



## Policy on Prevention and Management of Conflicts of Interest at Bank Ochrony Środowiska S.A.

This information has been prepared on the basis of the applicable Policy on Prevention and Management of Conflicts of Interest at Bank Ochrony Środowiska S.A., the full text of which is available on the Bank's website at:

[www.bosbank.pl/informacje-korporacyjne/o-banku](http://www.bosbank.pl/informacje-korporacyjne/o-banku)

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## Chapter 1

### General Provisions

1. The provisions of this Policy on Prevention and Management of Conflicts of Interest Policy shall apply to BOŚ, relevant persons and BOŚ customers and are intended, without limitation, to ensure protection of customers' interests and enhance the Bank's image as an institution guided by professionalism, integrity and operational transparency.
2. This Policy defines conflict-of-interest identification, diagnosis, management and elimination measures that must be observed when creating, developing, designing, co-creating, updating or marketing financial instruments, advisory services and insurance products, when executing outsourcing agreements, and when carrying out other BOŚ banking activities.
3. Relevant persons are required to comply with this Policy in conjunction with BOŚ other policies and regulations, including, without limitation, those on (i) handling Confidential Information and information subject to banking secrecy and preventing its misuse and unauthorised disclosure, (ii) market manipulation, and (iii) preparation of recommendations in violation of applicable laws or regulations, (iii) the execution by the Bank of treasury transactions, (iv) the provision of investment advice of a general nature.
4. Engaged persons are required to identify and avoid situations in which their personal interests may conflict with those of the client or the Bank. In particular, they should assess matters such as: (i) employment with entities other than the Bank, (ii) holding positions in the governing bodies of other entities, (iii) ownership of equity or financial involvement in other entities, (iv) entering into transactions on their own account involving financial instruments, (v) non-professional relationships, e.g., those related to kinship or affinity.
5. The Bank maintains and applies effective organizational and technical measures to take all necessary actions aimed at preventing situations in which conflicts of interest could negatively impact the interests of its clients.
6. The Management Board of the Bank develops, approves, and implements an effective Policy, adapted to the Bank's size and organizational structure, as well as to the nature, scale, and complexity of its operations, and the Supervisory Board gives its approval.

## Chapter 2

### Definitions

**Conflict of interest** – circumstances that may lead to a conflict between the interests of the Bank or relevant persons and the interests of a customer, a conflict between the interests of relevant persons and the Bank, or a conflict among the interests of customers.

**Potential conflict of interest** - potential conflict of interest occurs if the activities of a relevant person involved may in the future unduly affect his or her disinterestedness or impartiality.

**Actual conflict of interest** – shall refer to a situation where a conflict of interest has already arisen.

**Relevant person** – shall mean a person who meets at least one of the following criteria:

- a) is a member of a governing body of BOŚ;
- b) is an employee or associate of BOŚ or has been otherwise engaged by BOŚ under an employment or service contract or other legally binding arrangement;
- c) a business entity acting as an agent of the Bank
- d) person who is responsible for managing the business,
  - in the case of a Bank Agent, where the Bank Agent is an organisational unit without legal personality;
  - in the case of an entity performing activities delegated by the Bank pursuant to an agreement referred to in Article 81a(1) of the Act of 29 July 2005 on Trading in Financial Instruments, where such entity is an organizational unit without legal personality;
- e) is a member of a governing body of BOŚ;
  - in the case of a Bank Agent, where the Bank Agent is a legal person;
  - in the case of an entity performing activities delegated by the Bank pursuant to an agreement referred to in Article 81a(1) of the Act of 29 July 2005 on Trading in Financial Instruments, where such entity is a legal person;
- f) Person Participating in the Performance of Intermediation Activities within the scope of the Bank's operations or activities delegated by the Bank, employed under an employment contract, mandate contract, or other similar legal relationship with the Agent or entity referred to above (subparagraphs d,e)
- g) a natural person performing agency activities referred to in Article 19 of the Act of 15 December 2017 on insurance distribution
- h) is a BOŚ shareholder or a person closely related to a BOŚ shareholder.

**Person closely related** – means:

- a) a spouse or a partner recognized under national law as equivalent to a spouse;
- b) dependent child under national law;
- c) a family member who, on the date of a given transaction, has been living in the same household for at least one year; or
- d) a legal person, group of undertakings, or partnership in which management responsibilities are exercised by a person referred to in points (a), (b), or (c), over whom such a person exercises direct or indirect control, which has been established to benefit such a person, or whose economic interests are largely aligned with those of such a person.

## Chapter 3

### Sources of conflict of interest

1. BOŚ prevents and manages conflicts of interest that may arise in connection with its activities
2. The Bank identifies following activities, in particular, as potential sources of conflicts of interest:
  - 1) making a financial gain or avoiding a financial loss at the expense of a customer or group of customers;
  - 2) accepting gifts or other benefits from customers;
  - 3) having a financial or other incentive to favour the interest of a customer over the interest of another customer or group of customers;
  - 4) having an interest in the outcome of a service provided the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in that outcome;
  - 5) engaging in cross-selling through the offering of bundled or tied products;
  - 6) provision by BOŚ of advisory services to a customer and simultaneous provision to the customer by BOŚ or a subsidiary thereof of a financing offer;
  - 7) executing client orders to purchase or sell financial instruments while simultaneously purchasing or selling financial instruments of the same issuer, distributor, or seller for the Bank's own account;
  - 8) carrying out the same business as a customer;
  - 9) accepting from a provider of services to BOŚ of gifts, free-of-charge services, or other monetary or non-monetary benefits.
  - 10) circumstances arising from the structure and business activities of members of the BOŚ S.A. Capital Group;
  - 11) a connection between the involved person and an entity performing activities on behalf of the Bank or cooperating with the Bank;
  - 12) holding management positions in competing institutions by Members of the Management Board or Supervisory Board;
  - 13) holding additional functions by involved persons, particularly those in key positions in other companies;
  - 14) a connection between the involved person and an entity that is the issuer, distributor, or seller of financial instruments being purchased or sold for the Bank's own account;
  - 15) Accepting financial or non-financial benefits, gifts, or free services from an entity cooperating with the Bank in relation to services provided to the Bank;
  - 16) personal or professional relationships with shareholders holding a significant share
  - 17) holding;
  - 18) personal or professional relationships with employees of investment firms or entities subject to prudential consolidation; granting loans, credits, and entering into other transactions (e.g., factoring, leasing, real estate transactions, etc.) with members of the Bank's statutory bodies and their close persons;
  - 19) transactions with related parties.

3. The catalogue of potential sources of conflicts of interest is open-ended and is developed and updated based on reported identified conflicts of interest, as well as on other information collected in connection with the performance of tasks in this area.
4. A conflict of interest between the interest of an involved person and the interest of the Bank may arise, in particular, in the following cases:
  - 1) Bank's participation in the servicing and decision-making process concerning a customer for whom the involved person provides work or undertakes commissioned tasks, or who is a close person to the involved person, or has a close relationship with them;
  - 2) involved person being employed under an employment relationship as defined by the Polish Labour Code or under a civil law contract within the meaning of the Civil Code in another competing company, which may result in the negligent performance of duties at the Bank;
  - 3) negotiation of a contract, the decision to conclude a contract and the execution of a contract with a cooperating entity.
5. Investment services that may lead to a Conflict of Interest include:
  - 1) executing orders to purchase or sell financial instruments on behalf of the client, in the case where such services are provided by the Bank;
  - 2) purchasing or selling financial instruments for the Bank's own account
6. Activities that may give rise to a conflict of interest, aside from the services referred to in point 5, include:
  - 1) executing orders to purchase or sell financial instruments on behalf of a client;
  - 2) purchasing or selling financial instruments for the Bank's own account;
  - 3) undertaking activities in the performance of duties as an agent of an investment firm.
7. In the context of insurance distribution, the following circumstances are considered as potentially giving rise to conflicts of interest:
  - 1) the Bank or an involved person may obtain a financial gain or avoid a financial loss, potentially to the detriment of the client;
  - 2) the Bank or an involved person has financial or other reasons to prioritize the interest of one client over the interest of another client or group of clients;
  - 3) the Bank or an involved person has influence over the pricing of these products or the costs of their distribution

## Chapter 4

### Control Mechanisms

1. In order to properly identify and manage conflicts of interest, the Bank applies organisational and technical solutions as well as appropriate rules of conduct, including control mechanisms and risk control measures, by implementing the following principles:
  - 1) ensuring that the Bank's organizational units are able to operate with an appropriate degree of independence through the introduction of a suitable organizational structure;
  - 2) ensuring an appropriate division of duties among the Bank's employees by allocating tasks and powers assigned to employees at individual organisational positions within a given process, aimed at preventing situations in which an employee supervises themselves or where a potential conflict of interest exists between employees with personal connections;
  - 3) ensuring authorization, understood as a system for approving decisions and actions carried out by employees at individual organizational positions within a given process;
  - 4) ensuring supervision over employees performing, as part of their core duties, activities on behalf of and for clients, where such activities give rise or may give rise to conflicts of interest between the client or the client's interest and the Bank;
  - 5) ensuring that procedures provide detailed and comprehensible descriptions of the Bank's processes, including decision-making processes, the division of duties and powers, and the rules governing the sale and operation of banking products;
  - 6) ensuring that a Bank employee is not involved in activities that may give rise to a conflict of interest if such activities were to be performed simultaneously or within a time frame that does not allow for the avoidance of a conflict of interest;
  - 7) preventing undue influence on a given activity within the Bank by persons active in that area of activity;
  - 8) establishing information barriers, including through the implementation of internal rules and regulations, as well as the physical separation of organizational units of the Bank that handle, among other things, confidential information within the meaning of MAR;
  - 9) establishing a system for monitoring conflicts of interest, including maintaining a conflict-of-interest, register, reporting on conflicts of interest and conducting training in this area;
  - 10) eliminating any direct links between the remuneration of involved persons who primarily perform one type of activity and the remuneration of other involved persons who primarily perform another type of activity, or the income generated by such other persons, where a conflict of interest may arise in connection with these two types of activities.

- 11) the implementation of measures designed to prevent or mitigate any undue influence by any person on the manner in which services or investment activities are carried out by the relevant person;
  - 12) having an organisational structure and internal regulations that define the responsibilities and scope of cooperation of the Head Office, business centers, and operational branches, in a manner that prevents the concentration of decision-making and executive powers with control and oversight functions, which could lead to actions or decisions detrimental to the interests of a client or group of clients;
  - 13) maintaining measures designed to eliminate or mitigate simultaneous or successive instances of an involved person participating in separate insurance distribution activities, where such participation could adversely affect the ability to properly manage conflicts of interest;
  - 14) the implementation of internal rules providing for restrictions and oversight over the activities of involved persons, in particular with respect to:
    - a) conducting personal transactions,
    - b) receiving and providing inducements in the course of investment services and insurance distribution,
    - c) the principles governing the acceptance and giving of benefits or gifts within the Bank,;
  - 15) implementation of internal rules ensuring oversight of the Bank's provision of loans, credits, and the conclusion of other transactions (e.g., factoring, leasing, real estate transactions, etc.) to members of the Bank's statutory bodies and their close associates;
  - 16) monitoring the flow of and access to confidential information and insurance secrecy by establishing regulatory, organizational, and technical measures that restrict and control access to such information, in accordance with the Bank's separate internal regulations;
  - 17) organising the internal control system in a manner that ensures the independence of activities related to the provision of investment, advisory and insurance distribution services
2. In the event of conflicts of interest, the Bank undertakes measures aimed at mitigating their adverse effects, including the reporting of conflicts of interest and the maintenance of conflict of interest registers, as set out in the Bank's separate internal regulations. The review of conflict of interest registers is conducted annually.
  3. All information regarding actual conflicts of interest, provided by the Bank to the customer in accordance with the Policy, shall be in written form or delivered via e-mail (provided that the client has consented and supplied an e-mail address), in a format that ensures both the client and the Bank can store the information and prevents any modification of its content. The information provided to the client shall include data enabling the client to make an informed decision regarding the conclusion, continuation, or termination of the agreement.

## Chapter 5

### Liability

1. A breach by a relevant person of this Policy or any other applicable internal BOŚ regulations or policies may give rise to a disciplinary action against that person and may be deemed a gross violation by him or her of fundamental employee responsibilities, which shall not preclude holding the person liable also under generally applicable laws.
2. Each employee of BOŚ, member of the Management Board and member of the Supervisory Board is required to read the Policy.
3. Relevant persons are required to:
  - 1) to identify conflicts of interest,;
  - 2) refrain from actions that could lead to the emergence of a conflict of interest and avoid situations where there may be an appearance that their professional activities are influenced by financial or personal considerations,
  - 3) not participate in the preparation or decision-making process regarding a transaction that may give rise to a conflict of interest, and not be involved in the execution of such a transaction.
4. The Management Board ensures the operation of the Bank's conflicts of interest management system, as governed by the Policy and other internal regulations.
5. The Supervisory Board oversees the functioning of the Bank's conflicts of interest management system, as governed by the Policy and other internal regulations.

## Chapter 6

### Final Provisions

1. The Policy is reviewed at least once a year, in particular with regard to compliance with legal regulations.
2. The Management Board, at least once a year, receives a written report concerning situations in which a conflict of interest has arisen or may arise, posing a risk to the interests of the client. This report forms part of the annual report on the Bank's compliance with the legal provisions governing the execution of activities referred to in Article 70(2) of the Act on Trading, as well as periodic reports on the management of compliance risk.
3. The rules for granting loans or credits by the Bank to members of the Bank's statutory bodies and their close persons are defined in the relevant regulations.
4. The President of the Management Board, by way of an Order, defines the detailed rules for preventing conflicts of interest, managing conflicts of interest, and the procedures to be followed in this regard.

