

*Appendix
to Resolution No. 66/22 of the Management Board of mBank S.A.
dated 18.05. 2022
on Approving the Updated Policy of Managing Conflicts of Interest at mBank S.A.*

*Appendix
to Resolution No. 213/2022 of the Supervisory Board of mBank S.A.
dated 07.06.2022
on Approving the Updated Policy of Managing Conflicts of Interest at mBank S.A.*

POLICY OF MANAGING CONFLICTS OF INTEREST AT mBANK S.A.

Compliance Department

mBank S.A.

Document information:

Title	Policy of Managing Conflicts of Interest at mBank S.A.
Version	2.0
Status	Modification of version 1.0 dated 22 October 2020
Scope / background of changes	Recommendations of the Polish Financial Supervision Authority; alignment with the standards set in the Global Conflicts of Interest Policy; supplementing of policy provisions and structure, adding definitions of new terms, editorial changes
Applicable from	07 June 2022
Functional scope	mBank S.A.
Regional scope	Foreign branches of mBank as permitted by local laws
Document owner	Compliance Department
Approved by	Management Board of mBank S.A. on 18.05.2022, Supervisory Board of mBank S.A. on 07.06.2022

Table of Contents

A. PURPOSE AND SCOPE OF THE POLICY4

B. PRINCIPLES AND TERMS RELATED TO CONFLICTS OF INTEREST7

1. Legal background7

2. Conflict of interest definition8

3. Basic types of conflicts of interest.....9

C. PREVENTION AND MANAGEMENT OF CONFLICTS OF INTEREST11

1. Conflicts of interest between the bank and a client or between the bank’s clients11

2. Conflicts of interest between an employee or a partner and the bank’s client/s 16

3. Conflict of interest between an employee or a partner and the bank.....18

D. RESPONSIBILITY FOR IDENTIFICATION AND MANAGEMENT OF CONFLICTS OF INTEREST23

E. POLICY BREACHES26

F. APPROVAL AND REVIEWS26

A. Purpose and scope of the policy

Key terms

The terms we use in the policy mean:

- **bank** – mBank Spółka Akcyjna,
- **BM** – Biuro Maklerskie mBanku S.A. operating within the organisation of the bank,
- **sustainability factors** – environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters,
- **DC** – Compliance Department,
- **DHR** – Employee Relations and Organisational Culture Department,
- **Factiva** – a database available on the intranet to all bank employees, containing among others information concerning PEP and RCA and persons put on international sanctions lists published among others by the EU and OFAC,
- **inside information** – inside information within the meaning of MAR,
- **information protected by professional secrecy** – information protected by professional secrecy within the meaning of the Act on Trading,
- **sensitive information** – inside information, information protected by professional secrecy or other non-public information concerning clients or transactions concluded by them, contractors of the bank, the bank and its transactions, and mBank Group subsidiaries,
- **financial instruments** – financial instruments within the meaning of the Act on Trading:
 - 1) securities;
 - 2) other than securities:
 - a) participation units in collective investment institutions,
 - b) money market instruments,
 - c) options, futures, swaps, forward interest rate contracts, other derivative instruments whose underlying instrument is a security, currency, interest rate, yield, emission allowance or another derivative, financial index or financial indicator that are exercised by delivery or cash settlement, with the exception of the derivative instruments referred to in Art. 10 of Regulation 2017/565,
 - d) options, forward contracts, swaps, forward interest rate contracts and other derivative instruments whose underlying instrument is a commodity and which are exercised by cash settlement or may be exercised by cash settlement at the option of one of the parties,
 - e) options, futures, swaps and other derivative instruments, the underlying instrument of which is a commodity and which may be exercised by delivery, provided that they are admitted to trading on a trading venue for financial instruments, with the exception of energy products traded wholesale on OTF, which must be exercised by delivery,
 - f) options, futures, swaps, forward contracts and other derivative instruments, the underlying instrument of which is a commodity and which may be exercised by delivery, and which are not intended for commercial purposes and exhibit the characteristics of other derivatives, not admitted to trading on a trading venue for financial instruments,
 - g) derivative instruments for the transfer of credit risk,
 - h) contracts for difference,
 - i) options, forward contracts, swaps, forward interest rate contracts and other derivatives relating to climate change, freight rates and inflation rates or other official statistics that are exercised by cash settlement or may be exercised by cash settlement as desired by one of the parties, as well as the derivatives referred to in Art. 8 of Regulation 2017/565, and others that demonstrate the characteristics of other derivative financial instruments
 - j) emission allowances,- **CCU unit** – a compliance processes unit on the first line of defence of the internal control system,
- **supervising unit** – a unit which supervises sales units, e.g., in internal audit, compliance and back-office functions,
- **sales unit** – a unit providing services to clients of the bank,
- **client / clients** – all natural or legal persons who are clients of the bank to whom the bank provides banking or brokerage services, including persons with whom the bank has no business relations yet (potential clients),
- **contractor** – natural or legal persons who provide services or supply products to the bank, including those to whom the bank outsourced activities,

- **MAR** – Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC,
- **MiFID II** – Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU,
- **close persons** - spouse of a supervisory board member, a management board member, an employee or a partner; ascendants and descendants of a supervisory board member, a management board member, an employee, or a partner; cohabitants of a supervisory board member, a management board member, an employee or a partner; persons related to a supervisory board member, a management board member, an employee or a partner through adoption, custody or guardianship; other relatives by consanguinity or affinity of a supervisory board member, a management board member, an employee or a partner, and persons who are members of the same household as a supervisory board member, a management board member, an employee or a partner,
- **PEP** – Politically Exposed Persons,
- **employees** – employees of the bank employed under employment contracts,
- **partners** – persons being parties to contracts of mandate with the bank or in other legal relationships of similar nature, and (at the request of the bank) other persons, in particular persons providing clients with investment services performed by the bank for or on behalf of the bank. These include, for example:
 - a. persons employed by the bank's agents to perform agency operations for the bank, and
 - b. natural persons participating in the provision of services for the bank under outsourcing agreements,
- **client's sustainability preferences** - a client's or potential client's choice as to whether and, if so, to what extent, one or more of the following financial instruments shall be integrated into his or her investment:
 - a. a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in environmentally sustainable investments as defined in Article 2, point (1), of Regulation (EU) 2020/852 of the European Parliament and of the Council;
 - b. a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2, point (17), of Regulation (EU) 2019/2088 of the European Parliament and of the Council;
 - c. a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client,
- **BM Rules** – Rules for Managing Conflicts of Interest at the Brokerage Bureau of mBank S.A.,
- **tree structure** – allocation of advisory services provided to different (competing) clients in the scope of the same transaction between different transaction teams with strict separation of these teams,
- **investment services** – brokerage services provided by the bank under Art. 70(2) of the Act on Trading,
- **brokerage services** – services defined in Article 69(2) and (4) of the Act on Trading,
- **custody services** – services of a custodian bank within the meaning of the Act on Trading,
- **Act on Trading** – the Act of July 29, 2005 on Trading in Financial Instruments,
- **work** – intellectual property which refers to the exclusive right to intangible property, such as intellectual property rights covering both industrial property rights and copyrights, in particular: inventions (including technical ones), patents, utility and industrial models, commercial secrets, works within the meaning of copyright law, etc.,
- **progressive remuneration** – remuneration mechanism understood as additional remuneration for exceeding a standard threshold or a specific level, e.g., for x volume of sales, the bank receives a remuneration of 1%, and above x, the bank will receive 2%.

Purpose and scope

1. This policy lays down the standards of conduct followed by the bank to avoid, properly identify, and manage conflicts of interest.

2. The solutions provided for in the policy are aimed, in particular, to ensure that conflicts of interest are solved pursuant to the principle of equal treatment of clients. Moreover, they were designed to guarantee that the bank, members of its supervisory board and management board, its employees, and partners:
 - 1/ do not gain benefits and
 - 2/ do not avoid lossesat the expense of clients.
3. Conflict of interest management is part of the corporate culture being the responsibility of supervisory board members, management board members, employees, and partners. In particular, the management board and directors of organisational units should get involved in the identification of conflicts of interest. Persons holding these positions should also indicate appropriate ways of preventing conflicts of interest and ways of handling such conflicts if they occur.
4. The bank erects information barriers in order to restrict the flow of inside information and information about clients and their transactions. Organisational units as well as teams operating within a single unit effectively separated by information barriers may simultaneously provide services which in the absence of such information barriers could give rise to a conflict of interest.
5. The provisions of this policy are binding on supervisory board members, management board members, and employees. Directors of organisational units who conclude agreements with partners are obliged to include in these agreements provisions obligating the partners to apply the policy accordingly.
6. Supervisory board members, management board members, employees, and partners must anticipate and avoid situations where their private interests could be in conflict with the interests of a client or the bank. In particular, they should consider the following in this respect:
 - employment with entities other than the bank,
 - functions held on bodies of other entities,
 - equity interest or financial investment in other entities,
 - transactions in financial instruments on own account.In such analyses, they also need to consider activities of their close persons which come to their attention.
7. Job descriptions or other documents laying down the tasks and duties of employees and partners should exclude tasks causing conflicts of interest.
8. Conflict of interest management covers also operations of mBank Group subsidiaries.
9. The management board designates DC as the unit supervising the management of conflicts of interest at the bank. In particular, the supervision covers:
 - 1/ introduction of internal regulations,
 - 2/ IT solutions,
 - 3/ consultations provided to organisational units,
 - 4/ inspection activities,
 - 5/ training activities,
 - 6/ issuing recommendations.

At the same time it is important to remember that every organisational unit is responsible for compliance with the requirements of the Policy. For that purpose, the unit director implements relevant controls (e.g., the four-eyes principle or the analysis of a sample, e.g., of employee communication). In accordance with the risk-based approach, each unit decides about the type, scope, and frequency of controls. The scope and frequency of controls should be increased if their results indicate that the processes underlying a service have major shortcomings.

As a second-line-of-defence unit, DC also carries out inspections of compliance with the Policy. Those may include documentation reviews, on-the-spot visits, and examination of samples, including samples of employee communication. DC decides about the type, scope, and frequency of inspections depending on the risk analysis.

DC also carries out prevention activities described in Section D. Responsibilities for identification and management of conflicts of interest.

10. DC provides the management board with an annual report on conflict of interest management. The report may constitute a part of other reports compiled by DC, in particular the annual report on compliance risk management. If a need arises, DC also provides ad hoc reports on conflict of interest management. The report contains information on identified cases of actual or potential conflicts of interest (this applies to ongoing services and operations). A conflict of interest should involve a threat to the interests of one or several clients.
11. This policy does not apply to:
 - a. arrangement of interests in a transparent process of negotiating the terms and conditions of cooperation between the bank and clients, and between the bank and employees and partners, where differing goals of the negotiating parties are the underlying reason for the negotiations which result in terms and conditions of a contract taking into account the interests of all parties,
 - b. operation of BM because BM adopted its own BM Rules; however, BM shall take steps to ensure compliance of the BM Rules with the policy. The policy shall apply to all matters not governed by the BM Rules and it shall apply to BM employees and partners to such extent.

B. Principles and terms related to conflicts of interest

1. Legal background

1.1 The procedure for managing conflicts of interest arises from Polish and European law as well as from market standards. This policy also takes into account solutions characteristic of the Commerzbank Group corporate culture, provided that they comply with Polish law.

1.2. The policy takes into account the provisions of the Act on Trading and implementing regulations thereto, and MiFID II and implementing acts thereto.

1.3 The policy applies jointly with other internal regulations applicable at the bank, pertaining to:

- 1/ handling inside information and information protected by professional secrecy,
- 2/ bans on the use and disclosure of inside information,
- 3/ bans on market manipulation and preparation of investment or financial analyses and other general recommendations concerning transactions in financial instruments,
- 4/ giving and receiving gifts by management board members, employees and partners, anti-corruption, and the regulations referred to in section 1.4,
- 5/ handling charges, commissions and monetary and non-monetary benefits received or transferred in connection with the provision of brokerage, custody, and investment services.

1.4 The bank may adopt additional policies or regulations in order to govern specific issues related to managing conflicts of interest.

1.5 The bank supports mBank Group subsidiaries in introducing their own rules for managing conflicts of interest analogous to those applicable at the bank, having regard to the fact that they are separate entities and have different business profiles.

1.6 The foreign branches of the bank apply the provisions of this policy, subject to compliance with their local laws.

1.7 The bank provides all information concerning conflicts of interest to clients in traditional (written) form or in electronic form. The format of this information must:

- 1/ make it possible for clients and the bank to store the information for a period adequate for the nature of the information and the purpose of its development or provision,
- 2/ preclude its modification and enable retrieval of the information in the version and form in which it was developed or provided.

The bank prefers encrypted electronic mail in internal and external communication.

1.8 Information addressed to clients in accordance with this policy should include data enabling clients to decide whether or not they want to:

- 1/ conclude an agreement or
- 2/ continue to use the service under a concluded agreement.

2. Conflict of interest definition

2.1 A conflict of interest between the bank and its clients may arise in connection with services provided by the bank or mBank Group subsidiaries. The same may apply to trading in financial instruments and the provision of brokerage services.

2.2. A conflict of interest (within the meaning of this policy) means any circumstances known to the bank, supervisory board members, management board members, employees, and partners where the risk of professional judgment or the risk related to them acting for the benefit of one party may be impacted by other parties. In this context, the term “conflict of interest” should be interpreted broadly. A conflict of interest arises, in general, when several parties pursue the same business objectives. The achievement of an objective by one party must then result in a disadvantage to another interested party. This disadvantage may be related to a violation of the client's sustainability preferences. While a conflict of interest does not imply any misconduct as such, it may give rise to a legal issue and/or reputational risk unless duly managed.

A conflict of interest (including a potential one) may be persistent and require ongoing management. Conflicts of interest can also arise unexpectedly in relation to individual events and one-off solutions can be used to manage them.

In both of the above-mentioned cases, the principles and solutions for the prevention or management of conflicts, provided for in the policy, should be applied accordingly.

A conflict of interest means any circumstances known to the bank and its employees that may lead to a conflict between the interest of:

- 1/ the bank,
- 2/ a supervisory board member, a management board member, an employee or a partner,
- 3/ organisational units of the bank,
- 4/ a client or clients of the bank
- 5/ a contractor or contractors of the bank

and the obligation binding on the bank or mBank Group subsidiaries to act in a reliable manner, having regard to the best interest of clients. This also includes any circumstances known to the bank which may lead to a conflict between the interests of several clients.

2.3 In particular, a conflict of interest may occur when the bank or a supervisory board member, a management board member, an employee, or a partner:

- 1/ may, in a specific situation which is not stipulated in an agreement, gain benefits or avoid a loss when a client or a group of clients:
 - a. sustains a loss or
 - b. does not gain benefits,

- 2/ may prefer a client or a group of clients or contractors over another client or group of clients or contractors for financial reasons or other reasons. If clients or contractors meeting a specific condition (e.g. entailing a lower capital requirement for the bank) are preferred, an appropriate disclosure must be made in the documents available to clients or contractors,
- 3/ may for some reason prefer their own interest or a third party's (e.g., a contractor's) interest over the interests of a client or a group of clients or contractors,
- 4/ has an interest in:
 - a. a specific outcome of a service provided to a client, or
 - b. a transaction concluded on behalf of a client,which would not be in the interest of the client,
- 5/ carries out the same business as a client,
- 6/ receives a financial benefit other than standard fees and commissions from a person other than the client, e.g., a contractor, in connection with a service provided to a client or, in the case of a contractor, to the bank,

or when:

a supervisory board member, a management board member, an employee or a partner may gain benefits or avoid a loss at the expense of the bank's interests, including reputational interests.

2.4 Furthermore, the bank prohibits any direct and indirect actions (giving, accepting, soliciting or enforcing any benefits) indicative of bribery of supervisory board members, management board members, employees and partners, public officials, commercial organisations or persons related to the bank or its business areas. In that case, potential conflicts of interest should be prevented or managed in accordance with the anti-corruption and anti-fraud policies established by the bank.

3. Basic types of conflicts of interest

3.1 A conflict of interest may occur in particular between:

- 1/ the bank and a client or clients,
- 2/ a client or clients and a supervisory board member, a management board member, an employee or a partner,
- 3/ a supervisory board member, a management board member, an employee or a partner and the bank.

3.2 If a conflict of interest has occurred or may occur, the interests of the bank and its clients have priority over the interests of a supervisory board member, a management board member, an employee or a partner. In particular, if a conflict of interest may occur or has occurred between:

- 1/ the bank and a client – the client's interests have priority over the bank's interest,
- 2/ a client and a supervisory board member, a management board member, an employee or a partner – the client's interests have priority over the interests of a supervisory board member, a management board member, an employee or a partner,
- 3/ a supervisory board member, a management board member, an employee or a partner and the bank – the bank's interests have priority over the interests of a supervisory board member, a management board member, an employee or a partner.

3.3 A conflict of interest between the bank and a client may occur, in particular, in connection with the following services provided by the bank or mBank Group subsidiaries:

- 1/ management of the client's portfolio of financial instruments,
- 2/ brokerage services, including execution of orders to buy or sell financial instruments,
- 3/ acceptance and transmission of orders to buy or sell financial instruments,
- 4/ preparing investment analyses, financial analyses, and other general recommendations relating to transactions in financial instruments,
- 5/ investment or financial advisory services,
- 6/ services of offering financial instruments,
- 7/ services in the performance of concluded underwriting agreements or agreements of a similar nature, if their subject matter are financial instruments,

- 8/ credit services, including granting loans related to transactions in financial instruments concluded by a client with the bank or an mBank Group subsidiary to the bank's clients,
- 9/ transactions concluded on behalf of and for the benefit of a client when both parties to a transaction are the bank's employees or partners.

3.4 A conflict of interest between a client and the bank may also occur when the bank:

- 1/ simultaneously provides the same services to a number of clients, in particular those running a competing business,
- 2/ provides services to issuers of financial instruments where at the same time such instruments may be the object of a transaction between a client and the bank or where the bank is or intends to be a funding (e.g. loan) provider for such issuers,
- 3/ concludes transactions in financial instruments on own account where at the same time such instruments may be the object of a transaction between a client and the bank,
- 4/ accepts commissions, fees, and any non-monetary benefits from third parties in connection with provided brokerage, custody, and investment services,
- 5/ participates in the benchmark (e.g. WIBID/WIBOR) fixing process.

3.5 A conflict of interest between a client and a supervisory board member, a management board member, an employee or a partner may occur in particular when a supervisory board member, a management board member, an employee or a partner uses sensitive information.

3.6 A conflict of interest between an employee or a partner and the bank may occur, in particular, if:

- 1/ an employee or a partner or the close persons of an employee or a partner have shares or are financially engaged in an entity which is also a client served or supervised by the employee or a partner,
- 2/ an employee or a partner serves themselves or their close persons, which leads to:
 - a. the risk of using the possessed competences,
 - b. the possibility of acting to the detriment of the bank, and
 - c. the possibility of using information, including inside information concerning the bank.

This also applies to exercising supervision over such service,

- 3/ there are ties between an employee or a partner and an entity engaged in activities competitive with the bank (in particular, a civil-law contract, employment contract or a function in the entity's bodies).

3.7. When a conflict of interest is identified, the director of the organizational unit takes steps to prevent and duly manage potential or actual conflicts of interest. The director of the organizational unit takes a range of preventive measures to ensure the foregoing, including in particular by establishing procedures and measures to:

- monitor, process, and disclose inside information, including the application of information barriers;
- manage potential or actual conflicts of interest by imposing restrictions according to restriction lists;
- establish confidentiality areas;
- disclose conflicts of interest to (potential) clients or other interested parties (if required, to obtain the client's consent to continue the transaction);
- refuse to act on behalf of one or more parties to the conflict;
- execute all clients' orders according to best execution principles;
- impose trading lock-outs on insiders before the publication of financial analyses;
- not give preference to employees or partners in their personal transactions vis-à-vis clients. In the case of a conflict of interest, clients' interest shall be a priority;
- run market conformity checks of transactions (in relation to transactions in financial instruments) by independent entities to ensure that the financial conditions of a transaction are market-based (MCC).

3.8 All decisions to resolve conflicts of interest should be based on the following fundamental principles:

- fair treatment of clients and all interested parties;
- consideration of the individual scale of transactions in the context of conflicts of interest;

- mitigation of the bank's exposure to legal risk, regulatory risk, and reputational risk.

3.9 When deciding how to tackle potential or actual conflicts of interest, the following should in general be considered:

- can the conflict be duly managed by means of information barriers or other organisational measures, disclosures or combination of such measures;
- considering the nature of the conflict and the market environment, should further collaboration with both parties to the conflict be pursued (which may require disclosure of the conflict of interest to all interested parties and their consent for the continuation of the transaction);
- is legal and regulatory risk, as well as reputational risk, so serious that the only appropriate measure is to reject the transactions for one or more parties to the conflict?

C. Prevention and management of conflicts of interest

1. Conflicts of interest between the bank and a client or between the bank's clients

1.1 Prior to concluding an agreement with a client, the organisational unit performing the planned service or transaction analyses the following:

- 1/ contractual provisions,
- 2/ other available information concerning the client and their relationship with the bank,
- 3/ the bank's actions in terms of whether a conflict of interest may potentially occur between the bank, mBank Group subsidiaries and the client / contractor.

If the organisational unit has doubts about the contractual provisions, it consults DC.

1.2 If a conflict of interest has occurred, the director of an organisational unit decides on:

- 1/ further steps in the case,
- 2/ the possibility of the organisational unit not concluding such an agreement or transaction.

Additionally, the director of the organisational unit forthwith notifies the member of the management board or the managing director supervising the organisational unit and DC of their decision. The notification includes proposed measures or information concerning measures taken to manage the conflict of interest.

1.3 A potential or actual conflict of interest may occur or has occurred due to the provision of a service or conclusion of a transaction which is:

- 1/ being provided/concluded,
- 2/ planned,

by another organisational unit.

In such a situation, directors of organisational units agree on a relevant procedure, e.g. not providing the planned service/not concluding the planned transaction.

1.4 The manner of solving a particular conflict, including:

- 1/ the type of measures applied,
- 2/ the scope of measures applied,

is determined on the basis of a decision of the director or directors of the organisational units involved in the given conflict. The problem must be escalated if the directors:

- a. cannot reach an agreement,
- b. are personally involved in the provision of the service generating the risk of a conflict of interest.

If:

- 1/ directors of organisational units cannot reach a common stance, the decision is taken by members of the management board or by managing directors supervising those organisational units. If they cannot reach an agreement, the decision is taken by the president of the management board,
- 2/ the organisational units involved in the conflict are supervised by the same member of the management board or managing director, the member of the management board/managing director decides on the further procedure.

1.5 The provisions of section C.1.3.-C.1.4 should be applied subject to the provisions of section C.1.6.-C.1.7.

1.6 Prior to concluding an agreement or a transaction with a client on the client's behalf concerning:

- 1/ provision of services related to trading in financial instruments, or
 - 2/ another service governed by MIFiD II and its delegated acts,
- the organisational unit supervising the agreement should:
- a. advise the client of the existing conflicts of interest,
 - b. specify the subject matter of these conflicts of interest,
 - c. specify potential situations where a conflict of interest may occur,
 - d. agree with the client on the procedure to be followed in such situations,
 - e. in particular, the organisational unit should obtain from the client a written consent for the conclusion of the agreement despite the occurrence or potential occurrence of a conflict of interest.

The unit must do so in compliance with the principles applicable to the confidentiality of information concerning the bank's clients and in compliance with professional secrecy.

1.7 If a conflict of interest occurs upon conclusion of an agreement with a client, the bank's organisational unit supervising the agreement should forthwith:

- 1/ notify the client,
- 2/ obtain a written consent of the client for further provision of services specified in the agreement,
- 3/ suspend the provision of the services covered by the agreement to the client until it obtains a written statement on continuation or termination of the agreement from the client.

1.8 If the bank discloses a conflict of interest referred to in section C.1.6-C.1.7 to a client, it should:

- 1/ clearly demonstrate that organisational and administrative solutions are insufficient to prevent the conflict of interest,
- 2/ also disclose:
 - a. the description, nature and source of the conflict,
 - b. risks for the client arising from the conflict,
 - c. measures taken to mitigate the risk.

The measures defined in point 1.6, 1.7 and 1.8 taken in order to identify a conflict of interest should be:

- 1/ regarded as last resort (*ultima ratio*),
- 2/ applied exclusively when organisational and administrative measures implemented by the bank to prevent or manage conflicts of interest are insufficient to duly protect clients' interests.

In connection with the foregoing, the director of the unit intending to disclose a conflict to a client must first check whether the conflict cannot be managed, e.g., by applying additional solutions adequate to the conflict. He or she discusses the issue with the relevant CCU and with DC.

Information for a client should be:

- 1/ provided on a durable medium,
- 2/ sufficiently detailed,
- 3/ adjusted to the client's profile, allowing them to make an informed decision and take into account the circumstances related to the service in connection with which a conflict of interest has occurred.

1.9 If the bank serves different competing clients in the same transaction (e.g., merger, acquisition, take-over), it must do so by means of different transaction teams, i.e., establish a tree structure. Consequently, said services should be provided by employees and partners who perform their professional duties independently of each other in independent working teams whereas:

- 1/ the employees and partners performing their duties within a given team must not disclose any sensitive information related to the client to whom they provide services to the employees and partners from other teams;
- 2/ the employees and partners working within a given team to provide services to the client must not use any sensitive information obtained by the employees and partners from other teams providing services to other clients participating in the transaction;
- 3/ the directors of the bank's organisational units within which the two teams operate should:
 - a. notify DC and the relevant CCU that a tree structure has been established (DC and CCU may raise objections to the establishment of the tree structure),
 - b. appoint a manager of each team,
 - c. introduce appropriate work procedures to ensure:
 - confidentiality of information obtained by the teams,
 - controls of information flows,
 - avoidance of adverse information flows between teams or outside of teams.
 - d. specify rules of exchange of information between the bank's organisational units providing support services concurrently to several of the aforementioned teams,
 - e. establish procedures and rules defining confidentiality areas surrounded by information barriers and defining allowed cases of barrier breaches,
 - f. document the establishment of barriers and cases of barrier breaches and issued breach approvals in a period of 5 years after established or breached,
- 4/ the supervision over operations of the working teams should also be separated to the level where it is possible due to the applicable organisational structure of the involved organisational units and the organisational structure of the bank.
- 5/ directors of organisational units featuring such teams check whether the establishment of a tree structure prevents the conflict of interest. They report any doubts to DC and the relevant CCU. When examining a conflict of interest, one should consider the scope in which the team may impact the transaction.
- 6/ It is considered that directors of organisational units providing M&A services do not as a principle constitute competing teams within the information management unit.
- 7/ When a tree structure is established for two or more clients served at the same time, the leader of each team must implement procedures necessary to respect the following principles:
 - a) separation of the team (including team assistants) from the other teams including relevant information concerning each transaction of the team. In particular, this implies:
 - no communications (verbal or otherwise) with other transaction teams without the prior approval of the relevant CCU (copy to DC);
 - no third-party access to transaction documents;
 - hardcopy documents must be locked and available only to team members;
 - no exchange of information between teams, especially by means of computer systems (e.g., no use of shared drives by teams, separate meeting rooms);
 - b) teams may refer to transactions with project names reported to DC;
 - c) project names, all interested parties, and team members (and other non-team members) must be documented. The team leader notifies the persons involved in the team in writing or via email that all transaction communications outside the team are strictly prohibited. Any breach of information barriers requires prior consent of the relevant CCU (copy to DC).
- 8/ A tree structure may only be cancelled when the transaction is closed or interrupted or the bank is formally released from the transaction by one of the clients and only serves one client in the transaction.
 Members of a liquidated team may participate in other teams (handling competitive transactions) only if an employee or a partner received no information concerning the client serviced by the liquidated team or is released by the client from the confidentiality obligations. The participation of members of a liquidated transaction team in other transaction teams requires the prior approval of the CCU (copy to DC).
- 9/ For the avoidance of conflicts of interest, the team may disclose information only on a need-to-know basis. The bank's inside information regulations must be respected in the case of inside information. The participation of employees or partners of other units of the bank in the team requires the prior approval of the CCU (copy to DC). Special attention

must be paid to presentations of transactions, credit decisions, and management information. A tree structure should be maintained as long as necessary.

1.10 Employees and partners with access to sensitive information of a client must not use the information to conclude transactions for the benefit of the bank or other clients. This principle applies, but is not limited to cases where an employee or a partner is a member of the management board, supervisory board or the audit committee of a company that is the bank's client.

1.11 Employees and partners must not provide other services, in particular advisory services, to the bank's client, using sensitive information concerning other clients.

1.12 Furthermore, as regards client relationships, it is not allowed to:

- 1/ force a client to purchase products and services under bundled sales, i.e. provision of a particular service on condition that the client will use another service of the bank or of a subsidiary of mBank Group, not related to the original service. The aforesaid does not refer to a situation where:
 - a. there is a reasonable link between the services at issue, and
 - b. as a result, provision of at least two or more service types to the client is justified and
 - c. the client is notified of such a link and terms and conditions arising from the link in line with the legal regulations on cross-selling,
- 2/ not to execute a client's instruction if doing so would breach an agreement concluded with the client. In particular, this refers to the case when the bank refuses to execute an instruction to gain benefits or avoid excessive costs, provided that such costs result from a service agreement concluded between the bank and the client;
- 3/ do the following, contrary to an agreement concluded with a client:
 - a. delay provision of information to the client, or
 - b. provide incomplete information on transactions executed in line with the client's instruction, in particular, instructions resulting in transactions causing losses for the client, especially if there is a risk that the client will terminate cooperation with the bank;
- 4/ charge fees and commissions for provided services to the client that are substantially different from fees and commissions charged to other clients using the same services provided by the bank. Exceptions to this rule should arise from clear criteria of the bank, disclosed as a rule of the bank's operations, e.g. referring to the scale of services provided;
- 5/ as regards conclusion of agreements and provision of services by the bank and mBank Group subsidiaries (if it is up to the bank):
 - a. give preference to a client known to the bank as its shareholder over other clients of the bank, in particular those known by the bank as its other shareholders, unless such preferential treatment arises from the law (e.g. provisions on consolidated supervision).

1.13. Directors of organisational units should supervise operations of their units, in particular, taking into account the cases referred to in sections C.1.10-C.1.12.

1.14 If the bank provides the service consisting in the offering of financial instruments, in order to avoid a potential conflict of interest related to underestimating or overestimating the issue price, the bank must act accordingly so as to:

- 1/ avoid a situation where the pricing of the offer promotes interests of other clients of the bank or the bank's own interests in a manner that would conflict with the interests of the bank's client being the issuer and using the offering service;
- 2/ prevent or manage situations where employees or partners that manage the offering processes advise the client being the issuer on the valuation of securities to be issued.

1.15 If the bank is not able to manage a conflict of interest so as to avoid its adverse impact on a client, it should consider refraining from conclusion of a given transaction or provision of a given service.

If:

- 1/ such a situation pertains to services in the performance of concluded underwriting agreements or agreements of a similar nature, if their subject matter are financial instruments,
- 2/ the bank is not able to manage a conflict by implementing relevant internal procedures, the bank must not provide such services to a given client.

1.16 If the bank provides services in the performance of concluded underwriting agreements or agreements of a similar nature, if their subject matter are financial instruments, it provides entities from mBank Group with the information of the client's financial standing, if:

- 1/ the said entities act as the client's creditors,
- 2/ provision of information on the client's financial standing does not breach the information barriers established by the bank to protect the client's interests.

1.17 Sensitive information is provided on a need-to-know basis, i.e. knowledge necessary to perform the entrusted duties. Sensitive information should be provided without breaching the established information barriers.

1.18 Information barriers may include physical barriers (e.g., separated space with access control), electronic barriers (e.g., IT applications), and functional /organisational barriers (e.g., division into reporting lines, organisational units, teams). Barriers may be permanent or temporary.

The forms of information barriers include for example:

- access control for instance by means of access cards or physical separation of sections / business segments, teams and their premises;
- restricted access permissions to IT systems, separation of access by section / business segment / team.

1.19 Any potential breach of an information barrier should first be reported to the director of the organisational unit or the direct superior together with a justification and with a copy to DC. The unit director approves a breach. In the event of any doubt, the unit director consults the relevant CCU unit.

1.20 All employees and partners of the bank are responsible for respecting the applicable information barriers and for respecting the need-to-know principle.

1.21 To avoid or manage conflicts of interest, directors of organisational units may establish restriction lists.

Restriction lists contain restrictions concerning issuers of financial instruments. Such restrictions may include restrictions of trading on own account, investment advisory, and restrictions of the publication and distribution of financial analyses. DC maintains (irrespective of BM restriction lists) lists based on reports of units in order to minimise conflicts of interest, prevent abuse of inside information, and protect the bank against reputational risk. Restriction lists cover issuers with whom the bank executes transactions or maintains long-term business relations.

At any time that an issuer is added to or removed from a restriction list, DC notifies the relevant units thereof by email.

Restrictions presented in restriction lists may be based on:

- legal regulations;
- contractual provisions;
- market practice; or
- decisions concerning the bank's business policies.

Restrictions may be imposed in particular in relation to:

- 1/ research and recommendations issued for financial instruments held by the bank or issuers of such financial instruments,

- 2/ transactions on the bank's own account in financial instruments of issuers where the bank participates in IPOs, M&A involving such issuers and/or increase of the share capital of such issuers;
- 3/ research and recommendations issued for financial instruments or issuers where the bank participates in IPOs, M&A involving such issuers and/or increase of the share capital of such issuers;
- 4/ provision of advisory services concerning financial instruments or issuers where it has come to the attention of the bank that their financial standing is poor;
- 5/ provision of advisory services to clients of the bank including where advisory services concern issuers of financial instruments.

The detailed terms and conditions concerning the use of restriction lists are laid down in separate regulations of the bank.

1.22 Employees and partners may not solicit or accept any payment or other inappropriate advantage in connection with the placement and/or allocation of securities. Allocations must be fair for all investors and cannot favour any client at the expense of others.

The foregoing also applies to the allotment of securities to employees or management board members of the company in exchange for the bank's orders or other banking instructions. Any agreements between the bank and a subscribing client are prohibited for instance if they allot shares to a client in exchange for the obligation to buy on the secondary market. The bank must take measures necessary to identify and prevent or manage other conflicts of interest in the context of underwriting and placing new issues. The foregoing applies in particular to conflicts of interest occurring as a result of the issue price being set too high or too low due to the engagement of relevant parties (see point 1.14 – 1.16 above).

1.23 The bank identifies whether the bank or an mBank Group entity has issued loans and/or advances to the issuer to be repaid with the receipts from the issue. If such loans or advances are granted, the bank and the lender(s) determine the terms and conditions of the exchange of information in order to prevent and manage conflicts of interest. The bank must consider the information barriers established by the bank or the mBank Group entity in order to protect the client's interests.

1.24 If a conflict of interest related to the grant of a loan or another conflict of interest is identified, it should be managed in consultation with the relevant CCU and DC.

1.25 Conflicts of interest occurring in connection with investment services or, as relevant, in connection with the administration or management of investment assets by an mBank Group entity in connection with the placement of the bank's own issues and/or issues of an mBank Group entity must also be identified and duly managed in consultation with the relevant CCU and DC.

2. Conflicts of interest between an employee or a partner and the bank's client/s

2.1 Employees and partners must not be put in a position where their remuneration gained in connection with the provision of a given service to the bank's clients directly depends on:

- 1/ remuneration of other employees and partners,
- 2/ revenue of other business units gained in connection with the provision of another type of services to the bank's clients, if a conflict of interest may occur in connection with the provision of both such types of services.

2.2 A situation where the remuneration of an employee (including bonus) increases progressively depending on the scale of investment services they sold, which are subject to:

- 1/ MiFID II requirements,

2/ delegated acts, should be prevented.

Applying such solutions may result in an employee wanting to sell a product linked to progressive remuneration without acting in the client's best interest. The sale of services linked to progressive remuneration of employees should be restricted to cases where the bank cannot offer a client an equivalent or a similar service not linked to progressive remuneration, which would be more suitable for the client's interests. An organisational unit using a service linked to progressive remuneration must each time provide reasons for offering the client this service instead of a different one. The analysis should be documented in writing and stored for a period of at least 5 years from the date on which the bank decided to sell the service to the client.

2.3 Concluding an agreement with a third party related to progressive remuneration requires the prior consent of DC. An entity wishing to enter into such a contract must provide a description of solutions to prevent a conflict of interest between the bank and the client.

2.4 The remuneration mechanisms implemented at the bank, including variable remuneration for employees and partners, must be consulted with the DC to prevent conflicts of interest.

2.5 The following should be taken into consideration when planning employees' and partners' tasks (subject to provisions of sections C.3.25.-3.27.):

- 1/ whether tasks are performed simultaneously, or
- 2/ whether tasks are performed one after another.

Directors of organisational units should guarantee that the time of performance and the nature of such tasks do not result in a potential conflict of interest.

2.6 If an employee and a partner is aware that a conflict of interest has occurred or may occur between them and a client / contractor:

- 1/ they promptly notify their direct supervisor of this fact,
- 2/ the employee's and the partner's supervisor promptly reports the above to the director of the organisational unit,
- 3/ and if the conflict concerns the director of an organisational unit, it should be reported to the member of the management board or to the managing director supervising this unit.

2.7 The director of an organisational unit or the managing director / member of the management board supervising a given unit decides on further steps in the above case. They may, for instance, decide that the employee or partner will no longer perform the task which has given or may give rise to a conflict of interest.

2.8 Provisions of section C.1. 1.7 apply accordingly if a conflict of interest between the bank's client and an employee or a partner may occur or has occurred.

2.9 Employees and partners supervising or concluding transactions for entities whose securities are traded on a regulated market must not conclude transactions in securities issued by these entities on their own account.

2.10 Employees and partners must not be members of supervisory or management bodies of companies - clients, unless:

- 1/ such membership arises from their professional duties,
- 2/ they obtained consent under separate internal regulations of the bank.

As regards the process under which the bank provides services to clients whose interests may conflict with interests of a client in which an employee and a partner holds a

supervisory or managerial position (e.g. in mBank Group subsidiaries), such an employee or partner:

- 1/ must not participate in this process,
- 2/ must not supervise this process.

Relationship managers, save for the listed exceptions, must not be members of bodies of their client's company.

2.11 Supervisory board members, management board members, employees and partners who have access to sensitive information must not use this information to conclude transactions:

- 1/ on own account,
- 2/ on account of their close persons.

For example, the above applies to a situation where an employee with the consent of management board sits on the supervisory board of a company being the bank's client.

3. Conflicts of interest between an employee or a partner and the bank

3.1 Employees and partners must not conclude agreements and transactions on behalf of the bank with the bank's shareholder known to them if this would give the shareholder an advantage over other shareholders known to the employees and partners. This does not apply to situations where such an advantage arises from the law (e.g. provisions on consolidated supervision).

3.2 Employees and partners must not conclude any transactions or undertake activities which could undermine the credibility and integrity of the given employees or partners or the bank. This also applies to situations which could be perceived as giving rise to a conflict of interest between an employee, a partner, and the bank.

3.3 Notwithstanding the provisions of section C.2.8, employees and partners must not be members of supervisory or management bodies of other entities being the bank's competition. They may hold these positions if they obtain consent under separate internal regulations of the bank. Employees and partners must not remain in an employment relationship within the meaning of the Polish Labour Code, and must not enter into:

- 1/ contract of mandate,
- 2/ contract for specific work,
- 3/ other civil law agreement, or
- 4/ other form of employment within the meaning of the Polish Civil Code

with another entity being the bank's competition, in particular with another bank.

3.4 Employees and partners supervising or providing services to a given client may not participate in the supervisory or management bodies of that client, and thus seek approval for such participation. Nor can they be in a management role in that client's enterprise.

3.5 If an employee or a partner knows that a conflict of interest has occurred or may occur between them and the bank (also in connection with activities of the employee's or partner's close person or the employee's or partner's previous professional relationships), the employee or partner notifies their direct supervisor of this fact immediately, but not later than 7 days from identifying the conflict. The supervisor must inform the director of the organisational unit of the bank of this fact as soon as possible.

3.6 If a conflict of interest which involves the director of an organisational unit has occurred or could have occurred, the following persons must be informed of this fact:

- 1/ member of the management board, or
- 2/ managing director supervising this unit.

3.7 The director of an organisational unit, a member of the management board or the managing director supervising a given unit decides on further steps in the case. They may, for instance,

remove an employee or a partner from a task which has given or may give rise to a conflict of interest.

3.8. The director of an organisational unit or the supervisor of an employee or a partner who knows that a conflict of interest has occurred or may occur between the employee or the partner and the bank should not entrust the employee or a partner with tasks that give rise to a conflict of interest.

3.9 If for some reason an employee or a partner must perform the tasks mentioned in section C.3.8, the supervisor of the employee or partner must supervise their performance to protect the interests of the bank.

3.10 Employees and partners must not process or approve loans, or conclude other transactions and provide services if they are concluded/provided for:

- 1/ these employees and partners,
- 2/ close persons of these employees and partners,
- 3/ legal persons whose shares are held by the employees and partners or by their close persons, or in which the employees and partners are members of bodies or hold decision-making positions,
- 4/ natural or legal persons whose economic interests are equal to the interests of the employees and partners or their close persons.

3.11 If the situation described in 3.10 occurs, the supervisor of the employee or partner should monitor the employee's or partner's actions to protect the interests of the bank.

3.12 Heads of organisational sub-units of the Retail Banking Branch who are clients cannot submit loan applications directly in their sub-units (e.g. in Financial Services Centres (CUFs)). They should instead use remote channels (hotline, online service), or submit an application in another organisational unit of the bank. When applications are submitted by employees of organisational sub-units of the Retail Banking Branch (Advisory Centres (AC), Financial Services Centres (CUF), Light Branches (LP), Partner Branches (PP)), and the Private Banking Department who are not heads of these sub-units, the heads of these organisational units should supervise the processing of such applications.

3.13 Credit decisions must be taken in an impartial and objective manner. They must not be affected by conflicts of interest. An employee or a partner affected by an existing or potential conflict of interest relating to a processed credit application must be excluded from credit decisions. Such conflicts of interest arise, if e.g. an employee or a partner who makes a credit decision or their close person:

- 1/ is a person closely related to the applicant ;
- 2/ is the applicant for the credit to be processed;
- 3/ is a member of the managing bodies of the company which applies for the loan;
- 4/ is connected to the applicant by having own personal, financial and/or economic interests with him (e.g. holding a significant share of capital in the applicant or in affiliated companies; financing of larger assets (property, car, etc.) that the applicant wishes to acquire from the decision-maker; etc.);
- 5/ is the owner of or authorized person or committed person in relation to credit security;
- 6/ can have prohibited political influence on the borrower.

An employee and a partner with a conflict of interest may not be involved in making a credit decision. The credit decision is made by authorized employees or partners who are not burdened with any conflict of interest. In the event of existing or potential personal conflicts of interest, the employee and partner concerned is required to report the conflict of interest to his supervisor, who takes steps to change decision-making responsibilities. In case of doubt, he consults the matter with DC.

With regard to lending to members of the bank's supervisory board and management board as well as employees holding managerial positions, the provisions of the bank's internal regulation on lending to the bank's management staff should be applied .

Potential conflicts of interest should also be eliminated when determining the value of real estate collateral. Both bank employees and partners and external experts providing this service may not be involved in the credit process or credit decision.

Appraisers must also not have any own economic or personal interest in evaluating property and lending. For example, an appraiser may not be entrusted with the valuation if he or a relative is the owner of the property or is a person entered in the land and mortgage register as an entitled or obligated party. He also may not be entrusted with valuation if he or his close person is the borrower or the beneficiary of the loan.

When external appraisers are used for the purpose of valuation of real estate collateral, the bank selects independent and qualified experts and reviews and assesses their performance. A rotation should be carried out if the same expert responsible for the valuation has carried out two successive individual evaluations of the same property.

3.14 Employees and partners notify their supervisors when:

- 1/ they invested their own funds in a company being a client / contractor, and
- 2/ they participate in servicing this client / provision of services by the contractor.

3.15 An employee or a partner must be excluded from servicing an entity being the bank's client or contractor in which the employee or partner has a financial stake or is employed. If the employee or partner cannot be excluded due to:

- 1/ organisational reasons, or
- 2/ business reasons,

the employee or partner may continue to service the client provided that the head of the employee's or partner's organisational unit continuously monitors this process.

3.16 If any signs of abuse caused by this conflict of interest appear, the employee or partner must be immediately excluded from servicing this client. Such a case must be reported to DC as soon as possible, together with a detailed description of the circumstances.

3.17 Employees and partners must not use the bank's name and logo, and its letterhead and company forms for activities unrelated to their business duties. Employees and partners are also not allowed – without prior written consent of the bank - to use works, the copyrights of which belong to the bank, for activities not related to their business duties.

3.18 Employees and partners may not use their ICT devices and company cars for activities unrelated to the bank, in particular gainful activity, unless the agreement between the employee or a partner and the bank states otherwise.

3.19 Conflicts of interest may also occur where orders are placed or other business relations are maintained by the bank with a natural person or a legal person with the participation of an active employee or a partner or an employee's or a partner's close person. This occurs where a bank employee or partner may influence (directly or indirectly) the intended submission of an order or establishment of other business relations, for their own personal benefit or for the benefit of their close person. The foregoing also applies to agreements concerning direct or indirect purchase of services or goods concluded with current or former employees or partners of the bank. Such contracts are in principle forbidden unless they are based on transparent rules with properly documented benefits for the bank.

A bank employee or partner who is engaged in the execution of an order or another business relationship personally or through a close person must notify DC thereof through his or her direct superior.

3.20 If an employee or a partner sits or intends to sit on the management or supervisory board of an entity being the bank's contractor or performs a managerial function in it, the employee or partner notifies the director of the organisational unit with which he is employed or to which he provides services of this fact in writing. The director of the organisational unit must consider whether further cooperation of the employee or partner with the contractor is reasonable. If the

employee or partner is allowed to continue the cooperation with the contractor, the director should justify such a decision in writing, and monitor and document the cooperation on an ongoing basis. The foregoing also applies where an employee or partner invests own funds in a contractor's enterprise.

3.21 Employees or partners who have access to inside information concerning the bank or transactions concluded by the bank must not use this information to conclude transactions which may cause the bank to incur losses or lose due benefits. In particular, employees or partners must not invest in the bank's financial instruments using inside information or information protected by professional secrecy to which they have access.

3.22 Employees or partners who are close persons for each other must not (subject to section C.3.23 and C.3.25) remain in a supervisor-employee relationship (and consequently report to one another) in the bank. Directors of organisational units must not allow such situations. If such a situation has occurred, the director of an organisational unit takes actions to eliminate it. If the situation involves the director of an organisational unit, it must be eliminated by a member of the management board or the managing director of a given unit. Until the situation is eliminated, the director of an organisational unit, a member of the management board, or the managing director supervise the relationship between the persons closely related to one another who remain in a supervisor-employee relationship so that their relationship does not compromise the interests of the bank.

3.23 The above-described situation is allowed in justified cases provided that the management board of the bank approves it by resolution. The director of an organisational unit in which such a situation has occurred or may occur submits a written motion together with a justification to the management board as soon as possible. If the situation involves the director of an organisational unit, the motion is prepared and submitted to the management board by a member of the management board or the managing director supervising the director of an organisational unit.

3.24 Directors of organisational units and members of the management board or managing directors supervising a given unit should analyse the probability of a conflict of interest in supervisor-employee relationships between employees or partners. This particularly concerns employees and partners who are family members (siblings, spouses of siblings, siblings of spouses, children, and parents) who do not live in the same household. Other personal ties between employees or partners should be taken into account as well. Employees and partners should disclose such ties.

3.25 The restriction set forth in section C.3.22 does not apply to Partner Branches of the Retail Banking Branch.

3.26 A conflict of interest may occur also if an employee or partner who worked in a sales unit is transferred to a supervising unit. A conflict may materialise if a supervising unit's employee or partner supervises the unit with which he was previously employed or to which he provided services. A conflict of interest may arise in particular if the employee or partner supervises their own actions or actions of sales unit employees or partners they used to oversee. In principle, a supervising unit employee or partner must not supervise their own actions or actions of a team they used to manage.

3.27 To avoid a conflict of interest, the director of a supervising unit:

- 1/ agrees, prior to the final transfer, with the director of a sales unit the scope of tasks performed by the employee or partner which should not be supervised by that employee or partner and the duration of the transitional period. The agreement must be made in writing. The director of a supervising unit stores the agreement for at least five years from the date it was made,
- 2/ does not give the employee or partner any tasks related to the supervision of the employee's or partner's former sales unit in the transitional period.

3.28 The duration of a transitional period and the specific restrictions imposed on the employee or partner depend on the employee's or partner's former and future functions and tasks. The director of the supervising unit which employs the employee or partner and the director of the sales unit in which the employee or partner worked consider potential risks involved in the employee's or partner's former and future work. The transitional period must ensure complete elimination of the employee's or partner's self-control of his or her activity in the sales unit. The transitional period should last at least three months from the day the employee or partner began working in the supervising unit.

3.29 In justified cases the transitional period may be shortened. A written decision on this matter is made by the director of a supervising unit. The director of a supervising unit stores the decision and justification thereof for at least five years from the date it was made.

4. Conflicts of interest between bank members of the supervisory board and the management board and the bank

4.1 Members of the supervisory board and the management board of the bank should:

- 1/ inform their respective boards that a conflict of interest has occurred or may occur,
- 2/ refrain from voicing opinions and voting on matters which may give rise to a conflict of interest with the bank's client or the bank
- 3/ in justified cases, when a conflict of interest occurred and cannot be adequately managed - consider resigning from their function.

4.2 It is assumed that, for example, the following situations may give rise to an actual or a potential conflict of interest:

- 1/ economic interest (e.g. when a person holds securities, an ownership title, a membership right, or other economic interests concerning clients, such as intellectual property rights or a loan granted by the bank to a company having a member of the supervisory board or the management board as a partner),
- 2/ personal or professional ties with owners of large blocks of the bank's shares, which arose during the term of office in the supervisory board and the management board,
- 3/ personal or professional ties with employees of the bank or employees of a subsidiary of mBank Group (e.g. close relatives),
- 4/ other job or previous job (e.g. over the last five years),
- 5/ personal or professional ties with certain persons or entities being the bank's contractors (e.g. consultancies or other service providers),
- 6/ membership in an entity whose interests are contradictory to the bank's interests,
- 7/ political links,
- 8/ direct transactions of a member of the supervisory board or the management board with the bank. The following situations would not be considered as giving rise to a material conflict of interest:

- personal loans given to a member of the supervisory board or management board which are secured under standard market conditions and which are properly serviced
- all other personal loans cumulating to less than 200,000 Euro (their equivalent in PLN)
- ownership of bank shares up to 1% of the bank share capital.

4.3 All actual and potential conflicts of interest involving members of the supervisory board and the management board of the bank should be:

- 1/ reported by the members of the supervisory board or management board,
- 2/ discussed during meetings of the supervisory board or management board,
- 3/ resolved during meetings of the supervisory board or the management board (i.e. the necessary risk-mitigating measures must be taken).
- 4/ documented respectively in the minutes of the meetings of the supervisory board (its committees) or the management board, and then reported to DC for submission to the competent supervisory authorities.

4.4 The supervisory board or management board – via DC - informs the competent supervisory authorities:

- 1/ whenever it detects a conflict of interest which may have an impact on the independence of mind of a member of the supervisory board or the management board,
- 2/ of risk-mitigating measures taken.

4.5 The following is not considered as a factor impacting the independence of mind of a member of the supervisory board or the management board:

- 1/ the fact of being a shareholder of the bank or a subsidiary of the mBank Group,
- 2/ using services of the bank or subsidiaries of the mBank Group.

D. Responsibility for identification and management of conflicts of interest

1. The director of an organisational unit or its employee authorized by the director notifies DC as soon as possible of all conflicts of interest related to the activity of this organisational unit or its employees and partners that have occurred or may potentially occur. They do it in the traditional (written) form or in an encrypted electronic form.

The foregoing notwithstanding, in order to duly manage conflicts of interest, they must first be identified as early as possible. Consequently, each business unit must identify potential conflicts of interest in its activities.

For that purpose, the director of an organisational unit should notify DC, for the purpose of an additional analysis necessary to identify potential conflicts of interest, of the following planned transactions which could be particularly sensitive from the perspective of potential conflicts of interest:

- 1/ mergers and acquisitions of public companies and their subsidiaries in favour of the bank and in favour of clients of the bank, and advisory for the clients in this area,
- 2/ financing of acquisitions of public companies or subsidiaries of companies by clients of the bank where acquired shares represent more than 10% of the share capital of such public company or its subsidiary,
- 3/ financing of acquisitions of financial instruments other than shares, by clients of the bank, admitted or introduced to organised trading, where such notification must only be made in the case of planned acquisitions of financial instruments in a transaction whose volume is equal to or greater than 10% of the volume of trading in such instruments in the last 10 business days preceding the date when the bank is notified of the client's plan,
- 4/ investment advisory when connected with transactions made by the bank,
- 5/ significant transactions on the primary market in financial instruments (arranging and participating in issues of financial instruments, e.g., shares, bonds) which are to be admitted or introduced to organised trading,
- 6/ significant investment of the bank in public companies,
- 7/ financing projects that pose reputational risk, described in the mBank Policy on Serving Reputational Risk Sensitive Industries,
- 8/ providing financing for share buybacks to clients,
- 9/ providing financing to clients who are majority shareholders of companies for the purpose of compulsory buyout of shares of these companies from minority shareholders (squeeze out),
- 10/ structured financing of clients,
- 11/ providing financing for leveraged buyouts to clients.

Any sensitive information referred to above must include at least the following information:

1/ data necessary to clearly identify all parties to a planned transaction or service, including full names (or first names and surnames) of involved clients of the bank (not applicable to purchase of shares on an organised market e.g. on the Warsaw Stock Exchange),

- 2/ the code / identifier (ISIN) of financial instruments if financial instruments involved in the planned transaction of service have such code / identifier,
- 3/ the description of the transaction or planned service necessary to clearly assess its nature;
- 4/ all involved employees or partners of the bank known to the organisational unit, including their first name, surname and organisational unit with which they are employed or to which they provide services;
- 5/ the person who may provide information in the matter including their first name, surname, email and phone number;
- 6/ whether the information is inside information.

2. Directors of organisational units may assign names to managed projects, particular services, and parts thereof. They do it to control the flow of information related to services provided to clients and to reduce the possibility of its uncontrolled disclosure. The names (after being specified and submitted to DC together with the specification of the relevant project) are used only for internal purposes of the bank. They show that the analysed case is related to a specific project, service or part thereof without the need to indicate the details. DC may decide that the proposed project name cannot be used. DC must justify such decisions.

3. DC analyses reported conflicts of interest and issues recommendations on how to handle a given case and monitors the implementation thereof. DC - in accordance with the template set out in Annex No 1 to the Policy - keeps a register of issued recommendations. If an organisational unit ignores a recommendation, DC escalates the issue to the member of the management board or the managing director supervising the given organisational unit who decides the matter.

If DC decides that a potential or actual conflict of interest cannot be eliminated, it notifies the reporting organisational unit thereof. Furthermore, DC provides guidance how to best manage such conflict of interest in order to mitigate potential legal and regulatory risk and any potential reputational risk

When notifying an organisational unit of a potential or actual conflict of interest, DC ensures that no inside information of any party involved in such potential conflict of interest is disclosed to the business unit acting on behalf of another party or involved in the activity, causing a conflict.

When providing advisory concerning conflict resolution, DC takes a neutral position.

4. DC archives notifications if conflicts of interest occurred or may have occurred in connection with actions of the bank and supervisory board members, management board members, employees and partners or in connection with advice given to organisational units on conflicts of interest.

5. Directors of organisational units or other persons designated by them at least once a year review the solutions and regulations pertaining to conflict of interest management applied in their organisational units in terms of:

- 1/ adequacy and effectiveness of adopted solutions preventing conflicts of interest,
- 2/ potential abuse by persons implementing measures in the area of conflict of interest management of the possibility of disclosing conflicts of interest without prior application of the adopted organisational and administrative solutions used to prevent and manage such conflicts,
- 3/ results of reviews, if actual or potential conflicts of interest have been identified during such reviews, are documented and archived in particular organisational units for a period of at least 5 years from the date of the analysis.

Directors of organisational units document the reviews. In addition, they immediately submit the results of the reviews to DC if they indicate inadequacy or ineffectiveness of the solutions and regulations adopted by the entity to eliminate the risk of a conflict of interest.

6. Provisions of point 5 in particular apply to:

- 1/ handling inside information and information protected by professional secrecy as well as sensitive information pertaining to clients,
- 2/ establishment of information barriers within organisational units and between particular organisational units,
- 3/ information barrier breaches and their grounds,
- 4/ specification of employee and partner remuneration rules,
- 5/ specification of fees and commissions collected from clients,
- 6/ use of the so-called investment incentives,
- 7/ employee and partner involvement in the purchase of goods and services for the purposes of an organisational unit or the entire bank (e.g. participation in tender committees),
- 8/ specification of rules of allocation of tasks between employees or partners of a given organisational unit and of supervision over performance thereof,
- 9/ cross-selling.

7. If it is found that an employee or a partner is in a situation generating a conflict of interest between him and the bank, the director of the unit takes steps to eliminate the conflict of interest and informs DC about it.

8. Before it is offered to clients, each new service and product should be analysed by its owner in terms of whether it gives rise to a conflict of interest between the bank and its clients, including in terms of relations with other services provided by the bank or subsidiaries of mBank Group. In the event of any doubt, the service or product owner consults DC.

9. Directors of organisational units of the bank specify, in consultation with DC, the manner of advising clients of potential and actual conflicts of interest between the bank and the clients in connection with concluded agreements and with services provided to the clients.

10. In the process of initial assessment of suitability of candidates for the most important positions (key functions) at the bank, excluding members of the bank's supervisory board and management board, DHR checks in the Factiva system if a candidate selected for employment is a PEP. The verification results are included in the assessment form, which is part of the recruitment process in force at the bank.

Attention should be paid to conflicts of interest between previous obligations and the new function in the bank. In particular, if the candidate was previously employed in a public institution, such as a court or a public authority (e.g., tax authority, law enforcement authority, supervisory authority such as PFSA, UOKiK, etc.), the conflict of interest may be relevant to criminal law, especially if it leads to any breach of professional secrecy.

Conflicts of interest may also arise if close persons of employees or partners of the bank are to be employed with the bank or where the selection of candidates may be based on non-substantive criteria (e.g., employment of clients or contractors or their family members as interns or consultants).

An employee or a partner notifies his supervisor (with a copy to DHR and DC) that he has identified a potential conflict of interest in connection with earlier (prior to employment with the bank) professional relationships immediately, but not later than within 30 days from the date of employment with the bank. The employee or partner submits the notification in an encrypted electronic form. The supervisor takes steps to manage the potential conflict.

11. Changes to the organisational structure of the bank concerning units providing investment and custody services, including their organisational rules, must be consulted with the relevant CCU and DC before their implementation. Consequently, the CCU and DC examine in particular the impact on information barriers and the exchange of information in general. If necessary, DC

provides guidance for units as necessary to ensure compliance with the processes and rules of processing (client) information as part of the planned organisational change.

E. Policy breaches

In the event that employees breach the principles of the Policy of Managing Conflicts of Interest at mBank, the rules set out in the Policy for Managing Misconduct of mBank Employees are followed.

F. Approval and reviews

1. Introduction and publication

The Policy was developed by the Compliance Department, the regulation owner.

The Policy was adopted by the management board and approved by the supervisory board of mBank. Any amendments of the Policy require a resolution of the management board and approval of the supervisory board of the bank.

The Policy was published in line with the legislation rules applicable at the bank.

2. Review and update

The Policy content is subject to regular reviews (at least once a year). DC checks if the adopted solutions for:

- 1/ preventing conflicts of interest,
- 2/ identifying conflicts of interest,
- 3/ managing conflicts of interest,

are adequate and effective.

If:

- 1/ laws concerning the management of actual and potential conflicts of interest which may entail substantial losses change or
- 2/ other circumstances which may have an impact on the management of conflicts of interest occur,

DC reviews the Policy more often than annually. In such a case, the time limit for conducting the next mandatory review is calculated from the date of the last update.

3. Amendment of Annex No. 1

Changing the template of the register of issued recommendations specified in Annex 1 to the Policy does not require resolutions of the management board and the supervisory board. DC introduces changes in this respect using separate regulations.

Appendix No 1

DC Recommendations Register template

Ordinal Number	Date	From / unit	Inquiry / notification	Recommendation	Implementation of recommendations	Has there been a conflict of interest ?	The recommendation was given by	Remarks
