



Corporate Governance Rules

for regulated institutions issued by the Financial Supervision Commission
and adopted for use by Europa Non-Life
with the principle of proportionality arising from the scale,
business activity and specificity of the Company.

In view of:

- 1)** the objectives of the regulator which include the assurance of:
 - a)** correct functioning of the financial market,
 - b)** stability, safety and transparency of the financial market,
 - c)** trust in the financial market,
 - d)** protection of the participants in the financial market,
 - e)** safe trading and compliance with the principles of fair trading,
 - f)** safety of customers' funds;
- 2)** the tasks of the Polish Financial Supervision Authority consisting in taking actions to support correct functioning of the financial market and aimed at developing the financial market and its competitive advantages;
- 3)** regulatory experience relating to the supervision over banks, pension funds, insurance companies as well as the capital market and credit unions;

these Corporate Governance Rules for Regulated institutions are being issued.

Introduction

The Corporate Governance Rules are a set of rules describing internal and external relations of regulated institutions, including their relations with shareholders and customers, their organisation, functioning of internal audit as well as key systems and internal functions as well statutory bodies and the principles of their collaboration.

The Polish Financial Supervision Authority is of the opinion that these Corporate Governance Rules should be approved by the regulated institutions and thus become a major programme documents in their strategic corporate policies and affect the development of appropriate rules of conduct of the regulated institutions.

In view of the fact that the institutions regulated by the Polish Financial Supervision Authority being public trust institutions should conduct their business exercising due diligence, special attention shall be paid to professionalism and ethics of members of the governing bodies of the regulated institutions and their shareholders should be required to act in a responsible and loyal manner. Therefore, the Corporate Governance Rules indicate the need to place high requirements of persons who are members of the governing bodies and to develop adequate relations with shareholders, in particular the need for shareholders to act responsibly in the interests of the regulated institution with simultaneous protection of interests of the regulated institution.

Good relations of regulated institutions with customers develop trust not only in individual institutions but also in the entire financial market and therefore taking care of customers should be a priority objective of regulated institutions. Provision of reliable information to customers on the offered services or products, in a manner understandable for an average customer, including information on the inherent risks, is a core obligation of institutions and should be performed at the time of marketing communication and selection of financial services or products appropriate for the customer at the stage of establishing legal relationships. Regulated institutions should require that other collaborating entities comply with those principles.

A reinforced role of internal audit contributes to an improved effectiveness and transparency of operations of regulated institutions and to maintaining their safety.

An effective implementation of the strategic objectives by regulated institutions requires that they have an adequate organisational structure with an appropriate internal control system, audit and risk management.

Remuneration policies, which are an important element of the development and safety of regulated institutions, should be pursued with an active involvement of the governing bodies.

Information policies should support the development of appropriate relations, in particular by facilitating access to information for customers and shareholders alike.

All employees of regulated institutions should be involved in the system of detecting irregularities or conditions posing a hazard to the safety of regulated institutions.

Regulated institutions should ensure the protection of rights and development of employees in order to build the value and reputation of regulated institutions.

Regulated institutions should strive to apply the Corporate Governance Rules to the broadest extent possible, applying the proportionality principle related to their scale and nature of operations and their specific features. The Corporate Governance Rules also apply to regulated institutions that are public companies.

Deviations from full compliance with any rules may take place only when comprehensive implementation could prove too onerous for a specific regulated institution.

Regulated institutions shall publish information on compliance with the Corporate Governance Rules or information on waiver from the application of any specific rules on their web sites.

The rules specified in the Corporate Governance Rules may be inadequate to the type and form of business of certain entities operating in the financial market and therefore they do not apply to:

- a) transfer agents;
- b) agents of investment companies;
- c) energy enterprises maintaining commodity accounts or registers;
- d) insurance agents;
- e) payment service companies;
- f) insurance brokers;
- g) distributors of investment fund units;
- h) employers maintaining employee pension schemes;
- i) managers of securitised debt; and
- j) third party entities to whom regulated institutions have outsourced the performance of certain operations on a contractual basis, in line with the applicable legal regulations.

The principles in these Corporate Governance Rules do not apply to public issuers or those whose securities have been admitted to trading in regulated markets or to foreign legal entities that operate on the basis of the required permits.

The principles set forth in these Corporate Governance Rules are without prejudice to the legal rights and obligations.

Chapter 1

Organisation and organisational structure

Art. 1.

1. The organisation of each regulated institution shall support the achievement of long-term objectives of their business.
2. The organisation of regulated institutions shall cover management and control, internal reporting systems, information flow and protection and document flow – these procedures shall be adequately set forth in internal regulations.
3. The organisation of each regulated institution shall be reflected in its organisational structure.
4. Regulated institutions shall ensure the transparency of their internal organisation as set forth in their internal regulations by publishing the basics of their organisational structure on their web sites as a minimum.

Art. 2.

1. Regulated institutions shall have a transparent organisational structure, adequate to the scale and nature of their business and the risks they are exposed to; reporting lines, tasks and delegation of duties and responsibilities shall be clearly assigned and appropriately divided. The organisational structure shall cover and reflect the entire business of regulated institutions by clearly identifying each key function among the pursued tasks. The above applies both to the split of tasks and responsibilities among members of the governing bodies of regulated institutions as well as responsibilities among the respective organisational units in the head office, branches and individual positions or groups of positions.
2. The organisational structure shall be defined in a manner not raising any doubts as to the scope of duties and responsibilities of the respective organisational units, branches and individual positions or groups of positions, in particular so that the duties and responsibilities of the respective organisational units, branches and individual positions or groups of positions do not overlap.

Art. 3

Regulated institutions shall comply with the applicable legal regulations as well as regulatory recommendations issued by competent regulatory bodies, in particular by the PFSA and EBA (European Banking Authority), ESMA (European Securities and Markets Authority), EIOPA (European Insurance and Occupational Pensions Authority), and additionally the obligations or declarations made to regulatory bodies as well as individual recommendations issued by regulatory bodies.

Art. 4.

1. Regulated institutions shall identify their own strategic objectives with a view to the nature and scale of their respective business.
2. The organisation of regulated institutions shall support the achievement of their strategic objectives subject to the need for effective monitoring of their inherent risks.
3. The organisation of regulated institutions shall support immediate taking of appropriate actions in emergency situations when it is necessary to deviate from or when it is impossible to achieve the approved strategic objectives due to unexpected changes in the economic or legal environment of regulated institutions or when further pursuance of the approved objectives may result in a breach of regulatory standards in the business of the regulated institutions or other applicable standards.
4. The organisation of regulated institutions shall ensure the following:
 - 1) the tasks related to the business of regulated institutions are entrusted to persons who have adequate knowledge and skills and who are supervised by persons with adequate experience,
 - 2) when the scope of the entrusted tasks is determined, consideration is given to the possibility of correct and reliable performance of tasks by the relevant persons,
 - 3) the rights of employees are adequately protected and their respective interests taken into account, in particular by applying transparent and objective rules of recruitment and remuneration, assessment, rewarding and professional promotion.

Art. 5.

1. When developing or amending the organisational structure it is necessary to ensure uniformity, in particular with the fundamental internal act on the establishment of and functioning of the regulated institution and the operations of its bodies.
2. The above requirement relating to the organisational structure shall be complied with also with reference to other internal documents related to the organisation and functioning of individual organisational units and positions in the head office as well as branches and their organisational units or positions or groups of positions.
3. Employees of regulated institutions shall be ensured adequate access to information on the scope of rights, duties and responsibilities of the organisational unit.

Art. 6.

1. When a regulated institution introduces an anonymous mode of notifying the managing or supervising body of any internal irregularities, employees should be ensured with a possibility to use the tool without fear of adverse consequences from the management or other employees of the regulated institution.
2. The managing body shall submit reports to the supervising body on notifications of major irregularities.

Art. 7.

Regulated institutions shall apply business continuity plans to ensure continuity of operations and mitigation of losses in the case of a major disturbance in the operation of their business.

Chapter 2

Relations with shareholders of regulated institutions

Art. 8.

1. Regulated institutions shall operate in the interests of all their shareholders with due focus on their customers' interest.
2. Regulated institutions shall take into account the interests of all its stakeholders as long as they are not contradictory to the interests of the regulated institution.
3. Regulated institutions shall ensure that their shareholders have adequate access to information, in particular when decisions are taken by the managing body. The information provided to the shareholders shall be reliable and complete without giving any priority to selected shareholders.
4. Regulated institutions – when so justified with the number of shareholders – shall endeavour to facilitate the participation of all shareholders in the general meetings, for instance by ensuring the possibility of an active participation in general meetings by electronic means.

Art. 9.

1. Shareholders of regulated institutions shall collaborate in the achievement of their objectives and ensure safe operations of the institutions.
2. Shareholders may affect the functioning of regulated institutions solely by decisions of their general meetings without prejudice to the competences of the other bodies. Any unauthorised impact on the governing or supervising body shall be reported to the Polish Financial Supervision Authority.
3. In their decisions, shareholders shall follow the interests of regulated institutions.
4. When it is required for further correct functioning of regulated institutions, general meetings shall be convened forthwith.
5. Shareholders shall effectively use the tools of corporate supervision in order to ensure correct functioning of the managing and supervisory bodies of the regulated institution. The bodies of regulated institutions shall function in a manner ensuring the split of ownership and managing functions. Any combination of the roles of shareholders with managing functions requires that the roles of associated entities are restricted in the supervising body in order to prevent any reduced effectiveness of corporate supervision.
6. Any conflicts that may arise between shareholders shall be resolved without delay in order to prevent any prejudice to the interests of regulated institutions and their customers.

Art. 10.

1. Shareholders may not interfere in the management, including the pursuance of matters by the managing body of regulated institutions.
2. Implementation of personal rights or other specific privileges for shareholders of regulated institutions shall be justified and shall support the achievement of major objectives of regulated institutions. The possession of such rights by shareholders shall be reflected in the statutory documents of regulated institutions.
3. The rights of shareholders may not impose any difficulties in the functioning of the bodies of regulated institutions or discriminate against other shareholders.
4. Shareholders may not abuse their position to take decisions resulting in transfer of assets from regulated institutions to other entities or to the acquisition or disposal of assets or the conclusion of other transactions resulting in disposal of assets by regulated institutions otherwise than at arm's length or that may compromise the safety or interests of regulated institutions.

Art. 11.

1. Transactions with related entities shall be justified with the interests of regulated institutions and shall be performed in a transparent manner.
2. Transactions with related entities that materially impact the financial or legal condition of regulated institutions, or result in the purchase or sale or other disposal of assets, require an opinion of the supervising body. If members of the supervising body voice dissenting opinions, such information and reasons for the dissenting opinions shall be recorded in the minutes.
3. When the decision on transactions with related entities is made by the general meeting, all shareholders shall have access to all information as may be required to assess the terms and conditions of the transaction and its impact on the condition of regulated institutions.

Art. 12.

1. Shareholders shall be responsible for injecting capital in regulated institutions without delay in situations when it is necessary to maintain the equity of regulated institutions at levels required by law or regulatory requirements or when this is required by the safety of regulated institutions.
2. Shareholders shall be responsible for providing financial support to regulated institutions without delay in situations when it is necessary to maintain the liquidity of regulated institutions at levels required by law or regulatory requirements or when this is required by the safety of regulated institutions.
3. Decisions on dividend distribution shall be subject to the need to maintain an adequate level of equity and achievement of strategic objectives of regulated institutions and shall additionally provide for general and individual recommendations issued by regulatory bodies.

Chapter 3

Managing body

Art. 13.

1. The managing body shall be collective.
2. Members of the managing body shall have adequate competences to manage the affairs of regulated institutions resulting from:
 - 1) knowledge (based on education, training, professional titles or acquired otherwise during the professional career),
 - 2) experience (acquired as a result of performing various functions or holding various positions),
 - 3) skills required to perform the entrusted functions.
3. Members of the managing body shall guarantee that the entrusted duties are performed correctly.
4. The individual competences of each member of the collective managing body shall be complementary so that an adequate level of collective management of regulated institutions is assured.
5. Members of the managing body shall contain an appropriate proportion of persons who speak the Polish language and have adequate experience and knowledge of the Polish financial market as required to manage the regulated institution in the Polish financial market.

Art. 14.

1. Acting in the interest of the regulated institution, the managing body shall take into account the objectives and methods of operation by regulated institutions, as set forth in the applicable legal regulations, internal regulations and regulatory recommendations.
2. Pursuing the approved business strategy, the managing body shall be guided by the safety of regulated institutions.
3. The managing body shall be the sole body authorised and responsible for managing the business of regulated institutions.
4. The management of regulated institutions shall cover primarily the management of affairs, planning, organising, taking decisions, directing and controlling the business of regulated institutions.

Art. 15.

1. The managing bodies shall provide for the function of the president of the management board managing the work of the body.
2. Members of the managing body shall be collectively responsible for decisions restricted to the competences of the managing body, irrespective of any internal split of responsibility for individual areas of operation of regulated institutions among the members of the managing body or delegation of specific authority to lower management levels.
3. Any internal split of responsibility for specific business areas of regulated institutions among the members of the managing body shall be made in a transparent and clear manner and reflected in internal regulations. Such split may not result in excessive overlap of competences of members of the managing body or internal conflicts of interest.
4. The internal split of responsibilities among members of the managing body may not result in a situation whereby a specific business area of the regulated institution is not assigned to any member of the managing body.

Art. 16.

1. It is appropriate that meetings of the managing body are conducted in the Polish language. If necessary, an interpreter shall be provided.
2. The minutes and content of the approved resolutions or other decisions of the managing body shall be made in the Polish language or translated into Polish.

Art. 17.

1. The function in the managing body shall be the core professional activity of each member of the managing body. Any additional activity of a member of the managing body outside the regulated institution may not result in such commitment of time and work to adversely affect the correct performance of the function held by the person in the managing body of the regulated institution.

2. In particular, members of the managing body may not be members of managing bodies in other entities if the time devoted to the functions in such other entities prevents reliable performance of duties in the regulated institution.
3. Members of managing bodies shall refrain from performing any professional or other activities that could result in conflicts of interest or adversely affect their reputation as members of managing bodies of regulated institutions.
4. Rules of mitigating conflicts of interest shall be set forth in the applicable internal regulations specifying *inter alia* the rules of identification, management and prevention of conflicts of interest as well as the principles of excluding members of managing bodies in case of a conflict of interest or the possibility of its arising.

Art. 18.

If the composition of the managing body is incomplete, it should be completed without delay.

Chapter 4

Supervising body

Art. 19.

1. Members of the supervising body shall have competences required for the performance of supervision over regulated institutions resulting from:
 - 1) knowledge (based on education, training, professional titles or scientific degrees or acquired otherwise during the professional career),
 - 2) experience (acquired as a result of performing various functions or holding various positions),
 - 3) skills required to perform the entrusted functions.
2. Individual competences of each member of the collective supervising body shall be complementary in order to ensure an adequate level of collective supervision over all business areas of regulated institutions.
3. Members of the supervising body shall guarantee that the entrusted duties are performed correctly.
4. Members of the supervising body shall contain an appropriate proportion of persons who speak the Polish language and have adequate experience and knowledge of the Polish financial market as required to supervise the regulated institution in the Polish financial market.

The comment of the Company:

The company adheres to the provisions in the scope they are based upon the binding law provisions and are aimed at ensuring correct supervision and guaranteeing members of the Supervisory Board meet the regulatory requirements, in particular including guarantee of conducting duly affairs of an insurance company, possess experience and knowledge of financial markets including the Polish financial market and that their competences complement each other.

Taking into consideration the structure of shareholders, its character and level of knowledge of the shareholders representatives, the Company believes that the criterion of knowledge of the Polish language by the members of the Supervisory Board is not a key one from the point of view of ensuring the adequate supervision over the Company's affairs.

Art. 20.

1. The supervising body shall supervise the business of the institution taking care of correct and safe operation of the regulated institution.
2. The supervising body shall be able to undertake the required supervisory activities on an ongoing basis, in particular with respect to the achievement of the approved strategic objectives or major changes to the risk level or materialisation of material risks in the business of the regulated institution, as well as with respect to financial reporting, including major modifications to accounting policies affecting the content of financial information.
3. In their supervisory activities, the supervising body and its members shall follow objective assessment and sound judgment.

Art. 21.

1. The number of members of the supervising body shall be adequate to the nature and scale of the business pursued by the regulated institution.
2. The supervisory bodies shall provide for the function of the chairperson managing the work of the supervising body. The chairperson of the supervising body shall be elected on the basis of experience and team management skills and subject to the independence criterion.

The comment of the Company:

The Company adheres to the rules within the scope of adapting numerical composition of the Supervisory Board to the scale of the conducted operations and to respecting law provisions and provisions of the Articles of Association and Regulations of the Supervisory Board, with regards to the management of the works of the Supervisory Board by its Chairperson.

With regards to election of a Chairperson of the Supervisory Board the Company applies criteria of experience and team management skills. Considering the Company's specifics stemming from its insurance industry and solid shareholding, the Company does not apply the criterion of "independence" in the understanding defined in § 22 of the hereby Rules.

Art. 22.

1. Supervisory bodies of regulated institutions shall contain an adequate proportion of independent members or nominated from among candidates designated by minority shareholders. Independence shall be assessed in terms of no direct or indirect relations with the regulated institution, members of its managing or supervisory bodies, major shareholders or related entities.
2. In particular, independence shall be maintained by members of the audit committee or members of the supervising body who have competences in accounting or financial audit.
3. If members of the supervising body voice dissenting opinions, such information and reasons for the dissenting opinions shall be recorded in the minutes.
4. In their functions of monitoring financial audit the audit committee or supervising body shall consult the operating principles by statutory auditors as specified in their operating plan.
5. When findings by the statutory auditor are presented, the audit committee or supervising body shall voice their opinion on the financial statement to which the financial audit applies.
6. The collaboration of the audit committee and supervising body with the statutory auditor shall be documented. Termination of the contract with the statutory auditor shall be reviewed by the supervising body and information on reasons of such termination shall be disclosed in the annual report containing the opinion on the financial statements of the regulated institution.

The comment of the Company:

Considering the structure of the shareholders as well as nomination principles of members of the Supervisory Board defined in the Company's Articles of Association, when electing members of the Supervisory Board, the Company does not apply the criterion of "independence" in the understanding set forth in § 22 sec. 1 of the aforementioned Rules.

Regardless of the above the Company confirms that in order to ensure the highest level of professionalism, activities objectivity and decisions made by the Supervisory Board, the shareholders when deciding on nomination of the members of the Supervisory Board, adhere to solutions worked out in Talanx Group, aiming to rule out possibility of creating any conflict of interests between the members of the Supervisory Board and their next of kin and the Company.

Art. 23.

1. Members of the supervising body of regulated institutions shall perform their functions in an active manner, with appropriate commitment to the work of the supervising body.
2. The required level of commitment is expressed in the devotion of so much time as is required for correct performance of the tasks of the supervising body.
3. Any other professional activities of members of the supervising body shall be without prejudice to the quality and effectiveness of the performed supervision.
4. Members of supervising bodies shall refrain from performing any professional or other activities that could result in conflicts of interest or otherwise adversely affect their reputation as members of supervising bodies of regulated institutions.
5. Rules of mitigating conflicts of interest shall be set forth in the applicable internal regulations specifying *inter alia* the rules of identification, management and prevention of conflicts of interest as well as the principles of excluding members of supervising bodies in case of a conflict of interest or the possibility of its arising.

Art. 24.

1. It is appropriate that meetings of the supervising body are conducted in the Polish language. If necessary, an interpreter shall be provided.
2. The minutes and content of the approved resolutions or other decisions of the supervising body shall be made in the Polish language or translated into Polish.

The comment of the Company:

The Company adheres to the rules within such scope in which, pursuant to binding law provisions, they refer to obligation of recording course of the meetings of the Supervisory Board and content of the resolutions adopted by the Supervisory Board in Polish language. Taking into consideration the composition of the Supervisory Board representing the shareholders being foreign entities, for efficiency of running the business and for freedom of discussion during the Supervisory Board meetings, the Company believes defining a language the Supervisory Board members should use for communication during the meetings should be left at the discretion of the members of the Supervisory Board, who, in the case of such necessity arises, are ensured assistance of an interpreter who participates in each and every meeting of the Supervisory Board.

Art. 25.

1. Supervision performed by the supervising body shall be regular and meetings of the supervising body shall be held when necessary. If an audit committee or other committees entrusted with duties relating to the business of the regulated institutions operate in regulated institutions, meetings of the supervising bodies shall be held minimum four times a year; otherwise, no less frequently than every two months.
2. If any abuse, material errors, including such that materially affect financial information or other material irregularities in the functioning of regulated institutions, are detected during supervisory activities, the supervising body shall take appropriate steps and in particular demand clarification from the managing body and instruct it to implement effective measures to prevent recurrence of similar irregularities.

3. If it is necessary for correct and effective supervision, the supervising body may request the managing body to engage a selected external entity to perform required analyses or to obtain an opinion on certain matters.

Art. 26.

If the composition of the supervising body of regulated institutions is incomplete, it should be completed without delay.

Art. 27.

The supervising body shall regularly review the compliance with the rules specified herein and the results of such review shall be published on the web site of the regulated institution and submitted to the other bodies of the regulated institution.

Chapter 5

Remuneration policy

Art. 28.

1. Regulated institutions shall pursue a transparent remuneration policy for members of the supervising body and the managing body as well as persons in key positions. Remuneration principles shall be set forth in a corresponding internal regulation (remuneration policy).
2. The remuneration policy shall take the financial condition of regulated institutions into account.
3. The supervising body shall draft a report assessing the functioning of the remuneration policy in the regulated institution and submit it to the general meeting.
4. The general meeting shall assess if the approved remuneration policy supports the development and safe operation of the regulated institution.

The commentary of the Company:

The Company applies the rules within such scope in which they refer to remuneration of employees also including persons who perform key functions. With regards to the remuneration principles of the members of the Management Board the Company employs unified principles of employment and remuneration both with regards to the formal-legal foundation of the legal relationship connecting the Management Board members with the Company, construction of variable elements of remuneration as well as with regards to the limitations regarding conducting competitive activities. The above stems from the unified practice without including it in a separate document.

With regards to the remuneration principles of the members of the Supervisory Board, pursuant to the Articles of Association of the Company, principle of performance of functions in the Supervisory Board without any remuneration is followed in the Company. Any potential divergence from the above principle is necessary to change the Articles of Association of the Company

Considering the specifics of the Company and the fact of nomination to the Supervisory Board representatives of shareholders, according to the Articles of Association of the Company, the Company believes the rules on preparation and presenting General Assembly with of a report on assessment of functioning of the remuneration policy prepared by the Supervisory Board is overly arduous and does not contribute to increase supervision over the Company's operations. The Supervisory Board exercising a permanent supervision over the Company's operations, has access to all internal documents of the Company and has possibility of assessing each and every process ongoing in the Company. The choice of the assessment method of the Company's management (also including assessment whether applied solutions concerning employee remuneration policy contributes to the attainment of the Company's goals) belongs to the Supervisory Board, which also assesses functioning of the particular members of the Management Board verifying whether they achieved the assumed goals and decides on level of remuneration variable elements. In connection to the above preparation of an additional document, which as a matter of fact shall be subject to assessment by the same persons as the ones who had prepared would constitute only additional and overly arduous workload imposed upon the Supervisory Board.

Art. 29.

1. Remuneration of members of the supervising body shall be set adequately to the performed functions and to the scale of operations of the regulated institution. Members of the supervising body nominated to committees, including the audit committee, shall be remunerated adequately to their additional tasks performed in such committees.
2. Remuneration of members of the supervising body – unless prohibited by the applicable regulations – shall be set by the general meeting.
3. The remuneration principles of members of the supervising body shall be transparent and specified in the corresponding internal regulations of the regulated institution

The comment of the Company:

In accordance to the adopted solutions of Talanx Group and to the provisions of the Articles of Association of the Company, the principle is not to draw any remuneration by the Supervisory Board members. Pursuant to the law provisions, any potential divergence from the aforementioned rule is possible only on the grounds of changes in the Company's Articles of Association

Art. 30.

1. Subject to the decisions of the general meeting, the supervising body shall be responsible for implementing the internal regulations covering the remuneration principles of members of the managing body, including detailed criteria and conditions justifying the allocation of variable components of remuneration.
2. The supervising body supervises the approved remuneration policy, including a verification of the fulfilment of the criteria and conditions to assign variable components of remuneration before it is disbursed in full or in part.
3. The managing body is responsible for implementing appropriate internal regulations and relevant supervision with respect to persons in key functions.
4. Variable components of remuneration for members of the managing body or persons in key functions shall in particular be subject to objective criteria, the management quality of the regulated institution and shall provide for long-term aspects of operations and the achievement of strategic objectives. The variable components of remuneration shall also take into account bonuses or benefits, including those under incentive schemes or other bonus programmes that have been disbursed, due or potentially due. The approved remuneration policy may not constitute an incentive to take excessive risk in the business of the regulated institution.
5. The remuneration of members of the managing body or persons performing key functions shall be funded and disbursed from the funds of the regulated institution.

The comment of the Company:

The Company applies rules within scope they refer to the employees' remuneration principles, including persons who perform key functions. However, in the part related to the remuneration of the Company's Management Board, the Company applies criteria determined by the shareholders and set forth in the Rules of the Supervisory Board and agreements concluded with Management Board members. They determine remuneration level as well as entitlement of the Supervisory Board for making decisions on determination of goals, assessment of their execution and enable adaptation of the remuneration variable elements adequately to the Company's current financial situation. In practice those solutions turned out to be efficient and the Company does not see necessity for creation any separate documents referring to the remuneration principles of the Management Board members.

Chapter 6

Information policies

Art. 31.

1. Regulated institutions shall pursue transparent information policies, providing for the needs of their shareholders and customers, published on their web sites.
2. Information policies shall be based on the principle of facilitating access to information. In particular, reports published by regulated institutions containing financial information – when justified by the number of shareholders – shall be published in electronic form enabling readers access to the published information (interactive reports).
3. Regulated institutions shall ensure equal access to information to all their shareholders.
4. Information policies shall in particular specify the principles and time of providing replies to shareholders and customers.
5. Information policies shall ensure information protection and be subject to the applicable regulations due to the status of a public company or the regulations covering the functioning of regulated institutions.

Chapter 7

Promotional activities and customer relations

Art. 32.

1. Advertisements relating to services or products offered by regulated institutions, or to its business, hereinafter the "advertised object", shall be reliable and not misleading and shall be compliant with the applicable regulations, fair trading rules and good habits.
2. The advertising message shall clearly identify the covered product or service.
3. The advertising message may not stress potential benefits in a manner that would diminish the costs and risks relating to the purchase of the product or service.

Art. 33.

The advertising message may not be misleading or generate a possibility to be misleading, in particular with respect to:

- 1) the legal nature of the advertised object, including customer's rights and obligations,
- 2) the identity of the advertising entity,
- 3) major features of the advertised object,
- 4) the benefits that may be achieved by acquiring or using the advertised object and the period over which such benefits may be generated,
- 5) the total costs to be incurred by the customer in relation to the purchase or use of the advertised object and the relevant period,
- 6) the time, value and territorial access to the advertised object,
- 7) the risks related to the purchase or use of the advertised object.

Art. 34.

When developing and publishing its advertising message, regulated institutions shall in particular:

1. monitor the nature and structure of advertising messages developed and published in the name of regulated institutions or on their behalf,
2. ensure the addressees the possibility of free studying of the entire content in the message, in particular all kinds of comments and reservations constituting an integral part of the advertising message,
3. ensure that the artwork used in the advertising message does not obstruct all material information on the advertised object in the message, in particular the information required by law and regulatory recommendations,
4. specify the source of the published information if the advertising message refers to results of polls, statistical research, rankings, ratings or other data.

Art. 35.

The offering process of financial products or services shall be performed by adequately trained persons in order to assure reliability of the information provided to customers and to provide understandable clarification.

Art. 36.

1. Regulated institutions shall take all reasonable efforts to ensure that the offered financial products or services are adequate for those customers that they are addressed to.
2. When presenting the nature and the structure of the recommended financial products or services, regulated institutions and other collaborating entities shall provide for the needs referred to in Art. 36.1, in particular with respect to customers' individual situation, including their knowledge and experience of the financial market, and – where justified – the required duration of the investment and the level of risk appetite.

Art. 37.

Regulated institutions and their collaborating entities shall reliably and in a manner understandable for average customers inform about the offered products or services, including in particular about the nature and structure of the products or services, benefits and factors underlying potential profit as well as about all related risks, including fees and costs (also related to premature resignation from the product or service).

Art. 38.

1. All required information relating to the nature and structure of financial products or services that are material for customers' decisions, shall be provided to customers in such a manner that before concluding the contract customers are free to study the information.
2. Contractual provisions, including contract templates and material information on the contract provided in other documents, shall be presented to customers by regulated institutions and their collaborating entities before customers take a decision to enter into the contract.
3. If in the customers' opinion it is not possible to study the presented documents on the spot, regulated institutions shall provide customers with copies of such documents at their own expense.
4. Regulated institutions shall take all reasonable efforts and exercise due diligence so that contract templates do not contain ambiguous provisions.

Art. 39.

Regulated institutions shall develop and provide customers with clear and transparent principles of reviewing complaints.

Art. 40.

Regulated institutions shall institute an organised form of reviewing complaints and take preventive measures to limit recurrence of complaints.

Art. 41.

The complaint review process by regulated institutions shall be completed within maximum 30 days and shall be reliable, detailed, objective and compliant with the applicable legal regulations, fair trading rules and good habits.

Art. 42.

Responses to complaints shall contain, as far as possible, complete and comprehensive factual and legal grounds corresponding to the charges in the complaint.

Art. 43.

Regulated institutions shall endeavour to amicably resolve disputes with their customers.

Art. 44.

Pursuing their claims, in particular performing collection activities against their customers, regulated institutions shall act professionally and with due respect to their reputation as public trust institutions.

Chapter 8

Key systems and internal functions

Art. 45.

1. Regulated institutions shall have an adequate, effective and efficient internal control system to ensure:
 - 1) correct administrative and accounting procedures, including financial reporting and reliable internal and external reporting,
 - 2) compliance with the applicable legal and internal regulations, including regulatory recommendations.
2. The process of ensuring the achievement of the internal control system objectives shall be based on the organisation of internal control, control mechanisms and assessment of the risk that the objectives referred to in Art. 45.1 are not attained.
3. Regulated institutions shall document the attainment process of the internal control system objectives.

Art. 46.

1. The internal control system in regulated institutions shall cover all levels of the organisational structure in the regulated institution.
2. The managing body shall develop and implement an adequate, effective and efficient internal control system while the supervising body or the audit committee shall periodically review its adequacy, effectiveness and efficiency of the entire internal control system and of its selected elements.
3. Employees of regulated institutions shall be assigned appropriate tasks related to the attainment of the internal control system objectives.

Art. 47.

1. Regulated institutions shall develop and implement an effective, efficient and independent function of ensuring compliance of the regulated institution's operations with legal and internal regulations, including regulatory recommendations.
2. The organisation of the compliance function shall ensure its independence.

Art. 48.

1. Regulated institutions shall develop and implement an effective, efficient and independent internal audit function with its specific tasks including the review of the adequacy, effectiveness and efficiency in particular of the internal control system, compliance function and risk management system.
2. The organisation of the internal audit function shall ensure its independence.

Art. 49.

1. The person heading the internal audit function and the person heading the compliance function shall have direct communication lines with the managing or supervising body or the audit committee and shall have the possibility of direct and simultaneous reporting to those bodies.
2. The person heading the internal audit function and the person heading the compliance function shall attend meetings of the managing body and the supervising body or the audit committee if the agenda of such meetings includes issues related to the internal control system, internal audit function or compliance function.
3. At regulated institutions, the person heading the internal audit function and the person heading the compliance function shall be nominated subject to approval by the supervising body or the audit committee.
4. In regulated institutions with no audit or compliance function, the rights specified in Art. 49.1-3 shall be held by people responsible for those functions.

Art. 50.

1. Regulated institutions shall effectively manage the risks inherent in their business, in particular by developing and implementing an effective risk management system including risk appetite defined by regulated institutions.
2. The process of risk management shall include risk identification, measurement, estimation, monitoring and application of mechanisms to control and mitigate the identified, measured or estimated risk levels.
3. The risk management system shall be organised adequately to the nature, scale and complexity of the business subject to strategic objectives of the regulated institution and providing for the risk appetite defined by the regulated institution.

Art. 51.

1. Notwithstanding the tasks assigned to organisational units in regulated institutions and other bodies of such institutions, the responsibility for efficient risk management lies with the managing body.
2. Members of the managing body, with due attention to the nature, scale and complexity of business operations, may not combine responsibility for managing a specific risk and responsibility for the area generating the risk.

Art. 52.

1. The supervising body shall approve and monitor the implementation of the risk management strategy, supervising the effectiveness of risk management. The managing body shall ensure that the supervising body is provided with regular and updated information on the risks identified in the current or future operations of the regulated institution, the nature, scale and complexity of the risk and measures taken in the risk management area, as well as information directly from the internal audit unit or compliance unit or another unit responsible for the area.
2. In regulated institutions with no audit or compliance function or no other unit designated as responsible for the area, the information referred to in Art. 52.1 shall be provided by persons responsible for performing such functions.

Chapter 9

Exercising rights resulting from assets acquired at customers' risk

Art. 53.

Regulated institutions managing assets at customers' risk shall manage such assets effectively in order to provide the necessary protection of customers' interests.

Art. 54.

1. Regulated institutions shall apply the available measures of corporate supervision over entities – issuers of corporate securities under management, in particular when the exposure to such securities is material or this is required to protect customers' interests.
2. Regulated institutions managing assets at customers' risk shall implement transparent rules of collaboration with other financial institutions when performing their corporate supervision over entities – issuers of corporate securities under management.
3. Regulated institutions managing assets at customers' risk shall develop and inform customers of their policy of applying corporate supervision measures, including the procedures of attending and voting at their general meetings.

Art. 55.

Regulated institutions managing assets at customers' risk shall avoid in its operations situations that may generate conflicts of interest; should a conflict of interest arise, regulated institutions shall pursue customers' interests and notify customers of the conflict of interest that has arisen.

Art. 56.

Regulated institutions managing assets at customers' risk shall implement transparent rules of collaboration with other regulated institutions in transactions executed at customers' risk.

Art. 57.

Regulated institutions purchasing assets at customers' risk shall pursue customers' interests. The decision process shall be adequately documented.