



**Report on activities  
of the Supervisory Board  
of Bank BGŻ BNP Paribas S.A.  
in 2015**



**BGŻ BNP PARIBAS**

Bank zmieniającego się świata

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## Composition of the Supervisory Board in 2015

The composition of the Supervisory Board of Bank BGŻ as at 1 January 2015 was as follows:

Name and surname	Function in the Bank's Supervisory Board
Jean-Paul Sabet	Chairman of the Supervisory Board
Jean Lemierre	Vice Chairman of the Supervisory Board
Jarosław Bauc	Member of the Supervisory Board
Dariusz Filar	Member of the Supervisory Board
Michel Vial	Member of the Supervisory Board
Mariusz Warych	Member of the Supervisory Board

Changes in the composition of the Bank's Supervisory Board in 2015:

- On 23 April 2015, Mr Dariusz Filar resigned from his function of a Member of the Bank's Supervisory Board effective 30 April 2015, upon closing the Supervisory Board meeting held on 30 April 2015.
- On 15 June 2015, Mr Jean Lemierre resigned from his function of a Member of the Bank's Supervisory Board and Deputy Chairman of the Bank's Supervisory Board, effective 19 June 2015.
- On 19 June 2015, the Annual General Meeting of the Bank appointed Mr Jacques d'Estais, representing the BNP Paribas Group, and Ms Monika Nachyła, representing the Rabobank Group, to the Bank's Supervisory Board.
- Effective 31 August 2015, Mr Michel Vial resigned from his function of a Member of the Bank's Supervisory Board.
- On 1 September 2015, the Extraordinary General Meeting of the Bank appointed the following new members to the Bank's Supervisory Board: Stefaan Decraene, Alain Van Groenendael, Thomas Mennicken, Piotr Mietkowski and Józef Wancer, till the end of the current three-year term of office ending on the date of the Bank's Annual General Meeting held to approve 2015 financial statements.
- On 1 December 2015, the District Court for the capital city of Warsaw in Warsaw, XII Commercial Division of the National Court Register, registered amendments to the Bank's Articles of Association adopted by the Extraordinary General Meeting of the Bank on 1 September 2015. Article 16 para. 2 of the Bank's Articles of Association reads as follows: "2. The Supervisory Board elects the Chairman and Vice Chairmen from among its members." Thus the condition included in the conditional resolution of the Supervisory Board dated 1 September 2015 regarding the appointment of Mr Jean-Paul Sabet to the position of the Deputy Chairman of the Bank's Supervisory Board, was fulfilled.

The composition of the Bank's Supervisory Board as at 31 December 2015 was as follows:

Name and surname	Function in the Bank's Supervisory Board
Józef Wancer	Chairman of the Supervisory Board
Jarosław Bauc	Deputy Chairman of the Supervisory Board, independent
Jean-Paul Sabet	Deputy Chairman of the Supervisory Board
Stefaan Decraene	Member of the Supervisory Board
Jacques d'Estais	Member of the Supervisory Board
Alain Van Groenendael	Member of the Supervisory Board
Thomas Mennicken	Member of the Supervisory Board
Piotr Mietkowski	Member of the Supervisory Board
Monika Nachyła	Member of the Supervisory Board
Mariusz Warych	Supervisory Board's member, independent

## Independence of the Supervisory Board members in 2015

There are two independent members of the Supervisory Board:

Name and surname	
Jarosław Bauc	Deputy Chairman of the Supervisory Board
Mariusz Warych	Member of the Supervisory Board

According to the Articles of Association, at least two members should be independent. Mr Jarosław Bauc and Mr Mariusz Warych meet statutory requirements concerning independent members of the Supervisory Board:

- they do not hold and have not held, within the last five years, the function of a member of the Management Board or another managerial function, regardless of the legal form of employment, whether in the Bank, its subsidiaries or parent entity;
- they are not and have not been employed in the Bank, its subsidiaries or parent entity, or in associated entities of the Bank, within the last three years;
- they do not receive any additional remuneration apart from the consideration due for the membership in the Supervisory Board, or any other financial benefits from the Bank, its subsidiaries or parent entity, with the exception of benefits owed to the Supervisory Board member as a consumer who has entered into an agreement on standard terms with the Bank, its subsidiary or parent entity;
- they are not shareholders or members of the management, managerial personnel or employees of the shareholder holding shares representing more than 5% of the total number of votes at the General Meeting of the Bank, nor are members of the management, managerial personnel or employees of the shareholder of the Bank holding such number of shares which makes it possible to effectively control the Bank;
- they have not had, during the year preceding the election for the Supervisory Board and does not currently have, any material commercial or business connections with the Bank, its subsidiaries and parent entity which could significantly affect their independence;
- they are not and have not been within the last three years chartered auditors or employees, members of the management, managerial personnel or shareholders of an entity providing chartered auditor's services to the Bank, its subsidiaries or parent entity;
- they are not members of a management board in another company in which a member of the Bank Management Board is a member of the supervisory board;
- they do not have material connections with members of the Bank Management Board manifested in the joint shareholding in other companies or governing bodies of those companies;
- they are not and have not been, within the last three years, a spouse, partner or relative of a member of the Bank Management Board, or an employee holding a position in the Bank which is directly subordinated to the Bank Management Board or a member of the Bank Management Board.

## Work of the Supervisory Board in 2015

The Supervisory Board of Bank BGŻ BNP Paribas SA has permanently supervised the Bank's business activity in all its areas.

In 2015, eleven meetings of the Supervisory Board were held. Furthermore, the Supervisory Board passed 139 resolutions.

In 2015, the Supervisory Board addressed the following:

- approved financial statements for 2014 and recommended that the AGM should approve the discharge of duties performed by the Bank's Management Board Members in 2014,
- chose the statutory auditor to audit and review financial statements of Bank BGŻ BNP Paribas SA (both the separate financial statements of the Bank and consolidated financial statements of the Group) in the years 2015-2017 and decided on an earlier termination of cooperation with the existing auditor, i.e. KPMG Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa,
- agreed to taking subordinated loans with BNP Paribas SA,
- approved the acquisition of shares of Sygma Bank SA and Laser Services Polska SA,
- passed a resolution on the plan of merger of Bank BGŻ BNP Paribas SA and Sygma Bank Polska SA and on the adoption of the "Business Plan of the Merger of Bank BGŻ BNP Paribas S.A. and Sygma Bank Polska S.A.,"
- agreed to granting a subordinated loan to Sygma Bank Polska SA,
- passed a resolution regarding the approval of the Organisational Regulations of Bank BGŻ BNP Paribas Spółka Akcyjna,
- passed a resolution regarding an approval of the updated "Business Plan of the Merger of Bank BGŻ BNP Paribas S.A. and Sygma Bank Polska S.A.,"
- performed the adequacy assessment of the Management Board Members, pursuant to the "Policy of the Adequacy Assessment of the Management Board Members and Key Function Holders in Bank BGŻ,"
- passed a resolution regarding changes in the Management Board composition,
- passed a resolution regarding the approval of the Bank's development strategy with respect to bancassurance activity,
- passed resolutions regarding determination of rules and amount of remuneration of the Management Board Members,
- passed a resolution regarding the approval of the Internal Audit Charter and new Regulations of the Internal Audit Committee of Bank BGŻ BNP Paribas SA,
- passed a resolution regarding the approval of the Risk Management Strategy in Bank BGŻ BNP Paribas SA, Operational Risk Management Strategy in Bank BGŻ BNP Paribas SA, Capital Management Rules in Bank BGŻ BNP Paribas SA, Methodology of the Internal Capital Adequacy Assessment Process in Bank BGŻ BNP Paribas SA and Internal Control Policy in Bank BGŻ BNP Paribas SA,
- passed a resolution regarding approval of reports on the review of ICAAP and material risks in Bank BGŻ and also the update of regulations and studies related to that process,
- passed a resolution regarding the approval of the "List of Managerial Positions in BGŻ SA" within the meaning of Resolution no. 258/2011 of the Polish Financial Supervision Authority ("KNF") dated 4 October 2011, and Regulatory Technical Standard determined in the Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014, to the extent applicable to the Bank's Management Board.

## **Committees at the Supervisory Board in 2015**

The Supervisory Board establishes internal committees appointed from among members of the Supervisory Board:

- Internal Audit Committee of the Bank,
- Human Resources and Remuneration Committee.

### ***Internal Audit Committee of the Bank***

Composition of the Committee in 2015:

- Jarosław Bauc – Chairman,
- Dariusz Filar – Member (resigned effective 30 April upon closing the meeting of the Supervisory Board on 30 April)
- Jean-Paul Sabet – Member,
- Michel Vial – Member (resigned effective 31 August),
- Mariusz Warych – Member,
- Monika Nachyła – Member (appointed on 8 July).

Number of meetings held: 4

The Bank's Internal Audit Committee was presented the results of both internal and external controls, information on the implementation of audit recommendations and KNF guidelines, risk reports, compliance activity reports, information regarding review of the risk in the Bank's activity, documents concerning risk appetite, reports on restructuring and debt collection activities and operational risk reports.

### ***Human Resources and Remuneration Committee***

Composition of the Committee in 2015:

- Jean Lemierre – Member (resigned effective 19 June),
- Jean-Paul Sabet – Member (until 8 July), Chairman (appointed on 8 July),
- Jacques d'Estais – Member (resigned on 1 September),
- Stefaan Decraene – Member (appointed on 1 September),
- Józef Wancer – Member (appointed on 1 September).

Number of meetings held: 1

The issues that Human Resources and Remuneration Committee discussed included determination of the amount considered especially high, above which 60% of the variable compensation base amount of the Management Board Members and other MRTs is deferred. Furthermore, issues addressed by the Supervisory Board included changes in the composition of the Management Board, amendments to rules and amount of remuneration of the Management Board Members, assessment of targets achieved by individual Members of the Management Board in 2014, adequacy of the Management Board Members assessed pursuant to the "Policy of the Adequacy Assessment of the Management Board Members and Key Function Holders in Bank BGŻ."

## **Self-assessment of the Supervisory Board work in 2015**

The Supervisory Board of Bank BGŻ BNP Paribas SA states that in 2015 it adequately permanently supervised the Bank's business activity in all its areas pursuant to the applicable law and the Bank's Articles of Association.

### **Assessments made by the Supervisory Board in 2015**

***An assessment of the Bank's compliance with the disclosure obligations concerning compliance with the corporate governance principles, duties defined in the Exchange Rules and regulations on current and periodic reports published by issuers of securities.***

In the opinion of the Supervisory Board, in 2015 the Bank's Management Board adequately performed disclosure obligations under the corporate governance principles, duties defined in the Exchange Rules and regulations on current and periodic reports published by issuers of securities.

***Assessment of the policy regarding the election of Members of the Bank's Management Board or Supervisory Board as regards ensuring versatility and diversity of such authorities, including with respect to gender, education, age and professional experience.***

In 2015, the Bank neither approved nor implemented any policy to ensure versatility and diversity in the election of the Bank's Management Board and Supervisory Board Members. At the Bank, there are no regulations concerning adequate representation of persons in the Management Board and Supervisory Board with respect to gender or age.

As regards the appropriate composition of the Management Board and Supervisory Board in terms of education and experience, in 2015 the Bank applied the rules arising from the Bank's Articles of Association, that is:

- 1) at least two Management Board Members, including the President, should have knowledge and experience that enable stable and prudent management of the Bank. Indeed, at least half of the Bank's Management Board Members have good knowledge of the banking market in Poland, i.e. they have permanent residence in Poland, have a good command of Polish and appropriate experience on the Polish market (Article 21 para. 2-4 of the Bank's Articles of Association).
- 2) at least half of the Bank Supervisory Board members have good knowledge of the banking market in Poland, i.e. they have a good command of Polish and appropriate experience on the Polish market (Article 16 para. 1 of the Bank's Articles of Association).