



# Bank Ochrony Środowiska S.A.

## Policy on Prevention and Management of Conflicts of Interest



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## General

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.

## Definition of conflict of interest

As used herein, a **conflict of interest** shall mean circumstances which are known to the Bank and which may lead to a conflict between:

- a) the interest of BOŚ and the interest of a customer or group of customers,
- b) the interest of a customer or group of customers and the interests of a relevant person,
- c) the interest of a relevant person and the interest of BOŚ,
- d) the interests of customers to whom BOŚ provides banking services.

A **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.

An **actual conflict of interest** shall refer to a situation where a conflict of interest has already arisen.

A **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) is a sole trader acting as an agent for BOŚ;
- d) is a person who is responsible for managing the business, or serves on the executive body, of a BOŚ agent or other entity to which BOŚ has outsourced the performance of certain financial instrument trading activities;
- e) is a provider of financial intermediation services for BOŚ;
- f) is a provider of agency services for BOŚ;
- g) is a BOŚ shareholder or a person closely related to a BOŚ shareholder.

## Sources of conflict of interest (1/2)

1. BOŚ prevents and manages conflicts of interest that may arise in connection with its activities.
2. For BOŚ, the following situations are particularly likely to indicate or give rise to a conflict of interest:
  - 1) making a financial gain 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 to the customer or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
  - 5) 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;
  - 6) carrying out the same business as a customer;
  - 7) receiving from a person other than a customer an inducement in relation to a service provided to the customer, in the form of monetary or non-monetary benefits or services, including ones provided free of charge;
  - 8) circumstances arising from the structure and business activities of members of the BOŚ Group;
  - 9) the existence of links between a relevant person and a vendor of BOŚ;
  - 10) employment or other engagement by other companies of relevant persons, in particular members of BOŚ's key personnel;
  - 11) accepting from a provider of services to BOŚ of gifts, free-of-charge services, or other monetary or non-monetary benefits.
3. The above list of potential sources of conflicts of interest is non-exhaustive and is compiled and updated based on identified and reported conflicts of interest and other information obtained in connection with the performance of conflict-of-interest prevention and management responsibilities.

## Sources of conflict of interest (2/2)

1. A conflict of interest between a relevant person and BOŚ Bank may arise in particular where:
  - 1) BOŚ is involved in providing services and taking decisions relating to a customer for whom a relevant person performs work under an employment or service contract or other arrangement or who is related to a relevant person by blood or marriage or has other close relationship with such person;
  - 2) a relevant person maintains an employment relationship as defined in the Polish Labour Code or a civil-law relationship under the Polish Civil Code with a competitor of BOŚ, which may adversely affect the relevant person's performance at BOŚ;
  - 3) BOŚ negotiates an agreement with an existing or potential vendor, takes a decision on whether to enter into such agreement, or performs such agreement.
2. No conflict of interest shall be deemed to arise where BOŚ, acting in good faith and in accordance with the principles and rules of providing investment services, makes a gain while a customer makes a loss on the same transaction.

## Prevention of conflicts of interest

1. BOŚ maintains and operates effective organisational and administrative arrangements with a view to taking all measures designed to prevent conflicts of interest from adversely affecting the interests of its customers.
2. Any person who is a member of a governing body of BOŚ or maintains a legal relationship therewith under an employment or service contract or other similar arrangement is required to disclose an actual or potential conflict of interest upon identifying a transaction with a shareholder or a person closely related to a shareholder.



## Controls

In order to enable proper identification and management of conflicts of interest, BOŚ operates adequate organisational and technical arrangements and applies adequate practices, including various controls such as risk control mechanisms, by implementing and ensuring compliance with dedicated sets of rules and policies.

Where a conflict of interest arises, BOŚ takes measures to mitigate its adverse effects, including by ensuring that conflicts of interest are reported and keeping records of identified conflicts of interest in compliance with applicable separate internal BOŚ regulations. Conflict-of-interest records are reviewed once a year.

Where required pursuant to this Policy, BOŚ shall notify the customer of an actual conflict of interest in writing or by email (subject to the customer's prior consent to receiving notices from BOŚ by email and provision to BOŚ of the customer's email address) in a format which ensures that the content of the notice cannot be modified and that both the customer and BOŚ can store it. The content of such notice should allow the customer to make an informed decision on whether to enter into, continue, or terminate an agreement with BOŚ.



## 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 is required to read this Policy and confirm having done so in writing.
3. Relevant persons are required:
  - 1) to identify conflicts of interests;
  - 2) not to take any action that could give rise to a conflict of interest and avoid situations where a perception may be created that the person has a financial or personal incentive to discharge his or her employee responsibilities in an undue manner;
  - 3) not to engage in developing, taking decisions on, or conducting a transaction which may give rise to a conflict of interest;
  - 4) where a conflict of interest occurs or circumstances occur which might lead to such conflict – to promptly notify their line manager or the compliance department.
4. The Management Board shall ensure that BOŚ operates a conflict-of-interest management system in compliance with this Policy and other applicable internal regulations.
5. The Supervisory Board shall oversee operation by BOŚ of a conflict-of-interest management system in compliance with this Policy and other applicable internal regulations.





## Miscellaneous

This Policy shall be reviewed at least once a year and appropriate measures shall be taken to address any deficiencies.