



Sustainability standards

# Corporate governance

November 2022





## Our approach

mBank's corporate governance is legally compliant, transparent and effective. Its main components include:

- a system of internal regulations, including the bank's By-Laws, as well as relevant policies and procedures,
- a transparent system for the bank's management and organisation,
- rules governing the functioning of the bank's authorities (the Supervisory Board, the Management Board) as well as actions taken by key function holders.

Our corporate governance rules are based on:

- applicable laws, including the Code of Commercial Partnerships and Companies, Banking Law and capital market regulations,
- supervisory recommendations, including the Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority (KNF),
- market standards, including the Best Practice for Warsaw Stock Exchange (GPW) Listed Companies 2021.

## Our policies and procedures

### Corporate governance policy

The document sets out basic rules and best practices for individual areas of our internal governance. They allow us to eliminate practices which may increase the operational risk or harm mBank's reputation. Our corporate governance covers, in particular:

- a system for the bank's management and organisation, that is its transparent organisational structure and a set of rules and mechanisms concerning decision-making processes and assessment of activities pursued,
- operating rules, the scope of responsibility as well as mutual relations between the bank's internal authorities – the Supervisory Board and the Management Board – and key function holders or risk takers,
- ethical principles, including management of conflicts of interest,
- outsourcing, remuneration and dividend policy rules,
- the risk management system,
- the internal control system,
- our information policy.

Our compliance with internal governance principles is safeguarded by mBank's Management Board. The policy is applied by all the organisational units, including mBank's foreign branches. As the parent entity, mBank ensures that the internal governance is applied properly throughout the group.

## **Policy on the Management Board and the Supervisory Board members' qualifications assessment**

We follow the Policy on Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank's Body. It describes, among others, the criteria and process for assessing the qualifications of (candidates for) members of the Management Board, Supervisory Board and Audit Committee of mBank. The document sets out the principles to be followed in the event of a vacancy in the position of a member of the Supervisory Board or the Management Board, including in urgent and unexpected situations which require immediate filling of the vacancy. In line with the policy, the positions of members of the bank's most important bodies are occupied by persons who are suitable for the function by virtue of:

- qualifications,
- knowledge,
- skills,
- professional experience,
- aptitude and reputation.

They must also be characterised by honesty, integrity and the ability to conduct mBank's affairs in a prudent and stable manner.

In addition, one of the objectives in the selection of members of the Management Board and the Supervisory Board is to apply the criterion of comprehensiveness and diversity, including with regard to gender, age and professional experience.

## **Risk takers' remuneration policy**

We follow the Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank. It supports sound and effective risk management and discourages employees from taking excessive risks beyond the acceptable overall risk level approved by mBank's Supervisory Board. We have defined the rules governing remuneration of persons identified as employees having a material impact on mBank's risk profile (so-called risk takers). These rules apply to, among others, variable remuneration components, including a transparent process of setting the bonus amount. The criteria and process of selection of such employees are regulated in a separate document.

## **Disclosure obligations**

We have implemented the requirements referred to in the Act on Trading in Financial Instruments, MAR and the Public Offering Act, among others. We fulfil our disclosure obligations because:

- we are a public company, i.e. an issuer of securities admitted to trading on a regulated market,
- we carry out brokerage activities,
- we carry out custodial activities,

- we conduct activities referred to in Article 70 (2) of the Act on Trading in Financial Instruments.

In accordance with the law, we classify information on certain events related to mBank's business as inside information. In such cases, we provide a mandatory current report to the Polish Financial Supervision Authority (KNF), the Warsaw Stock Exchange (GPW) and the Polish Press Agency (PAP). This also applies to certain other events which are not inside information. The requirement to provide a report to the KNF applies to events related to brokerage, custodial and investment activities. Each organisational unit of mBank affected by or aware of such an event must notify the Compliance Department.

Failure to provide a report, failure to provide a report on time or provision of an unreliable report carries the risk of financial penalties for mBank. In such a situation, the risk of financial penalties also affects:

- persons who provide information for the report,
- the members of the Management Board who oversee the area concerned.

mBank maintains a list of persons discharging managerial responsibilities within the meaning of MAR.

In addition, at the beginning of 2022 we implemented our new [Information Policy](#), regulating communication with investors, the media and clients. It defines the scope of information that can be disclosed and determines how to put its principles into practice. As stated in the policy, our communication is open and transparent. The policy caters for the needs of all stakeholders, providing them with universal and equal access to information in accordance with the highest market standards and applicable laws.

### **Policy on transactions with affiliated entities**

By introducing the Policy on Significant Transactions with Affiliated Entities of mBank, we have fulfilled our obligation under the Public Offering Act. As a listed company, we must publish on our website information on significant transactions with:

- affiliated entities (entered into by mBank),
- other entities affiliated with the bank (entered into by our subsidiaries).

A significant transaction means a transaction the value of which (individually or in a series of transactions concluded within 12 months) exceeds 5% of the total assets of the company concluding it (mBank or a subsidiary, respectively).

The Supervisory Board receives a report once a year on significant transactions which mBank deems to have been concluded at arm's length. The board then issues an opinion in which it assesses if the transactions have indeed been concluded on fair market conditions.

### **Outsourcing policy**

By outsourcing, we mean a situation where we entrust our counterparty with a process, a service or an activity that we would otherwise undertake ourselves. This solution has a number of benefits, including, among others, economic, technological or quality-related



ones. On the other hand, outsourcing generates some risks, in particular: operational, business, legal, compliance or reputational risk. The policy sets out, among others, the rules defining how we should:

- manage the outsourcing process,
- use outsourcing solutions,
- manage outsourcing risk,
- control and monitor concluded agreements.

### **Sponsorship policy**

This policy describes with which entities and on what terms mBank can enter into sponsorship cooperation. It ensures that such cooperation is in line with our objectives and supports our business's development. It also regulates the issues related to minimising reputational risk.

### **Membership policy**

This policy defines which organisations and associations mBank may be a member of. It stipulates, among other things, that we must not be a member of organisations which do not operate in accordance with the law or are suspected of operating in contravention of the Ten Principles of the United Nations Global Compact. The policy also describes the procedure for vetting organisations before we join them.