



Sustainability standards

Compliance

November 2022





Our approach

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

Our policies and procedures

Compliance policy

Our Compliance Policy defines the framework of ensuring mBank's compliance with laws, internal regulations and market standards.

All employees of the bank are responsible for the implementation of its provisions according to their responsibilities and powers. They are responsible for identifying, assessing, evaluating, controlling and monitoring compliance risk. Selected employees report to the Compliance Department:

- in respect of legislation which affects the operation of their organisational unit,
- where it is necessary to bring our internal regulations into compliance with amended laws.

Irrespective of the responsibility of the Management Board and the Compliance Department for the implementation of the policy, it is the responsibility of the heads of organisational units to organise the work of their subordinate staff to ensure compliance with:

- laws,
- internal regulations,
- market standards adopted by mBank,
- recommendations and guidelines of the Polish Financial Supervision Authority (KNF) and other state authorities competent for the subject matter of the unit's activity.

Fraud prevention policy

The document describes mBank's zero-tolerance approach to any identified fraud or attempted fraud by employees, clients, contractors and third parties. We require fair and lawful behaviour from each of these groups.

We follow a fraud risk management cycle which includes four stages:

- prevention,
- detection,
- case management,
- response to detected fraud cases.

Each reported case is analysed in detail, respecting the principles of confidentiality, objectivity and impartiality. Every employee has a duty to report fraud if they suspect it.

Whistleblower protection

Our fraud prevention 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=eng>). 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 whistleblower protection**),
- 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, which allows for objective, fair and impartial clarification of the objections raised.

Formal and expert supervision over the verification of reports is exercised by mBank's President of the Management Board as part of their supervision over the operation of the Compliance Department. The rules for reporting wrongdoing to the Management Board and the Supervisory Board are also clearly defined.

Anti-money laundering (AML) and countering terrorism financing (CTF) 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 Countering 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 [mSygnał](#),
- we have in place a team of experts dedicated to implementing the programme.
- we systematically train our employees.

Global sanctions policy

We verify our clients and monitor whether parties to transactions are on EU, US and UN sanctions lists as well as 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. This 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. They are available at <https://www.mbank.pl/en/about-us/corporate-social-responsibility/our-standards>.