, a body or entity of conflicting interests);
  - (b) personal or professional relations with the owners of the Company's qualified shareholding;
  - (c) personal or professional relationships with the Company's employees (eg family relationships);
  - (d) other work and previous work (eg in the last five years);
  - (e) personal or professional relationships with relevant external stakeholders (eg related to material suppliers, consultancy firms or other service providers);
  - (f) political influence or political relations.
- 5.4. Notwithstanding the foregoing, the Company takes into account that being a shareholder of the Company or having private accounts or loans or using other services of the Company should not result in employees being considered to have a conflict of interest if they do not exceed an appropriate *de minimis* threshold. .

#### **6. IDENTIFICATION OF CONFLICTS OF INTEREST**

- 6.1. In its organizational and administrative system, the Company seeks to take sufficient measures to prevent the negative impact of conflicts of interest on the interests of its customers.

- 6.2. The measures taken by the company to manage or, where appropriate, reduce conflicts of interest must be documented, setting out, inter alia:
- (a) appropriate segregation of duties, such as delegating incompatible transaction processing or service tasks to different persons or delegating oversight and reporting tasks to different persons in incompatible areas;
  - (b) barriers to information, such as the physical separation of certain business lines or divisions; and
  - (c) adequate procedures for transactions with related parties, such as requiring that transactions be carried out in accordance with normal market conditions.
- 6.3. The Company also seeks to implement and maintain effective organizational and administrative arrangements to prevent conflicts of interest that could adversely affect the interests of lenders and consumer credit recipients.
- 6.4. Conflicts of interest may arise between:
- (a) Companies and Related Persons;
  - (b) Company and Customer;
  - (c) Related Persons and Customers;
  - (d) Customer;
  - (e) Related persons.
- 6.5. In managing Conflicts of Interest, the Company analyzes and identifies situations where the Company and / or the Stakeholder:
- (a) may have financial benefits or avoid financial losses at the expense of the Clients;
  - (b) has financial and other incentives for the purpose of supporting the interests of one Client or a group of Clients, regardless of the interests of another Client;
  - (c) receives an incentive from (or provides) a person who is not a Customer for entering into a transaction with the Customer or for providing services to the Customer, which may be provided in the form of money, goods or services, except in the case of commissions or other payments for services.
- 6.6. Conflicts of interest in the Company may arise in the following areas:
- (a) Interested parties may enter into investment transactions for their own account using information known to them or pass on information to third parties;
  - (b) The company is providing part of the consumer credit amount at its own expense.
- 6.7. In the event of a situation that may cause a Conflict of Interest, the interests of the Clients shall be given priority (except for Clause 7.3. (G) of this Policy), followed by the interests of the Company and finally the interests of the Related Parties.

## **7. AVOIDANCE OF CONFLICTS OF INTEREST AND MANAGEMENT MEASURES**

- 7.1. The Company uses the avoidance of conflicts of interest as a key tool in managing potential conflicts of interest.
- 7.2. To avoid conflicts of interest, the Company ensures that:
- (a) all Stakeholders, in the performance of their duties, should first determine whether there is a conflict of interest;
  - (b) upon identification of the risk of a conflict of interest, the Interested Party shall immediately take the actions provided for in Chapter 8 of the Policy;
  - (c) all actions taken by the Company and / or the Stakeholders in relation to the Client are exclusively based on the interests of the said entities and performed for their benefit, are performed objectively and impartially.
- 7.3. The interest management system in the Company includes the following main measures:
- (a) Interested parties are made aware of the obligation to report immediately any situation which

causes or may give rise to a conflict of interest;

- (b) Stakeholders are obliged to observe confidentiality, to act honestly and professionally towards the Clients, to strive to always take into account the interests of an individual Client regardless of the interests of other Clients, other activities performed by the Company or other Stakeholders;
- (c) ensure that the applicable Remuneration System for Stakeholders does not enable Stakeholders to benefit financially from situations that cause or are likely to give rise to Conflicts of Interest;
- (d) prohibits the Interested Parties from publishing, exchanging information about the Clients known to them that may adversely affect the interests of the Clients, disclosing information that is not publicly disclosed, as well as any other information related to the Clients that is not necessary for the performance of the Stakeholders' direct functions in the Company;
- (e) ensure that Stakeholders have access to and work only on information that is necessary for the performance of their functions;
- (f) ensure that information on Consumer credit recipients is published in the same way for all;
- (g) in cases where a conflict of interest arises between several Clients, the Company must act in such a way that neither Client benefits at the expense of another Client.

7.4. The Chief Executive Officer of the Company or his / her authorized person supervises whether the Company properly and effectively implements the provisions of this Policy. In the performance of the following functions, the Head of Administration or a person authorized by him shall:

- (a) Advise Stakeholders on whether and how a conflict of interest exists in a particular situation;
- (b) periodically reviews the provisions of the Policy and the Company's internal procedures, ensures their compliance with the requirements of legal acts applicable to the Company's activities;
- (c) informs the Stakeholders about the Conflict of Interest Management Procedures implemented in the Company;
- (d) perform other actions aimed at the proper implementation of the provisions of this Policy and the timely identification and management of conflicts of interest.

## 8. DECLARATION OF INTERESTS AND NOTIFICATION OF CONFLICTS OF INTEREST

8.1. Declarations of interest must be submitted by:

- (a) Head of Administration;
- (b) Board members;
- (c) employees.

8.2. Declarations of interest must disclose all circumstances that could give rise to a conflict of interest of the person making the declaration.

8.3. The declaration of interests shall be submitted in accordance with the procedure set out in the table below:

Declarant	Declaration form	Deadline for submission of the declaration	The declaration shall be lodged
Member of the Board	Annex 1 to the Policy	- immediately, but not later than within 2 working days after the discovery of new circumstances that may give rise to a conflict of interest	- The Board or the General Meeting of Shareholders if the Board is unable to make a decision as no member may vote on the relevant issue regarding the Conflict of Interest; - Compliance Officer
Head of Administration	Annex 1 to the Policy	- immediately, but not later than within 2 working days after the	- The Board; - Compliance Officer

		discovery of new circumstances that may give rise to a conflict of interest	
An employee of the company	Annex 1 to the Policy	- immediately, but not later than within 2 working days after the discovery of new circumstances that may give rise to a conflict of interest	- Head of Administration; - Compliance Officer

- 8.4. If circumstances arise that may give rise to a Conflict of Interest, the Interested Parties shall immediately refrain from any action in the performance of their duties which may give rise to a Conflict of Interest and shall submit a free-form written notice (or oral declaration) together with the updated Declaration of Interest. , by noting in the minutes of the meeting) the withdrawal / abstention from taking any appropriate action that may give rise to a conflict of interest. Such notice shall be given to the same persons as declarations of interest.
- 8.5. The Chief Executive Officer or the Board, and in certain cases the Shareholders' Meeting, upon notification of the Stakeholder, shall consider its merits and decide to remove the Stakeholder from the functions specified in the notice and appoint another person not to remove the Stakeholder. and allow him to continue to perform his functions.
- 8.6. In the event that it is determined that a conflict of Interest is unavoidable and may affect or adversely affect the Client's interests, the Client must be immediately notified of the conflict of interest, the nature or source of the conflict and confirmed that he agrees to continue cooperating and continuing business relations. conflict situation.
- 8.7. If the Customer decides to continue cooperation even in the event of a conflict of Interest, the Interested Party must act in such a way that the Company, Interested Persons or other persons do not benefit and / or avoid losses at the Customer's expense and minimize losses.
- 8.8. The Company must collect documents that would substantiate that the Conflict of Interest could not have been avoided, as well as documents that would confirm that the Client has been duly informed about the potential or existing Conflict of Interest.

## 9. INTEREST MANAGEMENT

- 9.1. In order to properly manage conflicts of interest, the Company ensures that:
- (a) Interested parties would not be able to participate in making specific decisions regarding the Client if such participation would impair the effective management of the Conflict of Interest;
  - (b) Stakeholders, in order to obtain personal benefits, could not adversely affect the Company, other Stakeholders, Customers.
- 9.2. In all cases, the Company shall ensure that all Investors have access to and investment in consumer credit under pre-established and disclosed terms and conditions.
- 9.3. The Company ensures that Related Parties do not and cannot have better conditions to invest in consumer loans than Customers.
- 9.4. If certain exclusive / favorable conditions are granted to individual groups of Investors (eg better sales ratios for investments when the loan agreement is terminated), the Company ensures that this does not lead to risks of Conflicts of Interest that could not be identified, communicated and managed in a timely manner. Favorable conditions for a certain group of Investors may be created only at the expense of the Company and not at the expense of other Clients.
- 9.5. The Company ensures that the Company, acting as a Consumer Credit Provider, provides consumer credit at its own expense under the following conditions, except when consumer credit is provided free of charge, ie without the consumer credit recipient paying any taxes related to consumer credit:
- (a) When a consumer credit recipient is assigned an A + or A credit rating - the Company may immediately grant a consumer credit of up to EUR 15,000, a B credit rating of up to EUR 8,800 but not more than 80 per cent of the initial amount of the consumer credit;
  - (b) The Company has the right not to comply with 9.5. (a) p. specify the maximum amounts of consumer credit and provide consumer credit to the recipients of consumer credit of all credit ratings, provided that:

- (i) at least 24 hours have elapsed since the application for the consumer credit was submitted to the stock exchange, and
- (ii) in consumer credit have already invested at least 20 percent of the initial amount of consumer credit.

9.6. In the event that the Consumer credit recipient is indebted to both the Company and the investors, all contributions received under the concluded agreements are distributed in proportion to the Company and the investors according to the amount lent by each person.

## **10. ASSESSMENT AND REPORTING OF CONFLICTS OF INTEREST**

10.1. Actual or potential conflicts of interest reported to the Company's Compliance Officer must be properly assessed and managed. If a conflict of interest is identified, the Company shall document the decision made, in particular if the conflict of interest and the risks associated with it have been recognized and if a decision has been made as to how the conflict of interest has been properly reduced or eliminated.

10.2. All actual and potential conflicts of interest at the level of the Board of the Company must be properly documented individually and collectively, notified to the Board of the Company, and discussed by the Board of the Company, decided upon and properly managed.

**11. ANNEX NO. 1. DECLARATION OF INTERESTS OF INTERESTED PARTIES**

I, [name, personal identification number], acting as [\_\_\_\_], declare and confirm that at the date of signing this questionnaire there were no circumstances or situations which, to the best of my knowledge, give rise to or could potentially give rise to a conflict of interest between me other than those listed below. circumstances:

<b>A description of the persons / companies involved that describe or may potentially give rise to a conflict of interest</b>	<b>Nature of conflict of interest (financial benefits, non - financial benefits, gifts received, professional contacts, etc.)</b>

I also declare and confirm that I am affiliated with the following legal entities on the date of signing this form:

<b>Legal person in which the person or a person close to him is a member of the management or supervisory body or which is directly or indirectly controlled by the person or persons close to him</b>	<b>Area of activity of the legal entity and description of possible conflict of interest</b>

I, [Name], undertake to inform immediately in writing of any new circumstances that could potentially give rise to a conflict of interest by submitting a completed questionnaire to [the decision-making body].

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(name, surname, signature, date)