

# CONFLICT OF INTEREST MANAGEMENT POLICY

## I. GENERAL PART

1. Paysera LT, UAB acts as a Peer-to-Peer Lending Platform Operator. In certain cases, the activities carried out by Paysera may give rise to a conflict of interest between Paysera, Paysera employees, persons related to Paysera, and Clients. Therefore, in its operations, Paysera adheres to this Conflict of Interest Management Policy (hereinafter referred to as the Policy).
2. This Policy sets out the principles, methods, and instruments used by Paysera to avoid situations that may give rise to conflicts of interest, to manage the risks associated with such conflicts, and to reduce the risk of potential employee misconduct, corruption, and other risks arising from possible dishonesty or disloyalty of employees.
3. This Policy applies to all Paysera employees, including members of management and supervisory bodies. It also applies to persons employed under civil contracts, as well as to engaged consultants, intermediaries, and other persons acting on behalf of Paysera, unless the Head of Administration of Paysera has decided otherwise in a specific case.
4. The following terms and definitions are used in this Policy:
  - 4.1. **Environment** - means the surroundings of an employee or a candidate for a position at Paysera, within which an affected person may pose greater risks to Paysera's objectives, market competitiveness, reputation, the security of clients' personal data and funds, Paysera's finances, confidential information, key internal processes, or other tangible and intangible values of Paysera, including universal human and ethical standards.
  - 4.2. **Employee** - means a Paysera employee, member of the management or supervisory body, a person employed under civil contracts, a consultant, an intermediary, or any other person authorised to act on behalf of Paysera.
  - 4.3. **Declaration** - means a confidential form "Employee (Candidate) Declaration of Impartiality and Absence of Conflict of Interest" filled in by an Employee or a candidate for a position at Paysera, in which the person voluntarily provides the requested personal data about themselves and their spouse (cohabitant, partner), information about their environment and affiliations, as well as any other information or circumstances that, in their opinion, may give rise to conflicts of interest.
  - 4.4. **Conflict of Interest** - is a situation when the interests of different parties conflict with each other, the Employee has to choose between performing their duties and/or delegated functions, and their private interest or a third party.

4.5. **Client** - means a natural person or legal entity identified by Paysera who has a Paysera account and/or receives payments or other services provided by Paysera.

## II. CONDITIONS AND CIRCUMSTANCES GIVING RISE TO A CONFLICT OF INTEREST

5. Conflicts of Interest may arise between Paysera companies, subsidiaries, divisions, management, Employees, related persons or any person directly or indirectly related to them in the sense of control, Paysera and the Client.

6. The risk of a Conflict of Interest arises when Paysera, the Head of Administration, third parties related to Paysera or an Employee:

6.1. May have financial or other benefits or seek to avoid financial or other losses, at the expense of a Client, an Employee, another entity related to Paysera, or Paysera itself;

6.2. Is personally interested in the results of services provided on behalf of a Client that differ from the Client's interests;

6.3. Engages in the same activity as the Client, while the Employee or a person close to them engages in the same activity as Paysera;

6.4. Has financial or other incentive due to which they seek to support the interests of one Client or a group thereof, regardless of the interests of another Client;

6.5. Receives from or provides to a person, including a Client, any form of incentive (monetary payment, goods, or services) as compensation for services performed by the Client.

7. Areas where Conflicts of Interest may occur:

7.1. Shaping Paysera strategy and strategic development planning;

7.2. Paysera capital, investment, and financial management;

7.3. Paysera capacity building, implementation of structural changes;

7.4. Paysera capital and operational risk management;

7.5. Establishment of the structure, privileges, promotion and social instruments for remuneration of Employees;

7.6. An investigation of a Paysera partner, franchisee, or other legal entity, or natural person with whom Paysera intends to cooperate or is already cooperating to identify risks to the reliability and adequacy of the entity;

7.7. Investigation of the Client in terms of both the business success forecasts and risks (these investigations identify potential money laundering (AML) and terrorist financing (CTF) risks, as well as risks associated with improper due diligence (KYC));

7.8. Extra-judicial and judicial disputes;

7.9. Internal investigations into infringements;

7.10. Ensuring the confidentiality of the subject who has reported possible violations or criminal offences;

- 7.11. Client support;
- 7.12. Ensuring Client privacy;
- 7.13. Ensuring the confidentiality of Client transactions;
- 7.14. Protection of Paysera Employee and Client personal data;
- 7.15. Granting discounts to partners, franchisees, Clients, and other entities;
- 7.16. Purchase of services and goods of Paysera;
- 7.17. Personal transactions of employees (e.g. with the Client);
- 7.18. Personal trading in financial instruments by Employees;
- 7.19. Employee activities not related to work at Paysera.

### **III. WAYS TO AVOID CONFLICTS OF INTEREST**

8. Paysera aims to identify early signs of potential Conflicts of Interest and prevent them, as well as to avoid conditions that could lead to criminal activity or corrupt practices. To this end, Paysera implements comprehensive measures:

- 8.1. Implements an anti-corruption policy;
- 8.2. Implements a policy on gifts and hospitality;
- 8.3. Is familiar with the environment of its Employee and manages the associated risks by assessing Employee (Candidate) Declarations of Impartiality and Absence of Conflict of Interest;
- 8.4. Evaluates the honesty and loyalty of Employees being hired and those already employed;
- 8.5. Provides conditions for reporting violations to Paysera, ensures whistleblower protection, and has established a procedure for granting rewards for information about violations;
- 8.6. Establishes internal rules and procedures that help assess Paysera's status in terms of anti-corruption, potential Conflicts of Interest, and Employee reliability;
- 8.7. Implements the following Conflicts of Interest prevention principles in specific areas of Paysera's operations:
  - 8.7.1. The formation of Paysera's strategy and the planning of strategic development, as well as the management of capital, investments, and finances, are carried out taking into account the decisions adopted and documented at the Paysera shareholders' meeting, as well as the recommendations of the Board and the Risk Committee;
  - 8.7.2. The development of Paysera's capabilities and the implementation of structural changes are carried out in accordance with the decisions adopted as mentioned in section 8.7.1;
  - 8.7.3. The determination of the structure of Employee remuneration, benefits, incentives, and social tools is carried out in accordance with the values declared by Paysera and guided by the principles of transparency, openness, and integrity;
  - 8.7.4. When conducting due diligence on a Paysera partner, franchisee, or any other

legal entity or natural person with whom Paysera intends to cooperate or is already cooperating, in order to identify risks related to the subject's reliability and suitability, the investigation materials are reviewed by at least one additional person, and decisions are made independently of prior assumptions, taking into account whether the decision could be perceived as non-transparent due to a potential Conflict of Interest for the investigators or decision-makers;

8.7.5. When conducting due diligence on a Client, both for assessing business prospects and identifying risks, the investigation materials are reviewed by at least one additional person, and decisions are made independently of prior assumptions, taking into account whether the decision could be perceived as non-transparent due to a potential Conflict of Interest for the investigators or decision-makers;

8.7.6. Employees representing Paysera in extra-judicial and judicial disputes (preparing claims, reviewing dispute materials, participating in court proceedings, acting as experts or witnesses, etc.) must assess whether a Conflict of Interest exists and, if it does, recuse themselves from representation, and, if necessary, report it to the investigator of the pre-trial investigation. The Head of the Legal Department must verify that Employees representing Paysera before law enforcement authorities do not face a Conflict of Interest. If a potential Conflict of Interest is identified, the Head of Administration of Paysera must be informed, and the representation should be delegated to another Employee;

8.7.7. Internal investigations of violations are conducted in such a way that persons who may have a Conflict of Interest do not participate. Persons appointing Employees to carry out investigations must ensure that no Conflicts of Interest arise;

8.7.8. The confidentiality of the identity of a person reporting information about potential violations or criminal activity must be ensured so that the person managing such information has no incentive to disclose the information or the whistleblower's identity to others. In the event of a Conflict of Interest, they must inform their supervisor of the arising Conflict of Interest and recuse themselves from any further work with the whistleblower, the information provided, and the investigation;

8.7.9. Employees serving Clients must recuse themselves from providing services to such Clients when decisions regarding the Client could be perceived as non-transparent or discriminatory towards other Clients, for example, due to kinship, close acquaintance with the Client, or other personal or business relationships or transactions with the Client;

8.7.10. Ensuring the privacy of Clients and the confidentiality of Client transactions must be carried out in such a way that persons accessing Client data and transaction information have no incentive to disclose it to others. In the event of a Conflict of Interest, they must inform their supervisor, who will organise further work to avoid the Conflict of Interest. Paysera strictly limits access to Client information and transaction data, records access to such information electronically, and grants access rights only to those who need it for their work or who inevitably access it due to technological process requirements;

8.7.11. The protection of Paysera Employees' and Clients' personal data is carried out in accordance with legal requirements and is continuously assessed to ensure that persons managing such information have no incentive to disclose it to others;

8.7.12. The granting of discounts to partners, franchisees, Clients, and other entities is carried out in such a way that proposals for decisions are submitted by more than one Employee, and decisions – especially regarding significant discounts – are not made unilaterally but involve multiple participants. Persons proposing or making such decisions must act transparently and, in circumstances where a Conflict of Interest may arise, must recuse themselves from the decision-making process;

8.7.13. The procurement of services and goods by Paysera is carried out in such a way that it is not possible to acquire services or goods without a market analysis and without seeking the most advantageous option for Paysera. Persons delegating Employees to carry out procurement procedures must ensure that no Conflicts of Interest arise for these Employees;

8.7.14. Employees' personal transactions (e.g. with a Client), personal trading in financial instruments, or other activities unrelated to work at Paysera (e.g. work in other companies or organisations, participation in elected positions in associations, partnerships, or elsewhere) are considered acceptable by Paysera if Employees declare them (excluding participation in political parties or legal religious communities) and if such activities do not cause reputational damage to Paysera and/or reduce its competitive ability. An Employee who has personal transactions with a Client is not allowed to propose and/or make decisions regarding that Client or to personally conduct reliability or other investigations exclusively related to that Client.

9. Persons whose decisions could be perceived as non-transparent due to a potential Conflict of Interest must recuse themselves from investigations, the procurement of goods or services, the assessment of candidates for positions at Paysera, decision-making, and other procedures, and must not influence the course of procedures or investigations, the formation of conclusions, or the making of decisions.

10. In case of doubt as to whether the circumstances may cause a Conflict of Interest, a Conflict of Interest shall be deemed to arise.

11. If, in the event of a Conflict of Interest, Employees do not withdraw from investigations, procurement of goods or services, evaluation of candidates for positions at Paysera, decision-making and other actions, or influence the course of procedures or investigations, conclusions and decisions after withdrawal, they are considered to be in serious violation of Paysera's principles of transparent activities and relevant legislation applied to Paysera, and may be subject to severe penalties, including dismissal and/or termination of other contracts establishing a relationship between Paysera and the Employee.

#### **IV. SPECIAL PROVISIONS RELATING TO THE MANAGEMENT OF CONFLICTS OF INTEREST IN THE OPERATION OF THE PEER-TO-PEER LENDING PLATFORM**

12. When operating the Peer-to-Peer Lending Platform, Paysera, taking into account its financial capabilities and needs, the needs of Clients, and other factors, may itself provide part of the total Peer-to-Peer Loan to a recipient, provided that such investment can be offered in accordance with applicable laws and the following conditions are met:

12.1. A risk rating from A to E assigned during the assessment of the Consumer Credit Recipient's creditworthiness;

12.2. After the submission of an application for Peer-to-Peer Lending funds:

12.2.1. Paysera ensures that all investors are provided with the same conditions to invest on the platform, except when investors use the automatic investment tool and set and confirm the automatic investment criteria and parameters in their platform account. In such cases, investors gain priority in funding, as their offers are submitted automatically.

13. Paysera's decision to provide a portion of the Peer-to-Peer Loan itself is made on a case-by-case basis, taking into account the terms of the Consumer Credit Agreement (e.g. amount, term, interest) and the interests of Clients, and in all cases, information about the investment provided by Paysera (or its portion) is disclosed on the service website.

14. Paysera may, at any time, decide to suspend Peer-to-Peer Lending to any Consumer Credit Recipient or to change the responsible lending or other Peer-to-Peer Lending criteria. In all cases, the terms and conditions of service must be applied according to pre-established rules, without discriminating against Clients.

15. When carrying out personnel planning, management, and motivation activities and procedures, Paysera must ensure that Employees are not dependent solely on the number of Peer-to-Peer Lending transactions concluded, nor that their personal financial interests have a decisive impact on the provision of Peer-to-Peer Lending services.

16. Paysera must ensure, through technical measures, that the Peer-to-Peer Lending Platform does not grant Employees priority in funding a Consumer Credit Recipient's requested loan solely due to their position or role, and must use other organisational measures to prevent these persons from unfairly exploiting their exclusive position or access to non-public information about the Consumer Credit Recipient.

17. In cases where a Paysera Employee responsible for assessing a Consumer Credit Recipient's creditworthiness provides Peer-to-Peer Lending funds for personal purposes (i.e. unrelated to Paysera's financial objectives), the Employee must inform Paysera's manager of their actions and obtain permission (with or without conditions) to enter into such transactions.

## **V. ASSESSMENT OF THE ENVIRONMENT, HONESTY, AND LOYALTY OF CANDIDATES AND EMPLOYEES**

18. It is in the interest of Paysera that its Employees are not only good professionals in their field, but also honest and loyal to their organisation.

19. Corrupt behaviour is impossible without a person's will and their deliberate actions, and, in order to reduce the risk of threats of Employee misuse and corruption at Paysera arising due to dishonesty and disloyalty of Employees, and to prevent Conflicts of Interest, Paysera shall thoroughly and responsibly perform the selection of Employees during which the competencies, knowledge and professional skills of the candidate will be checked as well as personal qualities and the Candidate's environment.

20. For the purposes specified in this Policy, Paysera periodically assesses the environment of its Employees and manages the risks of threats identified during the assessment.

21. The selected potential candidate(s) during the Employee recruitment process, as well as Paysera Employees, are required to complete the Declaration. The administration of the Declaration, the persons who may or must have access to it, and the measures ensuring the confidentiality of the information provided therein are defined in the Paysera Procedure for Administering the Employee Declaration of Impartiality and Absence of Conflict of Interest.

22. An uncompleted Declaration is non-public and considered a non-disclosable document of Paysera. A completed Declaration is a confidential document intended to protect Paysera's legitimate interests and is marked with a confidentiality label. As the completed Declaration contains personal data, it is stored in compliance with the requirements of legal acts regulating personal data protection.

23. It is strictly prohibited to disclose the content of the Declaration, i.e. Paysera's confidential information and special personal data.

24. To assess the honesty and loyalty of candidates and Employees, and to identify potential Conflicts of Interest, Paysera uses lawful and comprehensive measures, such as reviewing information in public sources and publicly available social media, examining biographical facts presented in résumés (CVs), evaluating the accuracy of information provided (including that in the Declaration), analysing results of professional skills and psychological tests, conducting interviews, considering opinions about the individual from other persons (e.g. colleagues, former coworkers), assessing behaviour in work and leisure environments, monitoring decision-making in various situations, and similar methods.

25. The assessment of candidates' and Employees' honesty and loyalty, as well as the detection of corrupt practices or potential Conflicts of Interest, is sensitive work that requires special effort and a high degree of responsibility. Consequently, some of the methods used, information sources, and the persons conducting the assessments are not disclosed.

26. When assessing the honesty and loyalty of Candidates and Employees, it is always taken into account that the personal information provided to Paysera may be incorrect, false, or subjective, therefore, such information shall be verified by collecting data from other sources, the individual themselves, or their environment.

27. If it becomes evident that a candidate seeking a position at Paysera, or an Employee, has provided false information (e.g. forged documents, a misleading CV) or concealed significant information – such as data about health status, criminal record, potential Conflicts of Interest, corrupt practices, involvement in a criminal organisation, secretly performing other tasks, potential or actual blackmail against the candidate or Employee, knowledge of or involvement in criminal activities carried out by Paysera, or other matters that prevented Paysera from properly assessing the associated risks, caused or could have caused legal violations, or resulted in material or non-material damage, or led to a loss of trust in the candidate or Employee – a special investigation is conducted under the instruction of the Head of Administration of Paysera and in the form determined for the specific case. Upon completion of the investigation, the Head of Administration decides on the future relationship between Paysera and the candidate or Employee (e.g. not hiring the candidate, imposing an administrative sanction on the Employee, offering alternative temporary or permanent positions with lower risk if possible, or terminating employment or other contracts).

28. The decision on the dishonesty and disloyalty of the Candidate or Employee to Paysera or the loss of trust in the candidate or Employee shall be made exclusively by the Head of Administration of Paysera after assessing all relevant circumstances and facts submitted to them. No other Paysera Employee may publicly plead the dishonesty or disloyalty of a candidate or Employee to Paysera unless the Employee is permitted to announce it in a particular case.

29. Paysera adheres to the principle that the reasons for a decision made regarding a candidate or Employee are generally not disclosed. The decision on whether to reveal the reasons rests solely with the Head of Administration of Paysera.

30. An Employee who disagrees with a decision has the right to request that the Head of Administration of Paysera explain the reasons for the decision, providing additional information or not, as they choose.

31. If a Paysera Employee has information or suspicions that another Employee may be dishonest or disloyal to Paysera, is potentially being blackmailed or is blackmailing others, or is involved in corrupt, criminal, or other actions harmful to Paysera, other persons, or the public interest, they may report the information and suspicions through the Paysera-designated whistleblowing channel, as provided in the Paysera Procedure for Reporting Violations, Whistleblower Protection, and Rewarding Information on Violations (Whistleblowing Policy), to their supervisor, or to another Paysera Employee they trust who can help lawfully verify the suspicions and/or prevent potentially harmful or unlawful activity.

## **VI. FINAL PROVISIONS**

32. The present Policy must be reviewed in conjunction with other Paysera legislation regulating the prevention of corruption and crime.

33. Individuals who do not comply with the principles of the Policy and/or disclose Paysera confidential information or personal special data defined in this Policy shall be liable in accordance with the procedure established by legal acts.

34. The Policy is reviewed at least once every two years and amended as necessary.