



Sustainability Standards

Compliance

July 2024





Our Approach

All our business processes comply with law. We also observe supervisory recommendations and requirements. Our employees undergo mandatory training. We use tools helping us track amendments to law and ensure legal compliance.

Our Policies and Procedures

Compliance Policy

As a financial institution and a listed company, the bank observes law and supervisory recommendations governing the entire scope of its operation, and respects the corporate governance principles in publicly listed companies.

The policy sets out the rules for ensuring compliance of the bank's operations with law, internal regulations, and market standards. It defines the framework for the compliance process, including the model adopted at the bank, its elements and the division of roles and responsibilities.

Compliance of the bank's internal regulations with law (both local and international) and market standards as well as their observance by the employees guarantees the achievement of the internal control system objectives in this scope. In particular, it mitigates or eliminates the following risks:

- legal risk,
- reputation risk,
- risk of administrative sanctions and penalties,
- risk of financial losses resulting from materialisation of compliance risk.

The bank efficiently manages compliance risk by identifying, assessing and controlling it and by monitoring its profile and level. The results of these actions are reported to the management board and the supervisory board of the bank on a regular or ad-hoc basis (in the case where the identified non-compliance has a significant impact on the bank's operations or reputation).

Fraud Prevention Policy

The Fraud Prevention Policy defines the responsibility for and manner of counteracting frauds. In particular, it sets out the rules for preventing, identifying and reacting to identified frauds. Moreover, the policy outlines the procedure to be followed by employees who suspect illegal activities.

The bank is guided by the following principles:

- we do not tolerate any kind of conduct violating the policy. We consider all attempts at committing a fraud, in particular criminal offences, to be in gross violation of the principles of business integrity adopted by the bank,
- all employees, clients and counterparties of the bank are expected to act honestly and in compliance with the law,
- each employee of the bank suspecting that a fraud has been committed is obliged to report this fact in line with the procedure stipulated in the policy,
- information on frauds is analysed in compliance with the principles of confidentiality, impartiality and objectivity,
- the bank follows a "zero tolerance" policy regardless of the person who committed a fraud or a financial offence. Consequences may include criminal prosecution, disciplinary measures under employment law or pursuit of civil claims,

- it is forbidden to put any form of pressure on the bank employees who report a suspected fraud or a breach of the bank's internal regulations or the applicable law,
- each fraud incident is analysed in detail to prevent similar incidents in the future and control mechanisms in the processes are changed, if necessary.

Anti-Corruption Policy

The policy sets the anti-bribery and corruption standards applicable at the bank and describes how we detect bribery and corruption symptoms at all levels of the organisation. The bank has adopted the principle of **zero tolerance** for any and all cases of bribery and corruption. Neither the employees nor any other associated persons can engage in corruption claiming that it is necessary for the bank's interest. We expect associated persons, entities cooperating with them, and their clients who provide services for the bank to adhere to the policy, including the anti-corruption clause included in agreements concluded with the bank's contractors.

- we act transparently and create clear procedures, which we adhere to in practice,
- we do not bribe and we strictly prohibit the acceptance of bribes. We support a culture of compliance and integrity. Anti-corruption procedures may not be violated or circumvented,
- we do not give or accept gifts or invitations which exceed pre-defined value thresholds,
- we analyse the risk posed by cooperation with business partners,
- we do not provide financial support in the form of donations or free resources (e.g. office space) to political parties or organisations engaged in politics,
- we report and investigate all signs of bribery and corruption. Whenever we suspect corruption, we immediately inform the Compliance Department about it,
- we provide training in and communicate the rules of the Anti-Corruption Policy to our employees.

Protection of Whistleblowers

Our Fraud Policy is complemented by the rules for reporting wrongdoing via the anonymous whistleblowing channel and the procedure for analysing the submitted reports. This mechanism is also used to report cases of mobbing and other unethical behaviour. The process ensures fair and unbiased investigation of the reported cases.

We use mSygnał, an electronic system enabling anonymous reporting of wrongdoing (whistleblowing). It can be used from any device with Internet access: <https://www.bkms-system.net/bkwebanon/report/clientInfo?cin=2brebank11&c=-1&language=pol>.

in accordance with the rules of reporting via mSygnał:

- the system guarantees anonymity to whistleblowers if they choose to remain anonymous. A whistleblower can set up an anonymous mailbox, to which they will receive updates on actions taken in reaction to their report and which they can use to provide additional details (**principle of anonymity**),
- an employee who reports suspected wrongdoing must be protected against any forms of retaliation, discrimination or unfair treatment, even if their information

was not confirmed during an investigation. Any retaliatory actions towards whistleblowers are prohibited (**principle of protection of whistleblowers**),

- any information furnished in a report and collected during an investigation is subject to data protection regulations and should be treated as confidential. In particular, we protect the personal data of the whistleblower and the persons referred to in their report; such data may not be disclosed to third parties unless required by law (**principle of confidentiality**),
- each report is checked by authorised personnel, allowing for objective, fair and impartial clarification of the reservations.

Formal and expert supervision over the whistleblowing process is exercised by the member of mBank's management board responsible for the Compliance area. The management board and the supervisory board receive cyclical reports on managing fraud cases.

Anti-Money Laundering and Terrorism Financing Policy

This policy outlines how we comply with our duties relating to combating money laundering and terrorism financing (AML/CTF). Its provisions are binding on the entire mBank Group, which enables us to achieve the same level of security in each individual group subsidiary. All employees are responsible for implementing the policy.

In line with this policy, we implement the Anti-Money Laundering and Terrorism Financing Programme, which complies with national and EU regulations. Under the programme, we apply the following principles:

- we identify and verify the identity of our clients,
- we identify and verify the beneficial owners of our clients,
- we identify politically exposed persons (PEPs),
- we identify parties to transactions and originators of transactions,
- we determine the purpose and nature of the relationship with the client,
- we assess the business relationship with the client and obtain information on its purpose and intended nature,
- we assess the level of risk of money laundering and terrorism financing,
- we identify links between economic relations and transactions with high-risk third countries,
- we monitor our clients' transactions to protect mBank from being used for money laundering and terrorism financing,
- we refuse to engage with clients if we identify an unacceptable level of money laundering or terrorism financing risk,
- we cooperate with the General Inspector for Financial Information (GIIF),
- we carry out internal inspections and undergo inspections conducted by competent institutions,



- we enable all stakeholders to anonymously report breaches of the principles adopted at the bank via [mSignal](#),
- we have in place a team of experts dedicated to implementing the programme,
- we systematically train our employees.

Global Sanctions Policy

We vet our clients and monitor whether parties to transactions are on EU, US and UN sanctions lists and the national sanctions list. We closely monitor business relationships in sanctioned countries. If necessary, we take appropriate steps, including terminating those relationships. We act in accordance with applicable laws regarding specific restrictive measures. We observe financial and economic sanctions as well as supplementary regulatory requirements.

We analyse all key aspects of the bank's operation in terms of sanctions risk with the aim to mitigate it. Individual departments, branches and subsidiaries of mBank are informed about the restrictions which result from sanctions while being monitored for compliance with sanctions legislation.

Tax Crime Prevention Policy

We consider tax compliance to be an important part of our social responsibility and duty to the state. Therefore, we have a policy to prevent our employees, contractors and clients from using mBank's services for tax crimes, in particular tax evasion. We have zero tolerance for tax evasion and reject all its forms. The policy describes:

- procedures we use to prevent and detect tax offences,
- role of mBank units involved in these processes,
- due diligence procedures,
- principles of risk analysis, control and reporting.

FATCA/CRS Policy

We comply with duties arising from international regulations on the exchange of tax information with other countries. Our FATCA/CRS Policy sets out requirements that must be met by business processes in our organisation that involve the exchange of tax information. The policy describes:

- due diligence standards applicable to the identification of reported persons,
- division of the management structure of FATCA and CRS processes into three lines of defence,
- principles of compliance control and reporting.



We guarantee that all financial institutions from mBank Group comply with FATCA/CRS regulations. mBank meets the requirements applicable in all jurisdictions in which it operates.

Other Compliance-Related Policies

mBank has in place more internal policies ensuring legal compliance. They cover, among others, relations with clients and employees, corporate governance and ethical standards. These documents are available at www.mbank.pl/o-nas/odpowiedzialnosc-spoleczna/standardy-odpowiedzialnego-biznesu/.