

Prevention Policy
and Management
Department
Conflict of
Interests



Policy for the Prevention and Management of Conflicts of Interest

1. OBJECT

Power Parity, S.A. ("Goparity") must identify, monitor, and manage current and potential conflicts of interest that may arise with and between clients.

A conflict of interest may occur in the cases provided for by law or when competing personal and professional interests are present.

This document contains a description of the procedures adopted by Goparity to ensure the prevention, identification, and management of conflicts of interest.

This policy has been developed under Article 8(5) of Regulation (EU) 2020/1503 ("European Crowdfunding Regulation") and Commission Delegated Regulation (EU) 2022/2111 of 13 July 2022.

2. DEFINITIONS

The following terms shall have, for the purposes of this Policy, the following meaning:

- "Goparity Platform" means the lending crowdfunding platform available on www.goparity.com or the iOS or Android mobile applications.
- "Clients" means the Investors or Promoters of projects, potential or actual, to whom Goparity provides or intends to provide crowdfunding services;
- "Investor(s)" means a natural or legal person, a client of Goparity, who, through the Goparity Platform, grants loans or for crowdfunding purposes, and maybe a sophisticated or non-sophisticated Investor, under Article 2(2) of the European Crowdfunding Regulation;
- "Promoter(s)" means a legal person, a client of Goparity, seeking funding through the Goparity Platform;

3. OBLIGATIONS IN RELATION TO CONFLICT MANAGEMENT

3.1. Applicable Guiding Principles

To manage conflicts of interest, Goparity will rely on the disclosure requirements set out in the European Crowdfunding Regulation¹ and the internal procedures set out in this Policy to prevent and manage conflicts of interest.

Goparity is obliged to anticipate, analyze, and manage any conflict of interest that may arise.

Therefore, Goparity will consider a conflict of interest to exist when a conflict of divergent interests arises between:

- Goparity or persons/entities with whom it has a close relationship and Goparity's duties to a customer.
- those persons/entities with whom Goparity has a close relationship and its own customers.
- two or more clients of Goparity for whom Goparity has in each case duties.

In order to assess whether or not there are divergent interests that may constitute a conflict of interest, it must be verified whether any of the parties:

- You are likely to make a financial gain, or avoid a financial loss, to the detriment of the customer;
- You may have an interest in the outcome of a service provided to a client that does not coincide with the client's interest in that outcome;
- You have one financial or other incentive to favor the interests of one customer or group of customers over the interests of another customer.

3.2. Criteria for the identification of current or potential areas of conflict

Goparity will review whether Goparity or someone directly or indirectly related:

- you may have a financial gain or avoid a financial loss at the customer's expense;
- has one financial or another incentive to favor the interest of one customer over another;
- works in the same business area as the client;
- receives or will receive from anyone other than the Client, and in respect of a service provided to the Client, remuneration in the form of money, goods or services in addition to the general commission for that service.

¹ See Article 8(5) of the European Crowdfunding Regulation

4. LIST OF CASES OF CONFLICTS OF INTEREST

4.1. Cases of restrictions on the promotion of projects on the platform (promoters)

Because, under the terms of the law, it constitutes a situation of conflict of interest, the following may not be promoted for projects to be financed through the Goparity platform²:

- 1) holders of shares in Goparity who hold 20% or more of the capital or voting rights;
- 2) the members of Goparity's Board of Directors;
- 3) Goparity's employees;
- 4) any natural or legal entities "closely linked" to any of the elements of the preceding paragraphs through what the law defines as a **close relationship**.

By **close relationship**, we mean³:

- a holding in the form of holding, directly or through a controlling relationship, 20 % or more of the voting rights or capital of an undertaking;
- a relationship of control, i.e. the relationship between a parent undertaking and a subsidiary, as referred to in Article 22(1) and (2) of Directive 2013/34/EU, or a relationship of the same nature between any natural or legal person and an undertaking; a subsidiary of a subsidiary undertaking is also considered to be a subsidiary of the parent undertaking to which those undertakings are dependent;
- a permanent link between two or more entities through a relationship of control;

4.2. Cases of restrictions on investment on the platform (investors)

By setting up, under the terms of the law, by configuring a situation of conflict of interest, the following may not invest in the Goparity platform:

- 1) Goparity itself⁴;
- 2) Natural or legal entities with respect to whom Goparity has detected a conflict of interest, under the terms of this Policy and applicable law (unless effective measures can be implemented to mitigate the risks of conflict of interest).

On the other hand, it means that they will be able to invest in the Goparity platform, provided that it is ensured that those investments are made **under the same conditions** as those that

² Cf. requirements of Article 8(2) of the European Crowdfunding Regulation.

³ Cf. requirements of Article 4(1)(35)(b) of Directive 2014/65/EU *ex vi* of Article 8(2)(c) of the European Crowdfunding Regulation.

⁴ Cf. Article 8(1) of the European Crowdfunding Regulation.

apply to other investors and that those preventive measures are put in place so that those persons **do not enjoy any preferential treatment or** privileged access to information:

- 1) the holders of Goparity's shareholdings;
- 2) the members of Goparity's Board of Directors;
- 3) Goparity's employees;
- 4) any natural or legal entities not "closely linked" to any of the elements of the preceding paragraphs.

Goparity must disclose on its platform which projects in which the investments of these people and/or entities have been made⁵.

5. MEASURES TO PREVENT, IDENTIFY AND MANAGE CONFLICTS OF INTEREST

5.1. Avoidance of conflicts of interest

The following procedures should be followed to prevent conflict situations:

- Regular monitoring and evaluation by the Compliance Officer of the adequacy and effectiveness of the Conflict of Interest Management Policy and the measures and procedures adopted;
- Communication of this Policy in a visible area of the Goparity Platform for easy access by investors and potential investors
- Disclosure of this Policy to promoters and potential promoters, before contracting the services.
- (a) holders of shares in Goparity who hold 19% or less of the capital or voting rights; (b) the members of Goparity's Board of Directors; (c) Goparity's employees, and (d) any natural or legal entities not "closely connected" may only invest through the platform, as an ordinary investor, and may not be given access to inside information. For the sake of clarification, it should be clarified that the risk analysis criteria for projects are widely disseminated in the Investment Information Sheet, as well as the parameters for assigning the risk scale to each project to be financed.
- Implementation of **computer mechanisms** to filter and block natural or legal entities that should be prohibited from investing because they meet the requirements described in point 4.2 of this Policy.

The **computer mechanisms** employed by Goparity are as follows:

⁵ Cf. the requirements of Article 8(2), final part, of the European Crowdfunding Regulation

- An automatic mechanism of the internal operating system is in place that blocks investments by people or organizations whose tax numbers (Portuguese or foreign) are listed as prohibited from investing. The list can only be accessed by employees with permission to implement the policy, namely software developers and those responsible for operations.
- The control is effective because regardless of the number of accounts created by the same tax number, all will be blocked for investment. At the time of the investment attempt, the system checks the user's tax number against the listing of related parties, thus blocking the continuation of the investment process in projects on the platform.
- Implementation of **operational control mechanisms** for the screening of natural or legal entities that should be prohibited from seeking loan financing because they meet the requirements described in point 4.1 of this Policy. In particular, before launching a loan, and as a result of risk *due diligence*, which includes conflict of interest analysis, the *Risk Analysis Sheet* (RAS) document is prepared that gathers and reports all the main information about the acceptance of the loan and the fundraising campaign to be launched. If any change to the terms of the campaign and loan is required, it is validated by the risk team, and the RAS is amended accordingly.

5.2. Identification and management of conflicts of interest

- If, despite the prevention and mitigation measures identified above, a conflict of interest is identified, Goparity shall adopt the necessary measures to ensure the disclosure of such conflict of interest to its clients, as well as to any other party that may be or may be targeted.
- If executive management concludes that there is a potential conflict of interest that could create a material risk or harm to a client, the responsible executive manager will notify the client or potential client in writing within 72 hours of becoming aware of the conflict. For a potential customer not yet committed, the disclosure should be made in sufficient detail so that they can make an informed decision.
- Where there is more than one person concerned by the conflict of interest or potential conflict of interest, the approach, communication and suggested solution should be the same for all in order to ensure transparent and equitable treatment of all cases.

6. REVISION AND UPDATE OF THIS POLICY

This policy is reviewed annually to verify the molds of its application and identify any need to update its content, following the contributions of Goparity's Risk, Operations, IT and Compliance Departments.

Last updated: October 16, 2023