

Appendix to Resolution No. 31/2022
of the Ordinary General Meeting
of Bank Handlowy w Warszawie S.A.
of June 23, 2022

**Policy for the assessment of Supervisory Board Members at Bank
Handlowy w Warszawie S.A.**

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1. INTRODUCTION

1.1 Definitions

The following terms as used in the Policy shall have the following meanings:

Bank means Bank Handlowy w Warszawie Spółka Akcyjna;

Supervisory Board Member means a candidate to the Supervisory Board or a person already sitting on the Supervisory Board;

PFSA means the Polish Financial Supervision Authority;

Policy means this Policy for the assessment of the Supervisory Board Members;

Banking Law means Act as of 29 August 1997 – Banking law;

GDPR means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

1.2 The scope of the Policy

This Policy constitutes the policy for assessing the suitability of Supervisory Board Members, which is referred to in Article 22aa.1 of the Banking Law.

1.3 Adopting Procedure

This Policy shall be adopted by the resolution of the Bank's General Meeting.

1.4 Applicability

1.4.1 This Policy applies to the appointment, dismissal and assessment of Members of the Supervisory Board, collective evaluation of the Supervisory Board as a body, collective evaluation of committees operating at the Supervisory Board, and in relation to the Audit Committee, also to individual assessment of candidates for the Audit Committee.

1.4.2 The detailed procedure for appointing Members of the Supervisory Board by the General Meeting of the Bank is specified in the Regulations of the General Meeting of the Bank. The rules set out in the Regulations of the General Meeting shall also apply in the event of an emergency or unexpected vacancy in the position of a member of the Supervisory Board, provided that in such situations, the Bank shall seek to immediately fill the vacancy on the Supervisory Board.

1.5 Assessment of qualifications – general rules

1.5.1 The qualifications of a Supervisory Board Member shall be assessed by the Bank's General Meeting. The Nomination and Remuneration Committee of the Supervisory Board (hereinafter referred to as the "**Committee**") takes part in the process of assessing a Supervisory Board Member on the terms set out in this Policy, as well as organizational units providing support in the assessment process, in particular the Corporate Services Office and the Human Resources Management Division.

1.5.2 Taking into account preliminary assessment of the qualifications of the Supervisory Board Member and the recommendations referred to in point 4.2. of this Policy, the General Meeting of the Bank carries out an individual assessment in relation to each of the Supervisory Board Members and a collective assessment of the Supervisory Board as the Bank's body on the basis of the criteria set out in this Policy in order to ensure that the Supervisory Board has an adequately broad scope of knowledge, skills and experience to understand the Bank's activities, including the main risks in its activities, noting the fact of the assessment and its results in the contents of the undertaken resolution. The General Meeting should assess the qualifications of each candidate for the Supervisory Board Member prior to their appointment.

- 1.5.3 The General Meeting of the Bank reassesses the qualifications of Supervisory Board Members and the Supervisory Board as a whole subject to provisions set out in point 5 of this Policy, when there are justified concerns as to whether they have appropriate qualifications, in particular when new developments necessitate re-assessment in order to verify continued possession of qualifications by the person, as well as in any situation that could otherwise significantly affect the adequacy of knowledge, skills and experience of a Supervisory Board Member. The re-assessment may only involve verifying whether the person concerned continues to hold the required qualifications after the event or situation.
- 1.5.4 The Bank shall, immediately after a new Supervisory Board is appointed or the composition of the existing Supervisory Board is changed, notify the PFSA of the composition or new composition of the Supervisory Board, along with the information, based on its assessment, that the Supervisory Board Members meet the requirements for knowledge, skills, experience, and proper performance guarantee and comply the requirements with the applicable restrictions on the holding, by Supervisory Board Members, of positions on the governing bodies of other entities.
- 1.5.5 The documentation for the purposes of the assessment performed by the General Meeting shall be gathered and kept by the Bank's Corporate Services Office in accordance with the provisions of GDPR. Personal data shall be stored for the maximum period of 25 years.
- 1.5.6 Collective evaluation of the committees operating at the Supervisory Board is performed by the Supervisory Board whenever their composition is determined or changed.

2. GENERAL ASSESSMENT CRITERIA

- 2.1 The General Meeting of the Bank shall assess the qualifications of Supervisory Board Members selected from among a sufficiently large group of candidates, taking into account the nature, scale and complexity of the Bank's business, as well as the Committee's preliminary assessment of qualifications of the Supervisory Board Member and the recommendation on his/her appointment, including all the information relevant to the assessment.
- 2.2 The assessment of the Supervisory Board Members includes:
- (a) determining, whether the assessed person has the knowledge, skills and experience suitable to the function this person shall be performing in the Bank, as well as the scope of duties assigned to this function;
 - (b) determining, whether the assessed person gives guarantee of proper performance of the duties assigned to the function this person shall be performing in the Bank. The guarantee of proper performance of duties primarily refers to the reputation, honesty and integrity of a person concerned and his/her ability to handle the Bank's affairs in a prudent and steady manner.
- 2.3 Whenever this Policy mentions the "qualifications", they shall be deemed as knowledge, skills, experience and guarantee of proper performance of the duties.
- 2.4 The level and type of experience expected of Supervisory Board Members may vary.
- 2.5 The Supervisory Board Members should guarantee in each and every case the proper performance of the duties they are entrusted with.
- 2.6 If the Bank learns about circumstances where the knowledge, skills, experience and/or guarantee of proper performance of the duties of a Supervisory Board Member may be questioned, the future or potential impact of such circumstances on the qualifications of the person concerned must be assessed. The assessment required in the preceding sentence must include all material

circumstances known at the time of the assessment, regardless of place or time of their occurrence.

- 2.7 When assessing Supervisory Board Members, the General Meeting shall assess whether each person individually has the qualifications. The General Meeting shall assess whether the Supervisory Board as a whole has the qualifications when appointing the new Supervisory Board Member. When assessing the suitability of the Supervisory Board as a whole, knowledge of those areas within the responsibility of the Supervisory Board is taken into account, considering the information contained in the document templates referred to in points 4.1, 5.7 and 5.9 and other significant issues impacting collective assessment of the body, including:
- a) results of the suitability assessment of a given Supervisory Board Member,
 - b) information whether the Supervisory Board demonstrated sufficient knowledge of supervision over identification and management of money laundering and terrorist financing risks and how those risks impact the Bank's operations.
- 2.8 Supervisory Board Members should be able to devote sufficient time and effort to perform their duties effectively.
- 2.9 Supervisory Board Members may hold simultaneously only a number of functions, on the terms specified in the Banking law, and engage in any other time-consuming activities only to a limited extent.
- 2.10 It is advised that during elections to the Supervisory Board the General Meeting take into account the principles of diversity set out in the Principles of Diversity of Supervisory Board Members, constituting Appendix No. 3 to this Policy. In pursuance of the diversity objective, efforts should be made to adhere to such standards as equal treatment, prevention of discrimination and non-ethical conduct. The reflection of the need for diversity on the Supervisory Board cannot prejudice the proper supervision over the Bank's governance.
- 2.11 When determining the composition of the Supervisory Board, including the number of independent Members of the Supervisory Board, the General Meeting shall consider in particular:
- a) the size and complexity of the organizational structure of the Bank,
 - b) the specific nature of the Bank's business, including its range of activities, specialization, legal form and sources of financing,
 - c) the Bank's business plans,
 - d) the position and importance of the Bank in the banking system,
 - e) shareholder composition.
- 2.12 During assessment of candidates for Supervisory Board, the General Meeting shall also additionally evaluate (individual assessment) whether a given candidates for Supervisory Board Member meets the requirements for Audit Committee members, as set out in Article 129 of the Act of 11 May 2017 on statutory auditors, audit companies and public oversight (hereinafter the "Act"). If a given Member of the Supervisory Board meets at least one of the above-mentioned requirements, the General Meeting shall note that fact in the resolution.
- 2.13 In the event of a vacancy in the Supervisory Board, which would result in a change in the composition of the Audit Committee, an individual assessment of whether a Supervisory Board member meets the requirements for members of the Audit Committee specified in Art. 129 of the Act is performed by the Supervisory Board, with the stipulation that the assessment is

performed by the Supervisory Board only when Member of the Audit Committee is appointed by the Supervisory Board from among other Members of the Supervisory Board.

3. DETAILED ASSESSMENT CRITERIA

A description of the detailed assessment criteria for Members of the Supervisory Board as well as additional evaluation criteria for members of the Audit Committee is provided in Appendix 1 to this Procedure..

4. DETAILED ASSESSMENT PROCESS, THE DOCUMENTS AND INFORMATION REQUIRED FOR THE FIRST APPOINTMENT OF A SUPERVISORY BOARD MEMBER

4.1 By first appointment to the Supervisory Board, a candidate himself/herself or via the nominating shareholder shall submit the information and documents necessary to perform the candidate's assessment based on the criteria stated in this Policy, listed below:

- (a) Documents or statements regarding:
 - i) Given name(s) and surname, citizenship;
 - ii) Change of given name(s) or surname or citizenship;
 - iii) Financial standing and wealth;

- (b) Information necessary for assessment of the candidate's qualifications as regards:
 - i) Address of usual or temporary residence;
 - ii) Education, profession, skills and professional experience, including the work history, completed training courses, place of work and position held, offices held in governing bodies of financial sector entities;
 - iii) Criminal or fiscal criminal proceedings conducted against the candidate;
 - iv) Administrative sanctions imposed on him/her;
 - v) Administrative sanctions imposed on other entities within the realm of the candidate's responsibility;
 - vi) Court proceedings that might adversely affect the candidate's reputation and administrative, disciplinary or debt enforcement proceedings in which he/she is or was involved as a party;
 - vii) Fluency in Polish and foreign languages; and
 - viii) How he/she conducts themselves in private life, business environment and contacts, and how he/she handles any person injured by his/her actions.

Document templates for submitting the above information and statements to the Bank for purposes of individual assessment of a Supervisory Board Member, collective assessment of the Supervisory Board as the Bank's body and for the Audit Committee - also for individual and collective assessment) shall be determined by the Director of the Corporate Services Office in consultation with the Chairman of the Supervisory Board and in cooperation with the Legal Division, Compliance Division and Data Protection Office. The Bank may also request provision of other information, statements and documents as well as evidence in support of the information provided by the Supervisory Board Member.

4.2 The Committee shall verify the received documents and information indicated in point 4.1 of this Policy and based on the possessed material, performs the preliminary individual assessment of the Supervisory Board Member and the collective assessment of the Supervisory Board as the Banks body, and then prepares the recommendation on appointment of the candidate. The

Chairman of the Committee or other designated person shall submit to the General Meeting the Committee's preliminary assessment of qualifications and the recommendation on appointment of the candidate in order for the General Meeting of the Bank to perform the assessment of qualifications. The Committee shall also perform a preliminary individual assessment of a Supervisory Board Member in terms of the requirements for members of the Audit Committee.

- 4.3 When determining the composition of committees, the Supervisory Board shall assess the adequacy of the general composition of its committees, with particular emphasis on the assessment of knowledge, skills and experience of individual committee members, as well as whether the full composition of the committee reflects an adequately broad range of knowledge, skills and experience necessary to understand the issues within the committee's authority and the Bank's activities as well as significant risks in its operations.
- 4.4 With the provision of information about himself/herself, the Supervisory Board Member should be asked to submit to the Bank a written consent for processing by the Bank and the entities involved in the process of evaluating his / her personal data (the "Consent"), including personal data from the respective categories of information provided under the GDPR for the selection and evaluation process in accordance with this Policy, as far as the legal basis for processing such data is not set out in the law or entails any transmission of data to any members of the Citi Group. Detailed information about the method and scope of processing of personal data of the Supervisory Board Member together with the Consent for their processing shall be provided by the Bank to the candidates in separate information on the processing of personal data. Failure to provide the relevant data to the Bank may constitute an obstacle to the assessment of the candidate and consequently to the appointment or performance of a member of the Supervisory Board of the Bank.

5. DETAILED RE-ASSESSMENT PROCESS AND MEASURES TAKEN IF THE CANDIDATE LACKS THE REQUIRED QUALIFICATIONS

- 5.1 The General Meeting shall perform an individual re-assessment of a Supervisory Board Member if:
- (a) the Supervisory Board Member is to be appointed for another term of office; and
 - (b) the General Meeting receives information questioning the qualifications possessed by the Supervisory Board Member which are required to further performance of the function, described in this Policy,
 - (c) there are circumstances resulting in a conflict of interest in connection with the function performed in the Supervisory Board,
 - (d) there are reasonable suspicions as to an attempt to commit the crime of money laundering or terrorist financing or if committed by a Supervisory Board Member and when there is a heightened risk of the Bank's involvement in money laundering or terrorist financing, in particular when:
 - i. the results of supervisory inspections or audits, or sanctions imposed by supervisory authorities indicate that the Bank has not implemented appropriate internal control mechanisms aimed at counteracting money laundering and terrorist financing,
 - ii. the Bank has violated statutory obligations with regard to counteracting money laundering and terrorist financing,

- iii. the Bank has significantly changed its business model, which may increase its exposure to money laundering and terrorist financing risk.

5.2 Each individual re-assessment of a Supervisory Board Member involves:

- (a) determining whether the person being re-assessed maintains necessary knowledge, skills and experience suitable to the function this person shall be performing in the Bank, as well as the scope of duties assigned to this function; and
- (b) determining whether anything has happened that may significantly affect the guarantee of proper performance of the duties by the person being re-assessed.

5.3 The General Meeting of the Bank shall re-assess collectively the Supervisory Board as a body, in particular in the event of:

- a) receipt of a license to expand statutory activities of the Bank,
- b) emergence of circumstances resulting in a collective conflict of interest at the level of the Supervisory Board.
- c) changes in the Composition of the Supervisory Board,
- d) the necessity to perform an individual re-assessment of a Supervisory Board Member under item 5.8,
- e) a significant change in the business model, risk appetite, strategy or organizational structure at the level of the Bank or the Bank's group,
- f) findings of periodic assessment of corporate governance, carried out by the Supervisory Board,
- g) reasonable suspicions as to an attempt to commit the crime of money laundering or terrorist financing or if committed by Bank employees or persons acting in the name or on behalf of the Bank and when there is a heightened risk of the Bank's involvement in money laundering or terrorist financing, in particular in the circumstances referred to in point 5.1 letter d bullets i-iii,
- h) when there are reasonable concerns whether the Supervisory Board has the appropriate qualifications and in every situation which may significantly affect the adequacy of knowledge, skills and experience of the Supervisory Board as a body.

5.4 In the event of other changes in the composition of the Supervisory Board resulting in a sudden vacancy in the Supervisory Board, the collective assessment of the Supervisory Board as a body is carried out by the Committee.

5.5 In the event of a change in the scope of duties of a Supervisory Board Member, in particular in connection with a change in the composition of the Supervisory Board's committees, the collective evaluation of the Supervisory Board as a body is performed by the Committee.

- 1.6 The Bank will inform the Polish Financial Supervision Authority about the results of the individual re-evaluation of a Supervisory Board Member and the results of the collective evaluation of the Supervisory Board as a body.
- 5.7 The Supervisory Board Member notifies the Committee immediately after a significant change occurs, that may affect the Supervisory Board Member's qualifications necessary for performing their functions, as referred to in this Policy. The Director of the Bank's Corporate Services Office, once a year, is obligated to collect from every Supervisory Board Member information about the possible changes concerning the statements, information and documents submitted before the appointment to the Supervisory Board, and is obliged to submit the collected information to the Committee. Specimens of documents enabling submission of amended information and statements to the Bank will be determined by the Director of the Corporate Services Office in consultation with the Chairman of the Supervisory Board and in cooperation with the Legal Division, Compliance Division and Data Protection Office. If there are no changes, the Supervisory Board Member shall make the statement that such statements, information and documents as held by the Bank do not require update. This statement may be submitted electronically. The Committee verifies the received information and performs the annual assessment of the Supervisory Board Member's qualifications in the scope described in point 5.2 of this Policy. Within the same scope, the Committee verifies the information described in point 5.1.b)-d) of this Policy.
- 1.8 If the preliminary assessment of the Supervisory Board Member's qualifications performed by the Committee is negative, the Committee submits the assessment to the General Meeting together with recommendation on steps aiming at revocation of this Supervisory Board Member or, respectively, at individual training of the Supervisory Board Member or collective training of the whole Supervisory Board of the Bank in order to ensure that both individual and collective qualifications and experience of the Supervisory Board are sufficient. The maximum time for individual training shall not exceed 1 year from the date of the decision by the General Meeting of the Bank on enhancing qualifications. The Bank shall inform the PFSA about the completed assessment and any corrective measures taken. The nearest General Meeting of the Bank performs the assessment process and decides in this area.
- 5.9 In case described in point 5.1.a) of this Policy, the Director of the Bank's Corporate Services Office is obligated to collect from every Supervisory Board Member information about the possible changes concerning the statements and information submitted before first appointment to the Supervisory Board. Specimens of documents enabling submission of amended information and statements to the Bank will be determined by the Director of the Corporate Services Office in consultation with the Chairman of the Supervisory Board and in cooperation with the Legal Division, Compliance Department and Data Protection Office. If there aren't any changes, the Supervisory Board Member shall make the statement that the statements, information and documents possessed by the Bank do not require update. The Director of the Bank's Corporate Services Office submits the collected statements, information and documents to the Committee. The Committee verifies the received information, performs the preliminary assessment of the Supervisory Board Member's qualifications and submits the assessment together with the recommendation on re-appointment to the General Meeting of the Bank. The provisions of point 4.2 shall apply respectively.

6. TRAINING POLICY AND INTRODUCTION TO THE DUTIES OF MEMBERS OF THE SUPERVISORY BOARD

- 6.1. The Bank strives to ensure appropriate funds and resources to help ensure proper performance of the functions of Supervisory Board Members within the body and the committees appointed

at the Supervisory Board, including possession of knowledge, skills and experience adequate to their functions and entrusted duties.

- 6.2. Within one month after appointment of a Supervisory Board Member, the Secretary of the Supervisory Board or a person designated by the Secretary of the Supervisory Board shall provide key information necessary to perform the function of a Supervisory Board Member.
- 6.3. In order to facilitate understanding of the rights and obligations of the Supervisory Board as a body and its individual members, the Bank provides a process of induction for Supervisory Board Members, in particular by ensuring access to information helpful in exercising supervision over the Bank's activities, including information about the Bank's organizational structure, business model, risk profile, management system, rules for submitting resignations and other issues relevant to the performance of duties by Supervisory Board Members.
- 6.4. The induction of a Supervisory Board Member shall be carried within 6 months from the date of appointment by Secretary of the Supervisory Board or a person designated by the Secretary of the Supervisory Board.
- 6.5. The Bank provides Supervisory Board Members with the opportunity to enhance their qualifications, in particular in the form of general training and training tailored to individual needs of Supervisory Board Members. The main objective of the induction process and the training offered is to ensure the appropriate qualifications of Supervisory Board Members, including the knowledge and competences necessary to perform functions, including the function of members of Supervisory Board committees, and to reduce the risk of several vacancies occurring on the Supervisory Board within a short time.
- 6.6. The training program and the induction process for Members of the Supervisory Board (hereinafter: jointly the Training Program) incorporating the objectives set out in this chapter shall be established by the Secretary of the Supervisory Board in consultation with:
 - a) the Legal Division,
 - b) the Compliance Division,
 - c) the Human Resources Division,
 - d) the Planning and Financial Analysis Department.
- 6.7. As part of the Training Program, the Bank shall launch the process of identifying areas requiring training for both the Supervisory Board as a whole and its individual members.
- 6.8. The Training Program shall be periodically updated in accordance with the principles set out therein, taking into account changes in the management system, the Bank's operating strategy and generally applicable provisions of law to the extent they impact the responsibilities carried out by the Supervisory Board.
- 6.9. The Training Program shall be subject to periodic evaluation on the terms specified therein, the purpose of which is to audit implementation of the tasks provided for therein, including quality assessment of the training process and the process of induction of Supervisory Board Members.
- 6.10. The Bank shall ensure financial and human resources for the proper implementation of the Training Program.

- 6.11 In addition to the established Training Program, each Supervisory Board Member may apply for individual customized training to improve his/her qualifications in the scope of the function performed on the Supervisory Board or the Supervisory Board committee of which he/she is a member.

7. FINAL PROVISIONS

- 7.1 The Organizational Office in the Legal Division is obliged to keep records of all external functions performed by Members of the Bank's Supervisory Board outside the Bank, including political functions
- 7.2 This Policy is subject to adoption in accordance with point 1.3 above and shall become effective when adopted by the Bank's General Meeting.

APPENDIX 1

THE ASSESSMENT CRITERIA

1. CRITERIA REGARDING THE REPUTATION, HONESTY AND INTEGRITY, AND THE ABILITY TO HANDLE THE BANK'S AFFAIRS IN A PRUDENT AND STEADY MANNER (GUARANTEE OF PROPER PERFORMANCE OF DUTIES)

- 1.1 Pursuant to Article 22aa.1 of the Banking Law, members of the bank's Supervisory Board must guarantee the proper performance of their duties. The guarantee referred to in the preceding sentence primarily refers to the reputation, honesty and integrity of a person concerned and his/her ability to handle the Bank's affairs in a prudent and steady manner.
- 1.2 A Supervisory Board Member should be considered as guaranteeing the proper performance of duties if there is no evidence to suggest otherwise and no reason to have reasonable doubt about his or her good reputation, honesty, integrity and the ability to handle the Bank's affairs in a prudent and steady manner. A Supervisory Board Member should not be considered as guaranteeing the proper performance of duties if his or her personal or business conduct gives rise to any material doubt about his or her ability to ensure the sound and prudent supervision over the management of the Bank.
- 1.3 When assessing the guarantee of proper performance of the duties of Supervisory Board Members, it is necessary to take into account all the information indicated in the document templates referred to in points 4.1, 5.7 and 5.9, including information on:
 - a) Criminal history, criminal or fiscal criminal proceedings conducted against the Supervisory Board Member;
 - b) Administrative sanctions imposed on him/her;
 - c) Administrative sanctions imposed on other entities within the realm of the Supervisory Board Member's responsibility;
 - d) Court proceedings that might adversely affect the Supervisory Board Member's reputation and administrative, disciplinary or debt enforcement proceedings in which he/she is or was involved as a party.
 - e) the risk of the Supervisory Board Member committing or attempting to commit the crime of money laundering or terrorist financing

The surrounding, including mitigating, circumstances and the seriousness of any relevant offence or administrative or supervisory action, the time period and the Supervisory Board Member's conduct since the offence and the relevance of the offence or administrative or supervisory action to the proposed role should be considered.

- 1.4 The cumulative effects of more minor incidents, which individually do not impinge on a Supervisory Board Member's reputation and evaluation of guarantee of proper performance of duties but may in sum have a material impact, should be considered.
- 1.5 Attention should be paid to the following factors regarding the propriety of the Supervisory Board Member in past business dealings:
 - a) any evidence that the Supervisory Board Member has not been transparent, open, and cooperative in its dealings with supervisory or regulatory authorities;

- b) refusal of any economic registration, authorization, membership, or license to carry out a trade, business, or profession; or revocation, withdrawal, or termination of such registration, authorization, membership, or license; or expulsion by a regulatory or government body;
 - c) the reasons for any dismissal from employment or any position of trust, fiduciary relationship, or similar situation, or having been asked to resign from employment in such a position; and
 - d) disqualification by competent authority from acting as a person who directs the business.
 - e) other evidence or other reliable information indicating that the Supervisory Board Member acts in a manner inconsistent with high standards of ethical behavior.
- 1.6 It should be considered how they conduct themselves in private life, business environment and contacts, and how he/she handles any person injured by his/her action.

2. KNOWLEDGE, SKILLS AND EXPERIENCE CRITERIA

- 2.1 Pursuant to Article 22aa.1 of the Banking Law, members of the bank's supervisory board must have knowledge, skills and experience as adequate for offices held by them and duties assigned to them.
- 2.2 When assessing the knowledge, skills and experience, all the information indicated in the document templates referred to in points 4.1, 5.7 and 5.9 should be taken into account, including information on education, profession, skills and experience, including work history, completed professional training, work place and positions held, and functions performed in the bodies of financial sector entities.
- 2.3 The assessment of a Supervisory Board Member's experience should consider both, the theoretical experience attained through education and training and the practical experience gained in previous occupations. It should be taken into account the skills and knowledge acquired and demonstrated by the professional conduct of the member.
- 2.4 With regard to assessment of a Supervisory Board Member's theoretical experience, particular consideration should be given to the level and profile of the education and whether it relates to banking and financial services or other relevant areas. Education in the areas of banking and finance, economics, law, administration, financial regulation and quantitative methods can in general be considered to be related to banking and financial services.
- 2.5 The assessment should not be limited to the details about the level of education of the Supervisory Board Member or proof of a certain period of service in a bank, other financial institution or other entity. A more thorough analysis of the Supervisory Board Member's practical experience should be conducted as the knowledge and skills gained from previous occupations depends on the nature, scale and complexity of the business as well as the function performed within it.
- 2.6 When assessing the knowledge, skills and experience of a member of the management body particular consideration should be given to theoretical and practical experience relating to:
- a) financial markets;
 - b) regulatory framework and requirements;
 - c) strategic planning, and understanding of a bank's business strategy or business plan and accomplishment thereof;
 - d) risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of a bank, including the responsibilities of the member of Supervisory Board);

- e) assessment of the efficacy of organization's solutions implemented at the bank, corporate governance, including establishment of effective management, supervision and controls; and
 - f) interpreting a bank's financial information, identifying key issues based on this information and appropriate controls and measures.
 - g) accounting and audit.
- 2.7 A Supervisory Board Member should be capable of providing constructive challenge to the decisions and effective oversight of the Management Board. The experience may be gained from academic, administrative or other positions and through the management, supervision or control of financial institutions or other firms. The Supervisory Board Members should be able to demonstrate that they have, or will be able to acquire, the technical knowledge necessary to enable them to understand the business of the bank and the risks that it faces sufficiently well.

3. GOVERNANCE CRITERIA

- 3.1 When assessing the qualifications of a Supervisory Board Member, all information indicated in the document templates referred to in points 4.1, 5.7 and 5.9 should be taken into account, including other criteria relevant to the functioning of the Supervisory Board, including potential conflicts of interest, the ability to allocate sufficient time, including the effects of a long-term absence of a Supervisory Board Member, if any, the general composition of the Supervisory Board, the required collective knowledge (including expertise and experience of individual members) and the ability of Supervisory Board Members to perform their duties independently without undue influence from other persons.
- 3.2 When assessing independence of a Supervisory Board Member, it is necessary to take into account all situations that could lead to an actual or potential conflict of interest and would or could affect performance of duties in an independent and objective manner, including in particular the following factors:
- a) positions held in the past and at present at banks, other financial institutions or other entities;
 - b) personal, professional or other economic relationships with members of the Bank's Management Board, its parent company, or its subsidiaries;
 - c) personal, professional or other economic relationships with members of the supervisory boards of the Bank's parent company or its subsidiaries;
 - d) personal, professional or other economic relationships with the controlling shareholders of the Bank, with its parent institution or subsidiaries.
 - e) banking products held by Members of the Supervisory Board at the Bank
- 3.3. The Bank shall inform the Polish Financial Supervision Authority of any identified conflict of interest that could affect independent judgment of a Supervisory Board Member, including measures taken to minimize it.
- 3.4. The Supervisory Board needs collectively to have sufficient practical experience in banks.

4. ADDITIONAL CRITERIA FOR MEMBERS OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF THE BANK

- 4.1. Members of the Audit Committee should meet the requirements imposed by the law (and in particular the requirements set out in Article 129 of the Act of May 11, 2017 on Statutory Auditors, Audit Companies and Public Supervision (hereinafter the “Act”) and the Regulations of the Audit Committee.
- 4.2. When assessing the knowledge, skills and experience of members of the Audit Committee, account should be taken both of theoretical competencies, acquired through education and training, and of practical competencies acquired during the career to date.

Competencies in the area of accounting or audit of financial statements

- 4.3. At least one member of the Audit Committee has knowledge and skills related to accounting or audit of financial statements. However, it is recommended that, to the extent possible, the Audit Committee as a whole meet the criteria related to knowledge and experience in the areas of accounting, financial management, risk management and internal control. Simultaneously, it is recommended that, to the extent possible, each of the members of the Audit Committee have the knowledge and experience necessary to independently and correctly interpret and assess financial statements.
- 4.4. When selecting members of the Supervisory Board who are to be appointed as members of the Audit Committee who have knowledge and experience in the area of accounting or audit of financial statements, the Bank should take into account the tasks of that Audit Committee arising from the Act, and in particular those connected with the monitoring of:
 - a) financial reporting process;
 - b) effectiveness of internal control systems and risk management systems and internal audit, also in the area of financial reporting;
 - c) performance of audit activities, and in particular execution of an audit by an audit company.
- 4.5. Verification if particular members of the Audit Committee meet the knowledge and skill requirements in the area of accounting or audit of financial statements is carried out on the basis of properly documented education and professional experience.
- 4.6. The requirement that a member of the Audit Committee must have the knowledge of accounting or audit of financial statements is assessed with reference to the overall knowledge acquired by the member of the Audit Committee, for example in connection with their education, connected directly with accounting or audit of financial statements, confirmed by a diploma issued by a higher-education school, acquired rights or received certificates, licenses or diplomas. And the skills of a member of the Audit Committee in the area of accounting or audit of financial statements are assessed in the context of to-date professional experience in the area of accounting or audit of financial statements, and in particular the experience gained in connection with work, for example, at accounting, financial & accounting, controlling or actuarial departments or for an audit company.
- 4.7. For instance, it may be concluded that a member of the Audit Committee has knowledge and skills in the area of accounting or audit of financial statements in particular if:
 - a) this member is a licensed auditor, has a certificate issued by the ACCA (Association of Chartered Certified Accountants), CIMA (Chartered Institute of Management Accountants) or other national or international licenses/certificates that confirm the member's knowledge in the area of accounting or audit of financial statements; or
 - b) the member has sufficient, at least 2-years', professional experience gained on a position directly connected with financial accounting, management accounting or audit of financial statements.

- 4.8. In any other cases, the knowledge and skills of a candidate for a member of the Audit Committee may be confirmed by:
- a) having education that is directly connected with accounting or audit of financial statements, confirmed by a diploma issued by a higher-education school or completed specialist training courses in the area of accounting or audit of financial statements, confirmed by diplomas or other documents; and
 - b) skills possessed in the area of accounting or audit of financial statements, gained during professional career.

Competences related to the financial sector

- 4.9. Members of the Audit Committee have knowledge and skills related to the financial sector. This condition is considered met if at least one member of the Audit Committee has knowledge and skills related to that sector or particular members have knowledge and skills related to that sector in determined scopes.
- 4.10. The knowledge of the financial sector should be confirmed and documented by the to-date professional career of a member of the Audit Committee or by the education obtained by the member.

Competences of the Chairperson of the Audit Committee

- 4.11. It is recommended that the Chairperson of the Audit Committee have organizational and communication skills as the Chairperson's duties include ensuring that any meetings are carried out effectively and formulating recommendations.

Independence criterion

- 4.12. The majority of members of the Audit Committee, including its Chairperson, are independent, within the meaning of Article 129(3) of the Act. Whether or not the independence criterion referred to above in this point is met is verified on the basis of statements submitted by members of the Audit Committee, updated annually.
- 4.13. The Chairperson of the Audit Committee must also meet the independence criteria set out in § 14(4) of the Articles of Association.

APPENDIX 2
INFORMATION FORM FOR CANDIDATES FOR SUPERVISORY BOARD MEMBERS
(DELETED)

APPENDIX 3

PRINCIPLES OF DIVERSITY OF SUPERVISORY BOARD MEMBERS

1. SCOPE OF PRINCIPLES

- 1.1 These Principles shall apply to the appointment of Members of the Supervisory Board to positions in the Supervisory Board. The purpose of the Principles of Diversity of Supervisory Board Members (“**Principles**“) is to:
- a) define the Bank's strategy for managing "**Diversity**" (understood as a situation in which the characteristics of Supervisory Board Members, in particular their age, sex, education and professional experience, vary to the extent ensuring a broad spectrum of views), by promoting diversity in selection of Members of the Supervisory Board in order to help tap a wide range of characteristics and competences when appointing Members of the Supervisory Board and by ensuring election of Supervisory Board Members from among people diverse in terms of gender, age, education and professional experience to gain different points of view and experience and enable independent opinions and sound decisions within their functions.
 - b) support implementation of the Bank's strategic goals by ensuring high-quality performance of the function and tasks entrusted by the Supervisory Board, by promoting election of competent persons to perform functions in the Supervisory Board, applying the criteria stemming from the Policy by leveraging the benefits of Diversity.

2. APPLICATION OF THE PRINCIPLES OF DIVERSITY

- 2.1. To achieve the best results, the Principles encompass and make use of differences which, in addition to the criteria referred to in the Policy, arise from the field of education, experience, gender and age. In particular, the Principles promote selection for the positions of Members of the Supervisory Board with consideration for the principle of diversity, i.e. ensuring equal opportunity in the processes for women and men regardless of their age, who have diverse individual knowledge, skills and experience which are at the same time adequate to the positions held by them and the entrusted duties, and which complement each other to ensure an appropriate level of collective supervision over Bank management, which is verified in a collective assessment of the suitability of the Supervisory Board in accordance with the Policy.
- 2.2. The Bank strives to ensure sufficient representation of both genders on the Supervisory Board. If, in the course of assessing a candidate for the position of a Supervisory Board Member, the Committee finds a possible underrepresentation of a gender on the Supervisory Board, the Committee shall define the target value of the underrepresented gender on the Supervisory Board and forward that target value, along with a recommendation, to the Bank's General Meeting.
- 2.3. The Bank seeks to ensure representation of Supervisory Board Members with diverse knowledge on the Supervisory Board.
- 2.4. The Bank seeks to ensure representation of Supervisory Board Members with varied experience on the Supervisory Board.

- 2.5. The Bank appreciates the positive impact of Diversity on building the Bank's culture and values, and takes steps to enable the appropriate diversity of Supervisory Board Members. Taking into account the results of the comparative diversity analysis published by relevant authorities or organizations, the Bank constantly undertakes measures to ensure Diversity.
- 2.6. Remuneration of Supervisory Board Members is gender-neutral.
- 2.7. Ensuring the need for Diversity on the Supervisory Board shall not impair proper supervision over the management of the Bank.

FINAL PROVISIONS

- 3.1. During the assessment of the composition of the Supervisory Board, the Committee documents its compliance with these Principles. If the assessment is unfavorable, the Committee submits the assessment to the Bank's General Meeting together with a recommendation to take steps to ensure compliance of the Supervisory Board with these Principles. The records shall be kept and stored at the Corporate Services Office.
- 3.2. The Principles shall apply without prejudice to mandatory provisions of law.
- 3.3. To the extent not covered by the Principles, provisions of the Policy, generally applicable laws and separate internal regulations and procedures in force at the Bank shall apply.