

# **RULES OF CORPORATE GOVERNANCE FOR SUPERVISED INSTITUTIONS**

*Bearing in mind:*

- 1) *objectives of the supervision that is ensuring*
    - a) *proper operation of the financial market*
    - b) *stability, safety and transparency of the financial market,*
    - c) *confidence in the financial market,*
    - d) *protection of financial market participants,*
    - e) *trading security and adherence to the rules of fair trading*
    - f) *safety of customers' funds;*
  - 2) *tasks of the Polish Financial Supervision Authority (KNF) consisting in taking actions aimed at proper operation of the financial market and at developing the financial market as well as enhancing its competitiveness;*
  - 3) *supervisory experience in supervision over the banking, pension, insurance, capital markets and credit unions (SKOKs),*
- the Rules of Corporate Governance for supervised institutions are hereby issued.*

## **BACKGROUND**

The Rules of Corporate Governance form a set of rules defining the internal and external relation of the supervised institutions, including relations with shareholders and customers, their organization, and operation of the internal supervision and key internal systems and functions, as well as statutory bodies and principles of their cooperation.

In the view of the Polish Financial Supervision Authority, the Rules of Corporate Governance should be adopted by the supervised institutions, becoming an important program document in their strategic corporate policy and influence the formation of relevant principles of conduct in the supervised institutions.

Bearing in mind that entities supervised by KNF as institutions of public trust should conduct business with the utmost diligence, it is necessary to pay particular attention to the professionalism and ethics of members sitting at different bodies of the supervised entities and require a responsible and loyal conduct from their shareholders. Therefore, the Rules of Corporate Governance point to the need of setting high requirements for persons who are members of the above mentioned bodies and of developing appropriate relations with shareholders, highlighting in particular the need for shareholders to act responsibly in the interest of the supervised institution and recommend that the corporate powers be exercised while safeguarding the interest of the supervised institution.

Good relations of the supervised institution with customers build confidence not only in the very institution, but in the entire financial market, hence care for customers should be one of the overriding objectives of the supervised institution. Good relations of the supervised institution with customers build confidence not only in the very institution, but in the entire financial market, hence care for customers should be one of the overriding objectives of the supervised institution. Informing customers reliably about the service or product offered in a manner understandable to a common customer, taking into account the risk embedded in them are the primary responsibility of the institution, which should be pursued at the stage of marketing communication, selection of a service or financial product suitable for a customer and establishment of a legal relationship. The supervised institutions should require the compliance with this rule from their counterparties.

Strengthening the role of internal supervision contributes to the efficiency and transparency of the supervised institutions and helps to retain its safety.

Effective delivery of strategic objectives by the supervised institution requires a proper organizational structure with appropriate internal control, audit and risk management frameworks.

The remuneration policy, being an essential element of the development and safety of the supervised institution should be pursued with the active participation of the legislative body.

Information policy should serve building proper relations, in particular by facilitating access to information for both customers and shareholders.

All employees of the supervised institution should be involved in the system of identifying irregularities or conditions that threaten the safety of the supervised institution's operations.

The supervised institution should take efforts to protect the rights and development of its employees in order to build the value and reputation of the supervised institution.

The supervised institution should strive to apply to the biggest possible extent the principles set out in the Rule of Corporate Governance taking into account the rule of proportionality resulting from the scale, nature of business and specificity of that institution. The Rules of Corporate Governance also apply to supervised institutions having the status of a public company.

Giving up the application of the defined rules in the full scope can take place only when their comprehensive introduction would be unduly burdensome for the supervised institution.

The supervised institution provides information on the application of the Corporate Governance Rules or information on giving up the application of the defined rules on its websites.

The rules defined in the Rules of Corporate Governance may be inadequate for the type and form of business of some entities operating on the financial market and therefore the following entities are excluded from the scope of their application:

- a) transfer agents;
- b) investment firm agents;
- c) energy companies running accounts or records of exchange commodities;
- d) insurance agents;
- e) payment service offices;
- f) insurance brokers;

- g) distributors of investment fund participation units;
- h) employers managing employee pension schemes;
- i) managers of securitized debts and
- j) entities being third parties entrusted by the supervised entities with the performance of certain actions on the basis of concluded contracts, in accordance with the binding laws

Moreover, the rules set out in the Rules of Corporate Governance do not apply to issuers of public offerings, or whose securities are admitted to trading on the regulated market, as well as to foreign legal persons operating pursuant to a relevant permit.

The principles set out in the Rules of Corporate Governance Rules do not affect rights and obligations arising from the law.

## **Chapter 1. Organization and organizational structure**

### **§ 1.**

1. Organization of the supervised institution should facilitate the delivery of long-term objectives of the conducted business.
2. Organisation of the supervised institution should include management and control, an internal reporting systems, information flow and protection of information as well as documentation flow, which should be duly regulated in internal regulations.
3. Organization of the supervised institution should be duly reflected in the organizational chart.
4. The supervised institution should ensure transparency of its organizational structure set out in the internal regulations by publishing at least basic organizational structure on its websites.

### **§ 2.**

1. The supervised institution should have a transparent organizational structure adequate to the scale and nature of the business run and risk taken where the reporting lines, tasks, a range of duties and responsibilities are clearly assigned and appropriately allocated.

The organizational structure should include and reflect the entire area of operations of the supervised institution clearly separating each key function within the performed tasks. This applies both to the allocation of tasks and responsibilities to members of the supervised institution's managing body, as well as allocation of tasks and responsibilities to organizational units of the headquarters, branches and individual positions or groups of

positions.

2. The organizational structure should be defined in such a way that there is no doubt as the range of tasks and responsibilities of particular organizational units, branches and positions, and in particular, that there are no overlapping duties and responsibilities of the organizational units, branches and positions or groups of positions.

### § 3.

The supervised institution is obliged to comply with the requirements under the law and take into account supervisory recommendations issued by the relevant supervision authorities, in particular by KNF or respectively EBA (*European Banking Authority*), ESMA (*European Securities and Markets Authority*), EIOPA (*European Insurance and Occupational Pensions Authority*), as well as commitments or declarations made towards the supervision authorities and take into account individual recommendations issued by the supervision authorities.

### § 4.

1. The supervised institution should define its own strategic objectives taking into account the nature and scale of the conducted business.
2. Organization of the supervised institution should enable to achieve the planned/assumed strategic objectives, taking into account the need for effective monitoring of the risk inherent in its business.
3. Organization of the supervised institution should allow for taking appropriate action immediately in emergency situations when it is necessary to abandon the adopted strategic objectives or when it is not possible to deliver them due to unexpected changes in the economic or legal environment of the supervised institution or when further delivery of the adopted objectives can lead to the violation of norms laid down in regulations relating to the conduct of business by a given supervised institution or of the established rules of conduct.
4. Organization of the supervised institution should ensure that:
  - 1) performing tasks within the entity's scope of business is entrusted to persons who have the necessary knowledge and skills and who are supervised by individuals with appropriate experience,
  - 2) when defining the scope of entrusted tasks, the possibility of proper and reliable performance of those tasks at a given position is taken into account,
  - 3) employees' rights are duly protected and their interests are properly taken into account,

in particular by way of applying transparent and objective rules of employment and remuneration, evaluation, reward and professional promotion.

### § 5.

1. When creating an organizational structure or making changes to it, it is necessary to ensure consistency, in particular with the fundamental legislative act on incorporation and operations of the supervised institution and the manner its bodies operate.
2. This requirement referring to the organizational structure should be complied with also in relation to other internal documents related to the organization and operations of individual organizational units and positions in the headquarters as well as branches, their organizational units, positions or groups of positions.
3. Employees of the supervised institution should be provided with adequate access to information about scope of powers, duties and responsibilities of individual organizational units.

### § 6.

1. In the case of introducing to the supervised institution an anonymous method of notifying the management or supervising body of abuses in this supervised institution, it should be possible to use this tool by employees without fear of negative consequences from management and other employees of the supervised institution.
2. The managing body shall submit reports on the notification of serious abuses to the supervising body.

### § 7.

The supervised institution applies business continuity plans aimed at ensuring business continuity and limiting losses in the event of serious disturbances in the entity's operations.

## **Chapter 2. Relations with shareholders of the supervised institution**

### **§ 8.**

1. The supervised institution should act in the interest of all shareholders, respecting at the same time the customer interest.
2. When conducting its business, the supervised institution should take into account interests of all stakeholders as long as they are not in clash with interests of the supervised institution.
3. The supervised institution should ensure that shareholders have proper access to information, in particular when taking decisions by the legislative body.
4. The supervised institution, when it is justified by the number of shareholders, should strive to facilitate the participation of all shareholders in a meeting of the supervised institution's legislative body, *inter alia*, by providing the possibility to participate actively in the meetings of the legislative body by way of an electronic connection.

### **§ 9.**

1. Shareholders of the supervised institution should cooperate in achieving its objective and ensuring safe operations of that institution.
2. Shareholders may influence the operation of the supervised institution only by the way of decisions of the legislative body without infringing the competence of the remaining bodies. Exercising unauthorized influence on the management or supervising body should be reported to KNF.
3. In their decisions, shareholders should be guided by interests of the supervised institution.
4. A meeting of the legislative body should be convened immediately in a situation when it is required for the further proper operation of the supervised institution.
5. Shareholders should effectively use the tools of the shareholder oversight to ensure the proper operation of the management and supervising body in the supervised institution. The bodies of the institution should operate in such a way as to ensure the segregation of ownership and management functions. Combining the role of a shareholder with the management function requires limiting the role of the connected entities in the supervising body in order to avoid a decline in the effectiveness of the internal supervision.
6. The arising conflicts between shareholders should be resolved immediately so that there is no violation of interests of the supervised institution and its customers.

## **§ 10.**

1. Shareholders cannot interfere with the way of exercising management, incl. the way of handling cases by the managing body of the supervised institution.
2. Granting personal powers or other special powers to shareholders of the supervised institution should be justified and support the delivery of significant objectives of the supervised institution. Holding such powers by the shareholders should be reflected in the fundamental legislative act of the institution.
3. Powers of shareholders should not lead to hampering the proper operations of the supervised institution or to discriminating other shareholders.
4. Shareholders should not take advantage of their position to make decisions leading to transfer of assets from the supervised institution to other entities as well as to buy or sell or to enter into other transactions resulting in the management by the supervised institution of its assets on terms other than market ones or posing a risk to the safety or interest of the supervised institution.

## **§ 11.**

1. A transaction with a connected entity should be justified by the interest of the supervised institution and should be made in a transparent manner.
2. Transactions with connected entities, which have a significant impact on the financial or legal position of the supervised institution or lead to buying or selling or another manner of managing significant assets require consultation with the supervising body. If members of the supervising body provide a dissenting opinion, the appropriate information and reasons for which a dissenting opinion was made is included in the minutes.
3. In the case when a decision on transaction with a connected entity is made by the legislative body, all shareholders should have an access to all information necessary for the evaluation of terms&conditions under which it is carried out and its impact on the supervised institution's position.

## **§ 12.**

1. Shareholders are responsible for the immediate recapitalization of supervised institution in a situation where it is necessary to maintain equity of the supervised institution at the level required by the law or supervisory regulations, as well as when the safety of the supervised institution requires that.
2. Shareholders should be responsible for providing the supervised institution immediately with financial support in a situation where it is necessary to maintain liquidity of the supervised institution at the level required by the law or supervisory regulations, as well as when the safety of the supervised institution requires that.
3. Decisions on the payment of dividends should be reliant on the need to maintain an adequate level of equity and the delivery of strategic objectives by the supervised institution and should take into account recommendations and guidelines issued by the supervision authorities (regulatory guidelines).

## **Chapter 3.**

### **Managing body**

#### **§ 13.**

1. The managing body should be collegial in nature.
2. Member of the managing body should have skills to manage the affairs of the supervised institution resulting from:
  - 1) knowledge (possessed by virtue of education, held training sessions, obtained professional degrees/titles and knowledge acquired in other ways in the course of the professional career)
  - 2) experience (gained in the course of performing certain functions or holding certain positions).
  - 3) the necessary skills to perform the entrusted function.
4. Member of the managing body should give assurance of proper exercise of duties assigned to them.
5. Individual powers of particular members of the collegial managing body should complement one another in such a way as to enable to provide an adequate level of collegial management of the supervised institution.
6. The composition of the managing body should ensure an appropriate number of persons who speak the Polish language and demonstrate appropriate experience and knowledge of the Polish financial market necessary in the management of the supervised institution on the Polish financial market.

#### **§ 14.**

1. The managing body acting in the interest of the supervised institution should take into account objectives and rules of conducting business by the supervised institutions defined by laws, internal regulations and supervisory regulations.
2. The managing body, while pursuing the adopted business strategy, should be guided by safety of the supervised institution.
3. The managing body should be the only legitimate body responsible for managing the operations of the supervised institution.
4. Management of the supervised institution includes, in particular, managing affairs, planning, organizing, decision-making, leading and controlling the activities of the institution.

## § 15.

1. The composition of the managing body should provide for a separate function of the president of the managing body in charge of this body's work.
2. Members of the managing body bear collegial responsibility for decisions reserved to the remit of the managing body, irrespective of the introduction of internal division of responsibilities for different areas of the supervised institution's business among members of the managing body or delegating certain powers to lower management levels.
3. Internal division of responsibilities for different areas of the supervised institution's business among members of the managing body should be made in a transparent and unambiguous way and be reflected in the internal regulations. Such a division should not lead to overlapping powers of members of the managing body or to internal conflicts of interest.
4. The internal division of responsibilities among the members of the managing body should not lead to a situation where a specific area of activity of the institution supervised is not assigned to any member of the managing body.

### **§ 16.**

1. It is appropriate that meetings of the managing body are held in Polish. If necessary, the required assistance of an interpreter has to be provided.
2. Minutes and content of adopted resolutions or other relevant decisions of the managing body of the supervised institutions should be drawn up in Polish or translated into Polish.

### **§ 17.**

1. Performing a function in the managing body should be the main area of professional activity of a member of the managing body. Additional professional activity of a member of the managing body outside the supervised institution should not lead to such commitment of time and work that would adversely affect the proper performance of the function held by the person in the managing body of the supervised institution.
2. In particular, a member of the managing body should not be a member of bodies in other entities, if the time devoted to perform the functions in other entities prevents him/her from the diligent performance of duties in the supervised institution.
3. A member of the managing body should refrain from taking up professional or non-professional activity that could lead to a conflict of interest or adversely affect his/her reputation as a member of the managing body in the supervised institution.
4. Rules of limiting a conflict of interest should be specified in a relevant internal regulation specifying, *inter alia*, the principle of identification, management and prevention of conflicts of interest as well as rules of excluding a member of the managing body in the event of a conflict of interest or the possibility of its occurrence.

### **§ 18.**

In the case of incomplete composition of the managing body in the supervised institution, it should be immediately replenished.

## **Chapter 4.**

### **Supervising body**

#### **§ 19.**

1. Member of the supervising body should have skills to supervise the delivery of all obligations of the supervised institutions arising from:
  - 1) knowledge (possessed by virtue of education, held training sessions, obtained professional degrees and scholar titles as well as knowledge acquired in other ways in the course of the professional career),
  - 2) experience (gained in the course of performing certain functions or holding certain positions).
  - 3) the necessary skills to perform the entrusted function.
2. Individual powers of particular members of the collegial supervising body should complement in such a way as to enable to provide an adequate level of collegial supervision over all areas of the supervised institution's operations.
3. Member of the supervising body should give assurance of proper exercise of duties assigned to him/her.
4. The composition of the supervising body should ensure an appropriate number of persons who speak the Polish language and demonstrate appropriate experience and knowledge of the Polish financial market necessary for the supervision of a supervised institution on the Polish financial market.

#### **§ 20.**

1. The supervising body exercises supervision over affairs of the supervised institutions guided in the delivery of its tasks by care for proper and safe operation of the supervised institution.
2. The supervising body should have the ability to take necessary supervisory measures on an ongoing basis, in particular with regard to delivery of adopted strategic objectives or significant changes in the level of risk or materialization of significant risks in the activities of the supervised institution, as well as in respect to financial reporting, including the introduction of significant changes in the accounting policy having a material impact on the content of the financial information.
3. The supervising body and its individual members when exercising the supervision are guided by an objective assessment and judgement.

## § 21.

1. Size of the supervising body (number of members) should be adequate to the nature and scale of business conducted by the supervised institution.
2. The composition of the supervising body should provide for a separate function of the chairman who is in charge of this body's work. The selection of the chairman should be made based on experience and skills of heading such a team taking into account the independence criterion.

## § 22.

1. The supervising body of the supervised institution should have ensured an adequate share of independent members appointed from among and, where possible, candidates nominated by minority shareholders. Independence is manifested primarily by a lack of direct and indirect links with the supervised institution, members of the managing and supervising bodies, significant shareholders and entities connected with them.
2. In particular, independence should be demonstrated by members of the audit committee or members of the supervising body with skills in accounting or financial audit.
3. If members of the supervising body provide a dissenting opinion, the appropriate information and reasons for which a dissenting opinion was made is included in the minutes
4. The audit committee or the supervising body as part of monitoring the performance of financial audit activities should agree the rules of conducting the activities by an entity authorized to audit financial statements, including the proposed plan of activities.
5. The audit committee or the supervising body when presenting the results of financial audit activities by the entity authorized to audit financial statements should express its opinion on the financial statements subject to the financial audit.
6. The co-operation of the audit committee and the supervising body with the entity authorized to audit financial statements should be documented. Termination of an agreement with the entity authorized to audit financial statements should be assessed by the supervising body who will include information on the reasons for such termination in the annual report containing an assessment of financial statements of the supervised institution

## § 23.

1. A member of the supervising body in the supervised institution should perform their functions in an active way by demonstrating the necessary level of engagement in the work of the supervising body.
2. The necessary level of commitment is manifested in devoting enough time to duly perform

the tasks of the supervising body.

3. The remaining professional activity of the supervising body's member cannot be to the detriment of the quality and effectiveness of the exercised supervision.
4. A member of the supervising body should refrain from taking up professional or non-professional activity that could lead to a conflict of interest or adversely affect his/her reputation as a member of the supervising body in the supervised institution.
5. Rules of limiting a conflict of interest should be specified in a relevant internal regulation specifying, *inter alia*, the rules of identification, management and prevention of conflicts of interest as well as rules of excluding a member of the managing body in the event of a conflict of interest or the possibility of its occurrence.

#### **§ 24.**

1. It is appropriate that meetings of the supervising body are held in Polish. If necessary, the necessary assistance of an interpreter has to be provided.
2. Minutes and content of adopted resolutions or other relevant decisions of the managing body of the supervised institutions should be drawn up in Polish or translated into Polish.

#### **§ 25.**

1. Supervision exercised by the supervising body should be ongoing in nature, and meetings of the supervising body should be held depending on the needs. If an audit committee or other committees entrusted with certain issues related to the activities of supervised institution operate in the supervised institution, meetings of the supervising body should be held not less frequently than four times a year, otherwise, not less frequently than every two months.
2. If in the course of exercising supervision, there are identified any abuses, serious errors, including those having a significant impact on the content of financial information or other serious irregularities in the operations of the supervised institution, the supervising body should take appropriate measures, in particular, it shall require explanations from the managing body and shall advise it to introduce effective solutions to prevent the occurrence of similar irregularities in the future.
3. The supervising body, if it is necessary for the exercise of proper and effective supervision, may request the managing body to appoint a selected external entity to perform certain analyses or obtain its opinion on specific issues.

#### **§ 26.**

In the case of incomplete composition of the supervising body in the supervised institution, it should be immediately replenished.

## **§ 27.**

The supervising body makes a regular assessment of applying the rules introduced by this document and results of such assessment are available on the website of the supervised institution and communicated to the other bodies of the supervised institution.

## **Chapter 5.**

### **Remuneration policy**

## **§ 28.**

1. The supervised institution should pursue a transparent remuneration policy for members of the supervising and the managing body, as well as key function holders. Remuneration rules should be specified in a relevant internal regulation (remuneration policy).
2. When determining the remuneration policy, it is necessary to take into account the financial standing of the supervised institution.
3. Once a year, the supervising body prepares and presents to the legislative body a report assessing the operation of the remuneration policy in the supervised institution.
4. The legislative body evaluates whether the remuneration policy in place supports the development and security of the supervised institution.

## **§ 29.**

1. Remuneration of members of the supervising body is set adequately to the performed function and adequately to the scale of the supervised institution's business. Members of the supervising body appointed to work in committees, including the audit committee, should be remunerated adequately to the additional tasks performed as part of the committee's work.
2. Remuneration of members of the supervising body, unless the regulations prohibit such payment of such remuneration, should be set by the legislative body.
3. The principles of remuneration of the members of the supervising body should be transparent and included in the relevant internal rules of the supervised institution.

## **§ 30.**

1. The supervising body, taking into account the decisions of the legislative body, is responsible for establishing internal regulation setting out the terms of remuneration for the members of the managing body, including detailed criteria and conditions justifying the obtainment of variable components of remuneration.
2. The supervising body exercises supervision over the introduced remuneration policy, including verification of meeting the criteria and conditions that justify obtainment of

variable components of remuneration before payment of such remuneration, in full or in part.

3. In relation to key function holders, the responsibility for the introduction of appropriate internal regulations and supervision in this respect rests with the managing body.
4. Variable components of remuneration of members of the managing body or key function holders should be driven in particular by objective criteria, the quality of the supervised institution's management and take into account the long-term aspects of the operation and the manner of delivering strategic objectives. When determining the variable components of remuneration, awards or benefits, arising e.g. from incentive schemes and other bonus programs, paid out or potentially due, are taken into account. The set remuneration policy should not represent an inducement to take up excessive risk in the operations of the supervised institution.
5. The remuneration of the managing body's member or key function holders should be financed and paid from the funds of the supervised institution.

## **Chapter 6. Information Policy**

### **§ 31.**

1. The supervised institution should run a transparent information policy, taking into account the needs of its shareholders and customers, as described on the website of that institution.
2. The information policy should be based on facilitating access to information. In particular, reports published by the supervised institution including financial information, whenever justified by the number of shareholders, should be made available in an electronic form and contain solutions facilitating readers to get familiar with the published information (interactive reports).
3. The supervised institution should provide shareholders with equal access to information.
4. The information policy should specify in particular the principles and timelines of providing responses to shareholders and customers.
5. The information policy should ensure the protection of information and take into account separate regulations related to holding the status of a public company or arising from specific regulations governing the operations of the supervised institutions.

## **Chapter 7 Promotional activity and relations with customers**

### **§ 32.**

1. The advertising message concerning a product or service offered by the supervised institution or its activities, hereinafter referred to as the "advertised item", should be reliable, not misleading and demonstrate respect for the commonly applicable laws, rules of fair trade and best practice.
2. The advertising message should clearly indicate what product or service it pertains to.
3. The advertising message cannot expose benefits in a manner that would diminish the significance of costs and risks related to the purchase of the product or service.

### **§ 33.**

The advertising message should not be misleading or create opportunities to mislead, in particular with regard to:

- 1) legal nature of the advertised item, including customer's rights and obligations,
- 2) identity of the advertising entity,
- 3) significant features of the advertised item,
- 4) benefits that can be achieved by buying or availing of the advertised item and period within which they originate,
- 5) total costs incurred by the customer in relation to buying or availing of the advertised item and the period those costs pertain to,
- 6) time, value and territorial availability of the advertised item,
- 7) risks related to buying or availing of the advertised item.

### **§ 34.**

When creating and publishing an advertising message, the supervised institution should, in particular: care for the nature and design of advertising messages prepared and published on behalf of the supervised institutions or for its benefit,

- 2) provide recipients with freedom of getting acquainted with all contents making up the message, especially with all kinds of indications and reservations that are an integral part of the advertising message,
- 3) ensure that graphic solutions used in the advertising message do not make it difficult for the recipient to get familiar with relevant information concerning the item advertised in that message, in particular with the information required by law and regulatory recommendations,
- 4) indicate the source of the presented information, if the advertising message refers to results of surveys, statistical research, rankings, ratings, or other data.

### **§ 35.**

The process of offering financial products or services should be conducted by adequately prepared individuals in order to ensure the reliability of information communicated to consumers and to provide them with comprehensible explanations.

### **§ 36.**

1. The supervised institution should make an effort to offer financial products or services that are adequate to the needs of customers they are addressed to.
2. At the stage of presenting the nature and design of a recommended financial product or service, supervised institutions and entities cooperating with them take into account needs referred to in sec. 1 in particular as regards the customer's individual situation, including knowledge and experience in the financial market and, whenever justified, the desired duration of the investment and risk appetite level.

### **§ 37.**

The supervised institution and entities cooperating with them should fairly and in an understandable manner for average recipients inform about the offered product or service, including in particular about the nature and design of that product or service, benefits and determinants of achieving a potential profit, as well as about any risks embedded in them, including fees and expenses (also those related to the earlier resignation from a product or service).

### **§ 38.**

1. All the necessary information on the nature and design of the product or financial service relevant for the customer to take a decision should be made available to customers in such a way that they have time to get acquainted with their contents before concluding an agreement.
2. Provisions of the agreement, including agreement templates and relevant information about the agreement contained in other documents, should be submitted to the customer by the supervised institutions and entities cooperating with them before the customer makes a decision on concluding the agreement.

3. If in the customer's view, it is not possible to get acquainted with the submitted documents at the outlet, the supervised institution should provide the customer with copies of relevant documents at their own expense.
4. Supervised institutions should take appropriate actions and due diligence to ensure that agreement templates do not contain ambiguous provisions.

### **§ 39.**

The supervised institution should develop and provide customers with clear and transparent rules of processing the complaints.

### **§ 40.**

The supervised institution should introduce an organized form of processing complaints and taking remedial actions aimed at limiting the situations that may cause their occurrence in the future.

### **§ 41.**

The process of handling complaints by the supervised institution should be carried out immediately, not later than within 30 days, and also be characterized by reliability, discernment, objectivity and respect for generally applicable laws, rules of fair trade and good manners.

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### **§ 42.**

Content of a response to a complaint should contain, if possible, full and exhaustive factual and legal justification, relative to allegations contained in the complaint.

### **§ 43.**

The supervised institution should strive for amicable settlement of disputes with its customers.

## **§ 44.**

The supervised institution when pursuing its claims, in particular when conducting debt collection activities towards customers, should act professionally and take care of reputation of the public trust institution.

## **Chapter 8 Key systems and internal functions**

### **§ 45.**

1. The supervised institution should have an adequate, efficient and effective system of internal control aimed at ensuring:
  - 1) correctness of administrative and accounting procedures as well as financial reporting and reliable internal & external reporting,
  - 2) compliance with laws and internal regulations while taking into account regulatory recommendations.
2. The process of ensuring the delivery of objectives of the internal control system should consist of: internal control organization, controls, estimation of the risk of failure to achieve objectives ref. to in sec. The supervised institution should document the process of ensuring the delivery of objectives of the internal control system.

### **§ 46.**

1. The internal control system of the supervised institution should cover all levels of the organizational structure of the supervised institution.
2. The managing body should develop and implement an adequate, efficient and effective system of internal control while the supervising body or the audit committee should periodically assess the adequacy, efficiency and effectiveness of both the overall internal control system and its selected elements.
3. Employees of the supervised institution, as part of their duties should be assigned appropriate tasks associated with delivering objectives of the internal control system.

## **§ 47.**

1. The supervised institution should develop and implement an effective and independent function ensuring compliance of the supervised institutions' operations with laws and internal regulations taking into account regulatory recommendations.
2. The manner of organizing the compliance function should ensure the independence of delivering tasks in this regard.

## **§ 48.**

1. The supervised institution should develop and implement an efficient, effective, independent internal audit function with the task of regular examination of adequacy, efficiency and effectiveness of the internal control system, compliance function and risk management framework.
2. The manner of organizing the internal audit function should ensure the independence of delivering tasks in this regard.

## **§ 49.**

1. The head of the internal audit and the head of the compliance function have an assured possibility to communicate directly with the managing body and the supervising body or the audit committee as well as should have the possibility of direct and simultaneous reporting to these bodies.
2. The head of the internal audit and the head of compliance function participate in meetings of the managing and supervising bodies or the audit committee if items on the agenda are related to the internal control system, internal audit or compliance function.
3. Appointment and dismissal of the head of the internal audit or compliance function in the supervised institution requires consent of the supervising body or the audit committee.
4. In the supervised institution where there are no internal audit unit or compliance unit, powers arising from sec 1-3 are vested in individuals responsible for performing those functions.

### **§ 50.**

1. The supervised institution should effectively manage the risks embedded in its activities, in particular through the development and implementation of an adequate and effective risk management framework taking into account risk management strategy covering the risk appetite defined by the supervised institution.
2. The risk management process should comprise the risk identification, measurement, assessment, monitoring and application of controls that mitigate the identified, measured or assessed risk level.
3. The risk management framework should be organized adequately to the scale, nature and complexity of the conducted business, taking into account the strategic objectives of the supervised institution, including the risk management strategy and risk appetite defined by the supervised institution

### **§ 51.**

1. Irrespective of tasks assigned to organizational units of the supervised institution, and other bodies of this institution, the responsibility for the effective risk management should rest with the managing body
2. Members of the managing body, taking into account the nature, scale and complexity of the conducted business should not combine responsibility for management of a given risk with responsibility for the area of operations that generates this risk.

### **§ 52.**

1. The supervising body approve and oversee the delivery of the risk management strategy exercising oversight of the risk management effectiveness. The managing body should ensure that the supervising body obtains regular and valid information about the risks identified in the current or future activities of the supervised institution, nature, scale and complexity of risk and actions taken as part of that risk management, including information sourced directly from the internal audit, compliance or other function responsible for this area.
2. In the supervised institution where there are no internal audit unit or compliance unit or where no unit was assigned responsibility for this area, then the information referred to in sec. 1 is provided by individuals responsible for performing those functions

### **§ 53.**

The supervised institution that manages assets at the customer's risk should effectively manage those assets as to ensure the necessary protection of the customer's interests.

### **§ 54.**

1. The supervised institution should use the available means of the corporate governance - issuers of securities which are the subject of management, in particular, when the level of investment in securities is significant or when it is required to protect the customer's interests.
2. The supervised institution that manages assets at the customer's risk should introduce transparent rules of interaction with other financial institutions when exercising the corporate governance over entities - issuers of securities which are the subject of management.
3. The supervised institution that manages assets at the customer's risk, develops and discloses to customers its corporate governance policy, including procedures of attending and voting at meetings of legislative bodies.

### **§ 55.**

The supervised institution that manages assets at the customer's risk should avoid in its business the situations that may cause a conflict of interests, and in the event of a conflict of interests, it should be guided by interests of the customer, informing him/her about the existing conflict of interest.

### **§ 56.**

The supervised institution that manages assets at the customer's risk should introduce transparent rules on interaction with other supervised institutions when executing transactions at the customer's risk

### **§ 57.**

The supervised institution when buying assets at the customer's risk should act in the customer's interest. The decision making process should be duly documented.

