

Report on activities of the Supervisory Board

AND ITS COMMITTEES IN 2020 TOGETHER WITH THE ASSESSMENTS INDICATED IN RULE II.Z.10 OF THE 2016 CORPORATE GOVERNANCE OF LISTED COMPANIES AND ASSESSMENT OF THE BANK'S COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE FOR THE SUPERVISED INSTITUTIONS OF 22 JULY 2014 ISSUED BY THE POLISH FINANCIAL SUPERVISION



BNP PARIBAS



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1. COMPOSITION OF THE SUPERVISORY BOARD OF BNP PARIBAS BANK POLSKA S.A. IN 2020.

The composition of the Bank's Supervisory Board as at 1 January 2020 was as follows:

Name and surname	Function held in the Supervisory Board of the Bank
Józef Wancer	Chairman of the Supervisory Board
Jarosław Bauc	Deputy Chairman, Independent Member of the Supervisory Board
Jean-Paul Sabet	Deputy Chairman of the Supervisory Board
Francois Benaroya	Member of the Supervisory Board
Stefaan Decraene	Member of the Supervisory Board
Magdalena Dziewguć	Independent Member of the Supervisory Board
Michel Falvert	Member of the Supervisory Board
Sofia Merlo	Member of the Supervisory Board
Piotr Mietkowski	Member of the Supervisory Board
Monika Nachyła	Member of the Supervisory Board
Stéphane Vermeire	Member of the Supervisory Board
Mariusz Warych	Independent Member of the Supervisory Board

Changes in the composition of the Bank's Supervisory Board between 1 January and 31 December 2020:

- On 19 March 2020 Mr Michel Falvert stepped down as the member of the Supervisory Board of the Bank,
- On 29 June 2020, the Ordinary General Meeting of the Bank appointed Mr Vincent Metz to the Bank's Supervisory Board until the end of the current five-year joint term of office of the Members of the Supervisory Board,
- On 29 June 2020 the Ordinary General Meeting of the Bank appointed Ms Lucyna Stańczak-Wuczyńska to the Bank's Supervisory Board, effective 1 December 2020 until the end of the current five-year joint term of office of the Members of the Supervisory Board,
- On 29 June 2020 Ms Monika Nachyła stepped down as the member of the Supervisory Board of the Bank, effective 30 November 2020,
- On 10 December 2020 the Supervisory Board resolved in writing to appoint Ms Lucyna Stańczak-Wuczyńska as the Vice-Chairperson of the Bank's Supervisory Board and dismissed Mr Jarosław Bauc from the vice chair position.



The composition of the Supervisory Board of the Bank as at 31 December 2020 was as follows::

Name and surname	Function held in the Supervisory Board of the Bank
Józef Wancer	Chairman of the Supervisory Board
Lucyna Stańczak-Wuczyńska	Deputy Chairman, Independent Member of the Supervisory Board
Jean-Paul Sabet	Deputy Chairman of the Supervisory Board
Jarosław Bauc	Independent Member of the Supervisory Board
Francois Benaroya	Member of the Supervisory Board
Stefaan Decraene	Member of the Supervisory Board
Magdalena Dziewguć	Independent Member of the Supervisory Board
Vincent Metz	Member of the Supervisory Board
Sofia Merlo	Member of the Supervisory Board
Piotr Mietkowski	Member of the Supervisory Board
Stéphane Vermeire	Member of the Supervisory Board
Mariusz Warych	Independent Member of the Supervisory Board



2. INDEPENDENCE OF THE SUPERVISORY BOARD MEMBERS

There are four independent members of the Supervisory Board:

Name and surname	
Lucyna Stańczak-Wuczyńska	Vice-Chairman of the Supervisory Board
Jarosław Bauc	Member of the Supervisory Board
Magdalena Dziewguć	Member of the Supervisory Board
Mariusz Warych	Member of the Supervisory Board

According to the Articles of Association of the Bank, at least two members should be independent. As at 31 December 2020 Ms Lucyna Stańczak-Wuczyńska, Ms Magdalena Dziewguć, Mr Jarosław Bauc and Mr Mariusz Warych met independence requirements (criteria concerning independent members of the Supervisory Board are set forth in Art. 16 of the Articles of Association of the Bank), including:

- 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 affiliated entities of the Bank, within the last three years;
- they have not received any additional remuneration apart from the compensation 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 due 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 materially 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 any material connections with members of the Bank's 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.

The respective Members of the Supervisory Board meet the independence criteria stipulated in Article 129 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws of 2017, 1421, consolidated text, as amended).



3. ACTIVITIES OF THE SUPERVISORY BOARD IN 2020

The Supervisory Board of the Bank has permanently supervised the Bank's activity in all its areas.

The composition of the Supervisory Board of BNP Paribas Bank Polska S.A. guaranteed a high level of qualifications, competence and extensive professional experience, ensuring an appropriate level of collective supervision over all areas of the Bank's operations, also allowing the Board Members to carry out a thorough examination and provide opinions on presented issues, and to express a wide range of views while assessing the work of the Management Board and functioning of the Bank.

In 2020 the Supervisory Board performed its duties set forth in law provisions and Articles of Association of the Bank, defined in the General Plan of Work for the Supervisory Board in 2020. Furthermore, the Supervisory Board was kept abreast of the most important events and decisions of the Management Board, also in respect of the Covid-19 pandemic; regular information updates provided it with adequate knowledge about the Bank's standing, macroeconomic situation, as well as market environment, and their impact on projected earnings and Bank's growth plans.

In 2020, 15 meetings of the Supervisory Board were held. The attendance rate of the Supervisory Board Members stood at 83.29%. Furthermore, the Supervisory Board passed resolutions in writing. The Supervisory Board adopted a total of 93 resolutions in 2020.

While discharging its duties, the Supervisory Board carried out, among others, the following tasks:

- assessed and provided the Ordinary General Meeting with the Appraisal Report of the Supervisory Board on the Standalone Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2019, the Consolidated Financial Statements of the Capital Group of BNP Paribas Bank Polska S.A. for the year ended 31 December 2019, and on the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2019 (including the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. in 2019), CSR and Sustainability Report presenting non-financial information of BNP Paribas Bank Polska S.A. and BNP Paribas Bank Polska S.A. Capital Group in 2019 and on the motion of the Management Board on the distribution of profit for the fiscal year 2019 together with the assessment of adequacy and effectiveness of the internal control system in the Bank in 2019.
- discussed the Bank's interim financial statements and results of each business line.
- passed resolution on the position concerning allocation of BNP Paribas Bank Polska S.A. net profit for the financial year 2019.
- passed resolution on approval of "Capital Contingency Plan of BNP Paribas Bank Polska S.A".
- passed resolution on the approval of the "Risk Appetite at BNP Paribas Bank Polska S.A."
- passed resolution on approval of the updated "BNP Paribas Bank Polska S.A. Recovery Plan".
- passed resolution on the approval of "BNP Paribas Bank Polska SA Capital Management Policy".
- passed resolution on the approval of "Policy on internal capital adequacy assessment process in BNP Paribas Bank Polska S.A."
- passed resolution on the approval of the Risk Strategy at BNP Paribas Bank Polska S.A.
- passed resolution on the approval of "Investment Strategy of BNP Paribas Bank Polska S.A."
- passed resolution on the approval of the "Rules of review of the internal capital adequacy assessment and maintenance process (ICAAP) in BNP Paribas Bank Polska S.A."
- passed resolution on the approval of the BNP Paribas Bank Polsks S.A. Capital Plan for 2021-2023.
- passed resolution on the approval of "Strategy for operational risk management in BNP Paribas Bank Polska S.A."
- passed resolution on the approval of "Strategy of Internal Audit Line for the years 2018-2020 in BNP Paribas Bank Polska S.A."
- passed resolution on the approval of the Internal Audit Plan for 2020 and Multi Year Audit Plan.
- passed resolution on the approval of the "Internal Audit Charter of BNP Paribas Bank Polska S.A."
- passed resolution on the approval of the "Compliance Policy in BNP Paribas Bank Polska S.A."
- discussed and passed resolution on adoption of the 2021 financial plan and financial assumptions for the years 2022-2023.
- passed resolution on the approval of the "Remuneration policy for employees of BNP Paribas Bank Polska S.A."



- passed resolution on the approval of the change of the basic remuneration and approval of the variable remuneration of Compliance Line Managing Director and Internal Audit Line Managing Director.
- passed resolutions on amendments to the Articles of Association of BNP Paribas Bank Polska S.A and adoption of the consolidated text of the Articles of Association.
- passed resolutions on changes in the composition of the Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee.
- passed resolutions regarding approval of the By-Laws of the Supervisory Board and Management Board and approved the Nomination Committee By-laws and Remuneration Committee By-Laws.
- passed resolution on opinion to the draft Regulations of the General Meeting of BNP Paribas Bank Polska Spółka Akcyjna.
- passed resolution on an opinion on the draft Agenda proposed for the Ordinary General Meeting of BNP Paribas Bank Polska S.A. planned to be held on 29 June 2020.
- approved periodic reports on the implementation of the Bancassurance Policy in BNP Paribas Bank Polska S.A. and the principles of Accounting Policy in this area.
- acquainted itself with the topics discussed during the meetings of the Audit Committee, Risk Committee as well as Remuneration Committee and Nomination Committee.
- reviewed the annual reports on activities of the Compliance Line and Internal Audit Line.
- Furthermore, the Supervisory Board passed resolutions on changes in the Management Board, variable and fixed remuneration of the Management Board Members, adequacy assessment of new members of the Management Board and of the Supervisory Board, likewise on collective periodical adequacy assessment of the Supervisory Board Members and of the Management Board Members, internal division of competence in the Management Board, verification of the level of target realisation by the Members of the Bank's Management Board in 2019 and approval of annual targets for the Management Board Members for 2020.

In addition, the Supervisory Board monitored the financial results and capital situation of the Bank. The great emphasis was placed on the level of the capital ratios of the Bank and measures aimed at maintaining the capital ratios at the required level. The Supervisory Board was also informed by the Management Board of the priorities and approach adopted toward financing, liquidity management, capital management, risk management, including the credit risk, and cost management.



4. COMMITTEES OF THE SUPERVISORY BOARD IN 2020

The Supervisory Board has established internal committees composed of the Supervisory Board Members that play the advisory and consulting role for the Supervisory Board. The purpose of the committees is to streamline the work of the Supervisory Board by preparing, on a current basis, opinions, recommendations and proposals for decisions with regard to motions submitted to the Supervisory Board for consideration.

The table below shows the composition of the respective Committees of the Supervisory Board as at 31 December 2020.

Name and surname	Function held in the Supervisory Board	Committees of the Supervisory Board			
		Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee
Józef Wancer	Chairman			Member	Member
Lucyna Stańczak-Wuczyńska	Vice-Chairman Independent Member	Member	Member	Member	Member
Jean-Paul Sabet	Vice-Chairman			Chairman	Chairman
Jarosław Bauc	Independent Member	Member			
Francois Benaroya	Member	Member	Chairman	Member	Member
Stefaan Decraene	Member				
Magdalena Dzięwguć	Independent Member				
Vincent Metz	Member				
Sofia Merlo	Member				
Piotr Mietkowski	Member				
Stéphane Vermeire	Member				
Mariusz Warych	Independent Member	Chairman	Member		



4.1. AUDIT COMMITTEE

Number of meetings held: 6

The mission of the Audit Committee is to support the Supervisory Board in monitoring the reliability of financial information, the effectiveness of the internal control system, monitoring the performance of financial audit activities and ensuring the effectiveness of the Bank's internal audit function, through overseeing the activities of the Internal Audit Line, ensuring the flow of information and good cooperation between the external auditor (statutory auditor), internal audit and the Supervisory Board, likewise drawing up an annual report on the Committee activities, factoring in assessment of areas overseen by the Committee as well as measures taken and their effects.

The Audit Committee oversees the activity of the external auditor. It issues recommendations to the Supervisory Board on the selection or resignation from the services of an entity authorized to audit financial statements, monitors compliance with the auditor's independence and objectivity principles, as well as the principles of information exchange. Its tasks also include supervision over the external auditor's work and periodic evaluation of the auditor's performance.

In line with its competences, in 2020, the Audit Committee discussed, among others, financial statements of the Bank and the Bank's Capital Group for the year 2019, quarterly and interim reports for the year 2020 as well as the report presenting non-financial information in 2019, quarterly and interim financial statements for the year 2020. Performance of the external auditor was also subject to assessment by the Committee. The Audit Committee reviewed the Audit Plan of the Internal Audit Line and action plan of the Compliance Line, periodic reports on the activity in the said areas, as well as the annual Report of the Management Board on the adequacy and effectiveness of the internal process.

In addition, the Audit Committee reviewed periodic reports on the status of audit recommendations and the implementation of the recommendations of the Financial Supervision Authority, verified the updated accounting, audit and compliance regulations and recommended their adoption to the Supervisory Board.

The focal points of the Audit Committee included issues related to the General Ledger project (End-of-Month Improvement Project) and the model for calculating provisions in connection with the European Court of Justice (CJEU) ruling of 3 October 2019 regarding foreign currency/CHF-denominated mortgage loans.

The Audit Committee monitored on a current basis the compliance with the principle of independence and objectivity of the Bank's external auditor and the entity authorized to audit financial statements - Mazars and closely supervised the work performed by the external auditor.

The Committee reviewed and monitored key areas in terms of significant control mechanisms, including mechanisms underpinning financial and operational control and ensuring compliance with regulatory requirements. While performing its monitoring duties with regard to the effectiveness of the internal control system and risk management system, the Audit Committee analysed, among others, the Report of the Management Board on the adequacy and effectiveness of the internal control system in 2019, acknowledged and recommended to the Supervisory Board the approval of the amended Compliance Policy, reviewed the Extended Report on the activity of the Compliance Line in 2019 and Quarterly Reports on the Compliance Line activity, including information on the compliance risk.

The Committee examined and approved the Report on the Internal Audit Line activity for 2019 and Periodic Reports on Internal Audit Line activity, periodic information on recommendations under scrutiny and the implementation of recommendations issued by the Polish Financial Supervision Authority (KNF). Furthermore, the Audit Committee reviewed the internal audit regulations (Audit Charter and Strategy), and recommended their acceptance to the Supervisory Board.

The Audit Committee comprises four members, three of whom are independent Members of the Supervisory Board, in accordance with the independence criteria defined in Art. 16(4) of the Bank's Articles of Association and the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Composition of the Audit Committee as at 31 December 2020

Mariusz Warych - Chairman of the Committee (independent member);

Jarosław Bauc – Member of the Committee (independent member);

Francois Benaroya – Member of the Committee;

Lucyna Stańczak-Wuczyńska* - Member of the Committee (independent member).

** Ms Lucyna Stańczak-Wuczyńska has held the function of the Audit Committee Member since 10 December 2020 (prior to the date, the Audit Committee comprised three members)*



4.2. RISK COMMITTEE

Number of meetings held: 4

The mission of the Risk Committee is to support the Supervisory Board in performance of its supervisory duties pertaining to the risk management, and in particular: giving an opinion on the Bank's overall current and future risk appetite, providing an opinion on the strategy developed by the Bank's Management Board on the risk in the Bank's activities, and on the information submitted by the Management Board on the implementation of this strategy. The Committee's duties also include supporting the Supervisory Board in overseeing the implementation of the risk management strategy by senior management and verifying that the prices of liabilities and assets offered to customers fully reflect the Bank's business model and its risk strategy. In the event that these prices fail to adequately reflect the risks in line with the model and strategy, the Risk Committee submits proposals to the Bank's Management Board to ensure that the prices of liabilities and assets match these risks.

While fulfilling its role in 2020, the Risk Committee reviewed and approved the following documents: Quarterly Credit and Operational Risk Dashboards, ALMT Risk Dashboard together with information on market risk, liquidity and counterparty risk, likewise capital requirements, Recovery Plan indicators and risk appetite indicators. The Risk Committee took on board the information on the results of the review of the Operational Risk Strategy for 2019, accompanied by the information on the organization of anti-fraud process and tools applied in the process. The Committee carried out the review of the implementation of the requirements imposed on the Bank as a result of KNF recommendations, namely, the retail exposure management policy to the extent required by the Recommendation T (KNF), the policy regarding management of mortgage-secured exposures, to the extent required by the Recommendation S (KNF), and the concentration risk management policy, to the extent required by the Recommendation C (KNF). The Bank's internal capital assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP) were also reviewed.

Moreover, the Committee was kept informed of the situation of the trading book of the Bank and execution of operational targets of the Bank's NPL Strategy. In 2020, in view of the Covid-19 pandemic, the Committee concentrated its attention on the impact of the pandemic on the Bank, by reviewing the Bank's preparedness to withstand the pandemic-related threats in the areas of the Bank's security, operational risk, credit risk, legal risk, cost of risk and internal control system.

The Risk Committee examined and recommended to the Supervisory Board passing the relevant resolutions on the Risk Strategy in BNP Paribas Bank Polska S.A., Strategy for the Operational Risk Management in the BNP Paribas Bank Polska S.A, Investment Strategy of BNP Paribas Bank Polska S.A., ICAAP Process Review Rules, Stress Tests Methodology. BNP Paribas Bank Polska S.A., Risk Appetite, Policy on internal capital adequacy assessment process in BNP Paribas Bank Polska S.A.

The Committee comprises at least three members appointed from among the Supervisory Board Members.

Composition of the Risk Committee as at 31 December 2020

Francois Benaroya – Chairman of the Committee

Mariusz Warych - Member of the Committee (independent member)

Lucyna Stańczak-Wuczyńska* - Member of the Committee (independent member)

**Until 30 November 2020 Ms Monika Nachyła was the Member of the Risk Committee; Ms Nachyła resigned effective 30 November 2020. Ms Lucyna Stańczak-Wuczyńska joined the Committee on 10 December 2020.*

The Committee holds meetings as frequently as needed in order to effectively fulfil its mission, but at least once every six months, at dates predetermined by the Chairman.

4.3. REMUNERATION COMMITTEE

Number of meetings held: 5 meetings (including one meeting in writing)

The mission of the Remuneration Committee is to assist the Supervisory Board in fulfilling its supervisory obligations in the area of the human resources management through monitoring and supervising key processes, especially human resources policy, professional development of employees and remuneration policy. The competencies of the Committee include among others: analysing the performance of the Management Board members and

presenting to the Supervisory Board proposals of recommendations in this respect as well as recommending to the Supervisory Board the key performance indicators for the Management Board members, giving opinions and monitoring succession plans for key positions in the Bank, monitoring the level and structure of remuneration for



persons holding key positions in the Bank and presenting to the Supervisory Board annual information on the employment and remuneration structure in the Bank.

When performing its tasks in 2020, the Remuneration Committee, among others, discussed the changes in the composition of the Management Board, verified the level of target realisation by the specific Management Board Members and determined the base amount of variable remuneration for 2019 for the Members of the Management Board. The discussions held by the Committee also touched upon changes to the rules of remuneration and variable remuneration of the Management Board Members, as well as the remuneration rules and amount for a new Member of the Management Board. The Committee acquainted itself with the information on monitoring of variable remuneration paid to senior managers responsible for risk management and also for compliance of the Bank's activity with law provisions and internal regulations. It verified and assessed the adherence to the Remuneration Policy in the Bank and analysed variable remuneration components of persons responsible for control functions at the Bank, i.e. managing the internal audit unit, compliance unit, organisational units in charge of risk management at the second level. The Committee's tasks also entailed examining the issues regarding discretionary bonuses, achievement of targets by the Management Board Members for the previous year and determination of targets for 2020. The Committee also analysed MRT remuneration practices and policies in force at BNP Paribas Bank Polska S.A. in relation to the position of the Polish Financial Supervision Authority (KNF) of 17 April 2020 regarding variable remuneration components in banks and insurance companies approved the changes in the By-laws of the Remuneration Committee and recommended their approval to the Supervisory Board.

The Committee comprises at least three members appointed from among the Supervisory Board Members.

Composition of the Remuneration Committee as at 31 December 2020

Jean-Paul Sabet – Chairman of the Committee

Józef Wancer – Member of the Committee

Francois Benaroya – Member of the Committee

Lucyna Stańczak-Wuczyńska* - Member of the Committee (independent member)

** Ms Lucyna Stańczak-Wuczyńska has held the function of the Remuneration Committee Member since 10 December 2020 (prior to the date, the Committee comprised three members).*

4.4. NOMINATION COMMITTEE

Number of meetings held: 9 meetings (including three meetings in writing)

The mission of the Nomination Committee is to assist the Supervisory Board in performance of its duties as regards assessment of qualifications of candidates for the Management Board members and the Supervisory Board members, defining the scope of the responsibilities of a candidate for the Management Board of the Bank, likewise the requirements as to the knowledge and competences and expected commitment in terms of time devoted to performance of the relevant function. The Committee duties also include performance of a periodic assessment (at least once a year) of the knowledge, competences and experience of the Management Board as a whole and of the respective Members of the Management Board. The structure, size and effectiveness of the Management Board's operations are also evaluated by the Committee that recommends possible changes in this respect to the Supervisory Board. The Committee is also tasked with formulating and updating the Policy on the assessment of suitability of Members of the Supervisory Board, Members of the Management Board and Key Function Holders at BNP Paribas Bank Polska S.A., followed by the Bank. The Policy effectiveness is monitored by the Committee that also reviews it periodically and submits relevant recommendations to the Management Board. Furthermore, the Nomination Committee oversees the key processes, including succession plans or employee development plans, provides the Supervisory Board with recommendations as to appointment and succession for the key position holders; in addition, it recommends reduction or increase of the number of the Management Board Members.

While performing its tasks in 2020, the Committee conducted periodic assessment of individual and collective adequacy of the Supervisory Board Members and Management Board Members, likewise the adequacy assessment of candidates for the members of the Supervisory Board and of the Management Board. Moreover, the Nomination Committee discussed the changes in the Policy on the assessment of suitability of Members of the Supervisory Board, Members of the Management Board and Key Function Holders at BNP Paribas Bank Polska S.A.



Composition of the Nomination Committee as at 31 December 2020:

Jean-Paul Sabet – Chairman of the Committee

Józef Wancer – Member of the Committee

Francois Benaroya – Member of the Committee

Lucyna Stańczak-Wuczyńska* - Member of the Committee (independent member)

** Ms Lucyna Stańczak-Wuczyńska has held the function of the Nomination Committee Member since 10 December 2020 (prior to the date, the Committee comprised three members).*

The Committee holds meetings as frequently as needed in order to effectively fulfil its mission, at dates predetermined by the Chairman.



5. SELF-ASSESSMENT OF THE SUPERVISORY BOARD WORK IN 2020

The Supervisory Board of BNP Paribas Bank Polska S.A. states that in 2020 it duly exercised constant supervision over the Bank's activity in all its areas pursuant to the applicable law and the Bank's Articles of Association. It is the view of the Supervisory Board that it fulfils its obligations diligently and effectively, constantly overseeing the Bank's operations and development in all areas of its activity, whereas its composition guaranteed a high level of qualifications, competence and extensive professional experience as well as knowledge of the Polish financial market, ensuring an appropriate level of collective supervision over all areas of the Bank's operations. In the opinion of the Supervisory Board, professional experience and diversified competences of the members of the Supervisory Board enable them to examine thoroughly and provide opinions on presented issues, and to express a wide range of views while assessing the work of the Management Board and functioning of BNP Paribas Bank Polska S.A.

The Supervisory Board positively assessed the cooperation with the Management Board, stressing reliability and accuracy of the information provided by the Management Board. Furthermore, the Supervisory Board recognized active participation of the Management Board in meetings of the Supervisory Board (presentation of motions submitted to the Supervisory Board and provision of relevant clarifications).

In 2020 all the Members of the Supervisory Board actively participated in the Board's meetings and showed commitment to duly perform their duties, whilst the current situation of the Bank, market changes as well as best practices and standards followed by listed companies, were taken into consideration during discussions.

The number and duration of the meetings, paired with the access to resources, proved sufficient for the Supervisory Board to fully meet its obligations, whereas the documents prepared for the Supervisory Board contained important information and were provided for the meetings sufficiently in advance.

The value of the documents submitted for meetings of the Supervisory Board, in terms of their substance, was assessed highly.



6. ASSESSMENTS MADE BY THE SUPERVISORY BOARD IN 2020

6.1. ASSESSMENT OF THE COMPANY'S STANDING INCLUDING AN ASSESSMENT OF THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS AND THE INTERNAL AUDIT FUNCTION; SUCH ASSESSMENT SHOULD COVER ALL SIGNIFICANT CONTROL MECHANISMS, IN PARTICULAR FINANCIAL REPORTING AND OPERATIONAL ACTIVITY

With respect to the internal control system, the Supervisory Board positively assesses the internal control model integrating all three lines of defence, implemented at the Bank in compliance with the KNF Recommendation H.

At the same time, the Supervisory Board asserts that the system of internal control is adequate and effective, except for gaps detected during the control processes, impacting the Bank's risk profile, including the increased risk level in the following areas:

- the Bank's depositary activity,
- external frauds,
- Internal frauds (including cooperation with informal intermediaries),
- customer complaint processing,
- organisation of the process of authorising customer transfers in the remote work conditions (lack of system support for necessary controls),
- credit administration,
- user access rights to the systems (including the core banking system and authorisation limits for client transactions),
- opening accounts for individual customers.

All identified gaps were tackled by relevant action plans addressing the deficiencies. With respect to material deficiencies of the internal control system, the Supervisory Board monitored implementation of actions plans.

6.2. ASSESSMENT OF THE BANK'S COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE FOR THE SUPERVISED INSTITUTIONS OF 22 JULY 2014 ISSUED BY THE FINANCIAL SUPERVISION AUTHORITY

In the opinion of the Supervisory Board, the Bank and its authorities complied in 2020 with the adopted Principles of Corporate Governance for the Supervised Institutions.

The Supervisory Board did not identify any violations by the Bank of the Principles of Corporate Governance for the Supervised Institutions in the period covered by this report.

6.3. ASSESSMENT OF THE BANK'S COMPLIANCE WITH THE DISCLOSURE OBLIGATIONS CONCERNING COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES SPECIFIED IN THE GOOD PRACTICES OF COMPANIES LISTED ON WARSAW STOCK EXCHANGE 2016

In the opinion of the Supervisory Board, the Bank's Management Board adequately performed disclosure obligations under the principles specified in the Good Practices of Companies Listed on Warsaw Stock Exchange 2016, duties defined in the Stock Exchange By-laws and provisions on disclosure obligations by companies traded on the public market.



6.4. ASSESSMENT OF THE RATIONALITY OF SPONSORSHIP, PHILANTHROPIC AND CSR ACTIVITY PURSUED BY THE COMPANY

The Supervisory Board positively assessed the rationality of the sponsorship policy, philanthropic and CSR activity pursued by the Bank. The activity that is conducted rationally enables the company to accomplish its mission and business strategy, and it accommodates needs of the company's stakeholders (clients, employees, local communities, business partners and sector organisations etc.)

6.5. 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

The Supervisory Board positively assessed best practices adopted by the Bank in the field of diversity policy with respect to all the Bank's employees, regardless of their position, with particular emphasis on the Bank's authorities and its key managers, in terms of adequacy.

As regards the appropriate composition of the Management Board and Supervisory Board in terms of education and experience, the Bank applied the rules arising from Art. 22aa of the Banking Law Act, Methodology on Assessment of Suitability of Members of Supervised Bodies published on 27 January 2020 by the Financial Supervision Authority (KNF), Communication of the KNF dated 27 November 2020 and Bank's Articles of Association, namely:

- 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, good command of Polish and appropriate experience on the Polish market (Article 21 para. 3-4 of the Bank's Articles of Association).
- at least half of the 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).