

## Industry Standard on Good Conduct

### A. Preamble

Digital Lenders are aware of their corporate social responsibility. They are an increasingly relevant part of the European financial ecosystem and aim to maintain sustainable, long-term and trustful relationships with customers, business partners and employees. At the same time, they have an interest in a positive image of Digital Lending in the public arena and vis-à-vis politicians and supervisory authorities. Against this backdrop, they pledge to the following Standards on Good Conduct.

### B. Definitions

- I. Honesty: Being guided by the standard of honorable business people. Behaving conscientiously and communicating truthfully.
- II. Fairness: Taking into account the interests of relevant parties in all operational procedures which may lead to decisions. Compliance with rules and regulations.
- III. Reliability: To be bound by one's word and to act in time.
- IV. Professionalism: Acting with expertise, skill and in accordance with the rules.
- V. Transparency: Acting in a comprehensible manner, such as providing up-to-date and accurate data in an easily accessible, comprehensive and not misleading form.
- VI. Customers: Any third party who demands the services or products of the member, such as investors and debtors as well as potential investors and debtors.
- VII. Employee: A person who is permanently or temporarily employed or employed as a freelancer. Interns and apprentices are also employees for this purpose.
- VIII. Business Partner: Any third party with whom the member maintains a business relationship and who is not a customer or employee.
- IX. Communication: Exchange and transmission of information. In particular, language, signs, facial expressions, gestures, etc.
- X. Marketing and Advertising Communications: Any communication to prospective customers about the services or products of the member.

### C. Integrity

Members are aware of their corporate social responsibility. Integrity is a top priority. Accordingly, they always act in the best interest of their customers, business partners and employees – honestly, fairly, reliably, professionally, and in a transparent manner. The members preserve the integrity of the market in carrying out their business activities in a responsible manner.

## **D. Governance System**

Members establish and maintain an appropriate and proportionate organization that allows them to conduct their business activities professionally at all times. They run their business in compliance with all relevant regulatory and legal requirements. They ensure that governance system including internal controls are in place for the purpose of effectively managing risk and compliance, i.e. enabling the identification, assessment and oversight of (potential) risks. These systems should be adequate with regard to the nature, scope and complexity of the company's specific activities and operate reliably. Individual business models should thus be reviewed internally on a regular basis.

The organizational structure should ensure a clear assignment of responsibilities and permanent, accurate and fast communication of information. In addition to financial, operational, legal, (geo) political and reputational risks, particular attention should be paid to data privacy, cyber and cloud risks (ICT risks).

The member provides sufficient resources to control, coordinate, review and regularly audit the processes tailored to the respective business activities. These tasks must be carried out by suitable units or persons who are not themselves responsible for these processes. The tasks and competencies of these units or persons must be defined clearly and distinctly. For further details please refer to the [Industry Standard on Enterprise Risk Management](#) and to the [Industry Standard on Compliance Management](#).

## **E. Conflicts of Interests**

Members shall have appropriate and proportionate procedures in place that enable them to prevent, identify and manage conflicts of interest. They should clearly assign responsibilities and precisely define the procedures to be followed.

Members shall disclose the general nature and sources of conflicts of interest and the steps taken to resolve them. This information shall be available in good time on an easily identifiable section of the website in a non-discriminatory manner providing sufficient transparency about the service or product in the context of which the conflict of interest arises.

For further details please refer to the [Industry Standard on the Management of Conflict of Interests](#).

## **F. Outsourcing**

Members shall ensure by way of internal processes that no business risks arise from the outsourcing of operational activities to third parties and that the control of the outsourced activity is not adversely affected. The member's management retains ultimate responsibility in all cases of outsourcing.

Performance and outputs should be monitored and regularly assessed to determine whether the defined objectives, measures and performance targets have been met by the third party. For further details please refer to the [Industry Standard on Outsourcing Management](#).

## **G. Customer Complaints**

Members shall ensure by means of internal procedures that complaints are dealt with promptly, honestly, fairly and professionally. Members shall inform their customers about the possibility of submitting a complaint and shall make their current rules of procedure accessible on their website. The information shall be available on an easily identifiable section of the website in a non-discriminatory manner.

For further details please refer to the [Industry Standard on Complaints Handling](#).

## **H. Receivables Management**

The aim of effective receivables management is to efficiently record, process, monitor and enforce managed receivables to avoid payment defaults and to secure the best possible return for the investors also taking into account the interests of the debtors. The member should always take appropriate account of the interests of other affected reference groups and balance the interests affected in each case in accordance with the principle of proportionality. This includes not only the interests of the debtors concerned but also the interests of the public (e.g. economic aspects, sustainability concerns).

For further details please refer to the [Industry Standard on Receivables Management](#).

## **I. Anti-Money Laundering and Countering Financing of Terrorism**

Members shall ensure a minimum level of due diligence to prevent money laundering activities and financing of terrorism. To this end, they should maintain adequate processes for the early detection and handling of suspected cases and implement appropriate measures to effectively combat money laundering and financing of terrorism.

For further details please refer to the [Industry Standard on Anti-Money Laundering and Countering Financing of Terrorism](#).

## **J. Business Continuity Management**

Members should have a business continuity plan in place to ensure the continuity of their business operations in crisis situations. This business continuity plan should address the material risks considered to be vulnerable based on an in-depth analysis and assess the potential impact of such scenarios on business activities. This also includes preparations for the event of the termination of business operations to enable the neat management of contracts with customers. The plan should be tested and updated at regular intervals to ensure that it actually works in the event of an incident.

For further details please refer to the [Industry Standard on Business Continuity Management](#).

## **K. Marketing and Advertising Communications**

Marketing and advertising communications should be identifiable as such. Their content and appearance should be up-to-date, true, clear and must not be contradictory to other information provided. Where required by the business model, they should present the benefits as well as the risks in a balanced and exhaustive manner as well as without any exaggeration. Misleading performance comparisons and promises should be avoided.

Particular attention should be paid to simple language and comprehensibility when communicating with consumers.

## **L. Employees**

The members are committed to diversity and equal opportunity for all employees - regardless of, in particular, ethnic origin, gender, views, religion, disability, age or sexual identity. The key factors are their skills and potential.

## **M. Comply or Explain**

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

As business models differ quite significantly from each other, depending on the size, type, scope, complexity and risk level of business activities, the standards are open to implementation in different dimensions or even only partially. In case the members deviate from the standards, they shall disclose which parts they implement differently and provide comprehensible reasoning towards the DLA Secretariat.

## **N. Revision Clause**

The 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.