

Industry Standard on Appropriate and Non-Discriminatory Conduct

A. Preamble

The Digital Lending Association is the central representative body of the Digital Lending ecosystem. Its affiliated members stand for the professional, honest and transparent operation of their businesses as well as the fulfilment of the highest quality standards in the interest of debtors, investors, and business partners. With the adoption of the "General Association Principles and Rules of Conduct" by the General Meeting on 4 June 2019, these self-imposed standards were codified. In accordance with the Articles of Association, all Ordinary Members undertake to comply with these principles and rules.

By resolution number 30 of the Board of Directors on 29 May 2020 (30-VS-200529-1), it was decided to flesh out these General Association Principles and Rules of Conduct by developing individual standards and thus set benchmarks for the entire industry. The authority to adopt them as "Industry Standards" lies with the General Meeting.

The subject of this standard is the firm establishment of Sections III/1 to III/4 as well as IV/1 of the General Association Principles and Rules of Conduct.

B. Definitions

- I. Discrimination: This is any unequal treatment on the grounds of ethnic origin, gender, especially being or becoming a mother, religion, disability, age or sexual identity (discrimination criteria) that is not justified by any objective reason.
- II. Customers: These are investors and borrowers as well as potential investors and borrowers.
- III. Business partner: This is any third party with whom the member maintains a business relationship and who is not a customer in this respect.
- IV. Employee: This is a person who is permanently employed or freely employed by the member. Interns are also employees for this purpose.
- V. Conduct: This is any action, forbearance or omission.
- VI. Communication: This is information (language; signs) in oral form or in text form (printed; written; online). Communication is a subcategory of conduct.

C. Industry Standard on Appropriate Conduct

Integrity and appropriate conduct are top priorities for the association and its members. Accordingly, each member shall always act honestly, fairly and reliably, both internally and externally. The following standards of conduct apply in each case

- I. Honesty: The member is guided by the model of the honest businessman. It behaves conscientiously and communicates truthfully. The form and content of communication materials shall be up-to-date, clear, not misleading, and not contradictory to other information provided by the member.
- II. Fairness: the member takes into account the interests of its customers and employees in all operational decisions. It provides customers with all information that enables them to make informed, independent decisions. It ensures and promotes

equal opportunities and prevents any form of exploitation of employees. In conflict situations, it works towards quick and constructive solutions. It actively supports customers and employees at an early stage if there is a particular reason to do so. It respects fair competition and its business partners.

- III. Reliability: the member feels bound by its word. The aim is to establish and maintain sustainable, long-term and trusting relationships with customers and employees. It takes responsibility for its services and products. It establishes structures to ensure the resilience and transparency of the product cycle.

The member aligns all its business activities and internal processes, and in particular its internal and external communications, to this standard of conduct.

D. Industry Standard on Non-Discriminatory Conduct

The member has processes by which discrimination against employees, customers and business partners is described and prevented. In addition, there are processes or principles of conduct by which discrimination that has occurred can be identified and its consequences eliminated. The member creates regular opportunities for internal discussion and processing of discrimination with representatives from the relevant business areas.

E. Minimum Requirements in Relation to Customers

The following describes the minimum requirements for preventing unfair behavior and discrimination in the relationship with customers along the product cycle - detached from individual instruments or product categories. A distinction is made here between the pre-contractual and contractual areas and the end of the contractual relationship.

I. Pre-Contractual Phase

The pre-contractual phase begins with the idea of wanting to become a customer of the member. It includes the process of initial information, the selection of the specific platform and the specific product, as well as all actions preparing the conclusion of the contract in accordance with the legal requirements for pre-contractual information.

1. Initial information, Marketing/Advertising and Access to Online Content.

The member does not advertise with discriminatory, misleading, competition-distorting or offensive designs or formulations.

Online content shall be clearly presented and allow for quick retrieval of relevant information.

The contract process shall be presented in such a way that customers can fully understand it. All customers receive detailed and transparent information about a product. Opportunities and risks shall be presented in a balanced manner, especially in the case of private investors.

If the member offers fully automated credit project allocation, the mode of operation, the possible interest margins, the possible risk categories and the distribution across them shall be presented.

The member shall, where applicable, inform retail investors in an easily recognizable manner that their investment funds are not protected by a deposit guarantee fund (Directive 2014/49/EU) or by investor compensation schemes (Directive 97/9/EC). In addition, the risk of loss of return as well as total loss must be pointed out.

2. Registration and Identification

Forms and registration masks must be designed in a neutral and clear manner. Footnotes referring to legal standards should be omitted if possible.

Attention should be paid to the selection options for determining sexual identity.

II. Contractual Phase

The contractual phase includes bidding and contracting, disbursement, deposit, and repayment (interest payment and redemption). In addition, the accompanying information processes towards the customer in accordance with the legal requirements are relevant.

1. Conclusion of Contract

The member offers the same product selection options to all customers in accordance with the legal requirements.

Private investors are provided with information on individual credit projects in a careful, objective, equal and easily comprehensible manner. No one is treated preferentially or disadvantaged.

III. Termination of the Contractual Relationship

Upon full repayment of interest and principal instalments, the contractual relationship shall end by way of fulfilment. Customers shall receive a transparent and conclusive statement of account without delay.

Further details on dealing with customers in payment difficulties can be found in the Industry Standard on receivables management.

F. Minimum Requirements in Relation to Employees

The member is committed to diversity and equal opportunity for all employees - regardless of age, gender, nationality, religion, skin colour or sexual orientation. The decisive factors are ability and individual potential.

As the company grows in size, there is a focus on promoting diversity among employees. The member develops goals for all business areas in tandem with this.

G. Minimum requirements in the Relationship with Business Partners

The member always behaves honestly, fairly and reliably towards business partners. The provision of services or consideration shall not be deliberately delayed.

In the event of outsourcing of business activities to third parties, the member is obliged to ensure compliance with the provisions of this Industry Standard.

For further details on outsourcing, please refer to the appropriate Industry Standard on outsourcing.

H. Employee Training

Employees will be trained and tested on discrimination and appropriate behavior once a year. The training and testing requirement also includes members of management.

The member shall provide additional training to its customer contact staff on the needs of customers with personal limitations and individual weaknesses, and on dealing with customers who are in a special situation (vulnerable customer). The training objective is to enable employees to identify appropriate needs, offer solutions, and maintain a considerate and appropriate tone.

I. Controls of Compliance with this Industry Standard

The members shall have plans for regular monitoring of compliance with this Industry Standard and specify the allocation of responsibilities. The results shall be reported to the management.

J. Key Performance Indicators

The Member shall develop Key Performance Indicators (KPI) to measure inappropriate behaviour and discrimination.

K. Deviations from the Provisions of this Industry Standard

As a general rule, there shall be no deviation from the provisions of this Industry Standard.

Since the business models are various, depending on the size, type, scope, complexity and risk content of business activities, the standard can be implemented by the members in different dimensions and for some only partially. In justified cases, deviations are therefore possible as an exception. For this purpose, an application in text form justifying the deviation shall be submitted to the Board of Directors. The decision shall be taken by a qualified majority in accordance with the Articles of Association.

A member who has been awarded the Quality Seal may have it withdrawn by the General Meeting by a simple majority if the member deviates from the provisions of this Industry Standard without having previously informed the Board of Directors about the deviations in good time.

L. Revision Clause

This Industry Standard shall be subject to revision by the Committee on Legal & European Affairs of the Digital Lending Association at two-year intervals. Any amendments and/or additions shall be approved by the General Assembly by qualified majority.