



REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD

of BNP Paribas Bank Polska S.A. in 2021.

(together with the assessments indicated in rule 2.11 of the Best Practices of WSE Listed Companies 2021 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 Authority)



BNP PARIBAS

Bank
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się świata

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1. COMPOSITION OF THE SUPERVISORY BOARD OF BNP PARIBAS BANK POLSKA S.A. IN 2021

The Supervisory Board is appointed by the General Meeting for a joint five-year term of office. The Supervisory Board consists of twelve members. At least a 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 the relevant experience on the Polish market.

Table 1. Composition of the Supervisory Board as at 31 December 2021 and 31 December 2020 along with the information on the independence of its members

Function held in the Supervisory Board of the Bank	Composition of the Supervisory Board as at 31 December 2021	Composition of the Supervisory Board as at 31 December 2020
1. Chairperson of the Supervisory Board	Lucyna Stańczak-Wuczyńska* <i>Independent Member</i>	Józef Wancer
2. Vice-Chairperson of the Supervisory Board	Jean-Paul Sabet	Jean-Paul Sabet
3. Vice-Chairperson of the Supervisory Board	Francois Benaroya	Lucyna Stańczak-Wuczyńska* <i>Independent Member</i>
4. Member of the Supervisory Board	Jarosław Bauc <i>Independent Member</i>	Jarosław Bauc <i>Independent Member</i>
5. Member of the Supervisory Board	Małgorzata Chruściak <i>Independent Member</i>	Francois Benaroya
6. Member of the Supervisory Board	Géraldine Conti,	Sofia Merlo
7. Member of the Supervisory Board	Stefaan Decraene	Stefaan Decraene
8. Member of the Supervisory Board	Magdalena Dzięguć <i>Independent Member</i>	Magdalena Dzięguć <i>Independent Member</i>
9. Member of the Supervisory Board	Vincent Metz	Vincent Metz
10. Member of the Supervisory Board	Piotr Mietkowski	Piotr Mietkowski
11. Member of the Supervisory Board	Khatleen Pauwels	Stéphane Vermeire
12. Member of the Supervisory Board	Mariusz Warych <i>Independent Member</i>	Mariusz Warych <i>Independent Member</i>

*Lucyna Stańczak-Wuczyńska was appointed Chairwoman of the Supervisory Board on 17 June 2021 and has performed this function since 1 July 2021.

Changes in the composition of the Supervisory Board in 2021:

- On 24 March 2021, the Ordinary General Meeting of the Bank appointed:
 - Józef Wancer, Lucyna Stańczak-Wuczyńska, Jean-Paul Sabet, Francois Benaroya, Jarosław Bauc, Stefaan Decraene, Magdalena Dzięguć, Vincent Metz, Piotr Mietkowski, Stéphane Vermeire and Mariusz Warych as members of the Supervisory Board for another five-year term of office. Sofia Merlo chose not to seek reappointment to the Supervisory Board for the new term of office.
- On 21 May 2021 Stéphane Vermeire stepped down as Member of the Supervisory Board effective 31 May 2021.
- On 2 June 2021, Józef Wancer stepped down as a Member and the Chairman of the Bank's Supervisory Board, effective 30 June 2021.
- On 17 June 2021, the Extraordinary General Meeting appointed the following female members to the Bank's Supervisory Board until the end of the current joint five-year term of office:
 - Małgorzata Chruściak (independent member),
 - Geraldine Conti, and
 - Khatleen Pauwels.

The new members joined the Supervisory Board as of 1 July 2021.

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; it also allowed the Supervisory Board Members to carry out a thorough examination of and provide opinions on the issues presented, and also to express a wide range of views while assessing the work of the Management Board and the functioning of the Bank.

2. INDEPENDENCE OF THE SUPERVISORY BOARD MEMBERS

There are five independent members of the Supervisory Board:

First and last name	Function held in the Supervisory Board of the Bank
Lucyna Stańczak-Wuczyńska*	Chairwoman of the Supervisory Board
Jarosław Bauc	Member of the Supervisory Board
Małgorzata Chruściak	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 2021 Ms Lucyna Stańczak-Wuczyńska, Mr Jarosław Bauc, Ms Małgorzata Chruściak, Ms Magdalena Dziewguć, Mr Mariusz Warych met independence requirements (criteria concerning independent members of the Supervisory Board are set forth in Art. 16 para. 4 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 gives effective control over the Bank;
- they have not had, during the year preceding the election for the Supervisory Board, and do 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 a 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.

In addition, the aforementioned members of the Supervisory Board have no actual or material connections with a shareholder holding at least 5% of the total number of votes in a company and they fulfil the independence criteria set forth in Art. 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 2021

The Bank's Supervisory Board operates pursuant to the provisions of the Banking Law, the Code of Partnerships and Commercial Companies, the Bank's Articles of Association and the By-laws of the Supervisory Board.

The Supervisory Board exercises continuous oversight over the Bank's operations in all aspects of its business. In particular, the Supervisory Board evaluates the Management Board's report on the activity of the Bank and the Bank's Group, and the financial statements of the Bank and of the Bank Group for the previous financial year. The Supervisory Board checks whether or not they match the books of accounts, the records and the facts. It evaluates the Management Board's proposals regarding distribution of profit or coverage of losses. Concurrently, the Supervisory Board oversees the implementation of the internal control system and evaluates its adequacy and effectiveness.

The Supervisory Board's resolutions are effectively passed when all members of the Supervisory Board have been notified of the meetings, and the meeting is attended by at least a half of the Supervisory Board members, including its Chairperson or Deputy Chairperson. The Supervisory Board's resolutions are passed by a simple majority of votes in an open voting. The Supervisory Board passes resolutions in a secret ballot on issues specified by law or on personnel-related issues. The Supervisory Board may also pass written resolutions, without holding a meeting or by direct long-distance communication means, including but not limited to the telephone, audiovisual or electronic communication means.

In 2021, the Supervisory Board performed its duties as envisaged in legal regulations and the Bank's Articles of Association and as expressed in the "General Plan of Work for the Supervisory Board in 2021". Furthermore, the Supervisory Board was updated on a regular basis on the most important events and decisions of the Management Board, also in relation to the Covid-19 pandemic; consequently, the Supervisory Board had adequate knowledge regarding the Bank's position, the macroeconomic situation and the market environment, as well as their impact on the achievement of the assumed results and the plans of the Bank's growth.

In 2021, the Supervisory Board held 20 meetings, including 14 according to the written procedure. It adopted a total of 139 resolutions. The attendance rate of the Supervisory Board Members stood at 85%.

Table 2. The activity of the individual Supervisory Board members is presented in the table below:

Member of the Supervisory Board	attendance during meetings and participation in voting on written resolutions /number of meetings and voting by circulation while holding the mandate
Józef Wancer	13/13
Lucyna Stańczak-Wuczyńska	17/20
Francois Benaroya	20/20
Jean-Paul Sabet	19/20
Jarosław Bauc	15/20
Małgorzata Chruściak	6/7
Geraldine Conti	6/7
Stefaan Decraene	19/20
Magdalena Dziewguć	10/20
Sofia Merlo	6/7
Vincent Metz	20/20
Piotr Mietkowski	20/20
Khatleen Pauwels	6/7
Stephane Vermeire	9/10
Mariusz Warych	20/20

While discharging its duties, the Supervisory Board:

- assessed and provided the Ordinary General Meeting with the Appraisal Report of the Supervisory Board on the Separate Financial Statements of BNP Paribas Bank Polska S.A. for the year ended 31 December 2020, the Consolidated Financial Statements of the Capital Group of BNP Paribas Bank Polska S.A. for the year ended 31 December 2020, and of the Management Board's Report on Activities of BNP Paribas Bank Polska S.A. Capital Group in 2020 (including the Management Board's Report on Activities of BNP Paribas Bank Polska S.A.), 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 2020, and on the motion of the Management Board on the distribution of profit for the fiscal year 2020 together with the assessment of adequacy and effectiveness of the internal control system at BNP Paribas Bank Polska S.A. in 2020,
- 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 2020,
- passed resolution on the update of the Remuneration Policy for Employees 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 the approval of “Capital Contingency Plan of BNP Paribas Bank Polska S.A.”,
- passed resolution on the approval of “BNP Paribas Bank Polska S.A. Capital Plan for 2022-2025”,
- passed resolution on the approval of “BNP Paribas Bank Polska S.A. Capital Management Policy”,
- passed resolution on approval of the updated “Policy on the Internal Capital Adequacy Assessment Process 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 “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 “Strategy for operational risk and internal control management in the BNP Paribas Bank Polska S.A. for 2022”,
- passed resolution on the approval of the “Information policy of BNP Paribas Bank Polska S.A. regarding capital adequacy”,
- passed resolution on the extension of the contract with the certified auditor to review and audit the financial statements of BNP Paribas Bank Polska S.A. (standalone financial statements of the Bank and consolidated financial statements of the Capital Group) for the years 2022-2023,
- passed resolution on the approval of “Strategy of Internal Audit Line for the years 2021-2023 in BNP Paribas Bank Polska S.A.”,
- passed resolution on the approval of the Internal Audit Plan for 2022 and Multi Year Audit Plan,
- passed resolution on the approval of “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.”,
- passed resolution regarding “Conflict of Interest Management Policy at the BNP Paribas Bank Polska S.A.”,
- passed resolution on approval of the BNP Paribas Group Code of Conduct,
- passed resolution on the application of the principles contained in “Best Practice for WSE Listed Companies 2021” by the Bank,
- discussed and passed resolution on adoption of the 2022 financial plan and financial assumptions for the years 2023-2025,
- passed resolutions on issuing the opinion on the 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 Risk Committee, Remuneration Committee and Nomination Committee,
- passed resolutions regarding the amended By-Laws of the Supervisory Board and Management Board, and approved the amendments to the By-Laws of the Audit Committee, By-Laws of the Risk Committee, of the Nomination Committee, as well as the Remuneration Committee,
- 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 activity of the Compliance Line and Internal Audit Line,
- passed resolutions on appointment of the Chairperson and Deputy Chairpersons of the Supervisory Board, as well as the appointment of the Honorary Chairman of the Supervisory Board,
- passed resolution on appointment of the Members of the Management Board for the new, three-year term of office,
- Furthermore, the Supervisory Board passed resolutions on changes in the composition of the Management Board, variable and fixed remuneration of the Management Board Members, suitability assessment of new members of the Management Board and of the Supervisory Board, as well as on collective periodical suitability 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 2020 and approval of annual targets for the Management Board Members for 2021.

In addition, the Supervisory Board monitored the financial results and capital situation of the Bank. Special attention was paid to the level of the Bank’s capital ratios and measures aimed at maintaining the capital ratios at the required level. The Supervisory Board was also updated by the Management Board on the priorities and approach adopted in the area of financing, liquidity management, capital management, risk management (including credit risk

management), as well as cost management; the Board members were also informed about the risk relating to FX loans/CHF loans, and changes relating to the Agile transformation of the Bank. In 2021, the Supervisory Board took an active part in the works on the new strategy of the Bank.

4. COMMITTEES OF THE SUPERVISORY BOARD OF THE BANK IN 2021

The Supervisory Board has established internal committees, composed of the members of the Supervisory Board. The Committees exercise consultative and advisory function. Their purpose is also to streamline the work of the Supervisory Board. To this end, the committees formulate opinions, recommendations and decisions proposals regarding motions submitted to the Supervisory Board. The scope of duties and manner of operation of the committees are defined by the by-laws implemented by the Supervisory Board by a resolution.

The list of the Committees of the Supervisory Board is presented below:

- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination Committee

Table 3. Composition of the Supervisory Board and its committees as at 31 December 2021

Name and surname	Function held in the Supervisory Board	Committees of the Supervisory Board			
		Audit Committee	Risk Committee	Remuneration Committee	Nomination Committee
Lucyna Stańczak-Wuczyńska	Chairwoman Independent Member	Member	Member	Member	Member
Jean-Paul Sabet	Vice-Chairman			Chairman	Chairman
Francois Benaroya	Vice-Chairman	Member	Chairman	Member	Member
Jarosław Bauc	Independent Member	Member			
Małgorzata Chruściak	Independent Member		Member		
Géraldine Conti,	Member			Member	Member
Stefaan Decraene	Member				
Magdalena Dzięguć	Independent Member				
Vincent Metz	Member				
Piotr Mietkowski	Member				
Khatleen Pauwels	Member				
Mariusz Warych	Independent Member	Chairman	Member		

4.1. AUDIT COMMITTEE

The Audit Committee supports the Supervisory Board in monitoring the reliability of financial information, the effectiveness of the internal control system and monitoring the performance of financial audit activities. The Committee is responsible for ensuring the effectiveness of the Bank's internal audit function, therefore it oversees the activities of the Internal Audit Line. It ensures the flow of information and good cooperation between the external auditor (the statutory auditor), the internal audit and the Supervisory Board. The Audit Committee draws up annual reports on the Committee activities. In the reports, the Audit Committee includes a risk assessment of areas under its supervision and evaluates the effects of its actions. Furthermore, the Audit Committee oversees the activity of the statutory auditor and assesses the statutory auditor's work on a periodic basis. The Audit Committee was established by the Supervisory Board in accordance with the laws governing the appointment, composition and the functioning of the Audit Committee, the independence of its members, and the requirements regarding the need to possess the relevant knowledge and skills, as well as knowledge of accounting and financial auditing principles.

Composition of the Audit Committee

The Committee consists of four members, three of whom are independent members of the Supervisory Board. They fulfil the independence criteria, as referred to in the Finance Minister Regulation on Audit Committee and §16(4) of the Bank's Articles of Association and in the Act on Statutory Auditors, Auditing Firms and Public Oversight.

Composition of the Audit Committee as at 31 December 2021:

- Mariusz Warych - Chairman of the Committee (independent member)
- Lucyna Stańczak-Wuczyńska - Member of the Committee (independent member)
- Jarosław Bauc – Member of the Committee (independent member)
- Francois Benaroya – Member of the Committee

All Audit Committee members have adequate knowledge, competences and years of experience in finance and accounting:

- Mariusz Warych – competences in the area of accounting, financial audit and internal audit, attested by the CIA (Certified Internal Auditor) certification. A participant of the ACCA Coursework Programme. Years of experience as an independent member on supervisory boards and audit committees (JSW, Selena FM, Ukrsibbank Ukraine). He was the external auditor at Ernst & Young auditing banks in Poland, the UK, Canada and the US. He evaluated the functioning of the Audit Committees. The Chairman of Chief Audit Executive Club in Poland. He built his knowledge and experience as the Chief Financial Officer at Citi Group (leasing companies), and regional coordinator at KBC Group overseeing the operations of KBC Group in Poland.
- Lucyna Stańczak-Wuczyńska holds a degree in economics and has 30 years of experience in banking and finance which she gathered while working in the banking sector, commercial banking and EBRD. She held multiple functions in the corporate governance area; she was a member of supervisory boards (or an observer) and a member of the audit and risk committees (in Alior Bank, among others). She gathered her knowledge and experience in the sector by managing for many years (as the head of EU Banks Team with EBRD London) a (debt and equity) portfolio of a significant group of banks in 12 European Union countries, in Central and Southern Europe.
- Jarosław Bauc holds a PhD in economics. He gained his experience as a member of the management boards and supervisory boards of multiple companies (Powszechne Towarzystwo Emerytalne Skarbiec-Emerytura, Skarbiec Investment Management, Skarbiec Asset Management Holding and Skarbiec Towarzystwo Funduszy Inwestycyjnych, Polkomtel, HAWE, and PGNiG). He has extensive knowledge in the area of finance and banking in Poland and other countries.
- Francois Benaroya - holds a degree in economics. He built his knowledge and experience in banking during his many years of employment in the banking sector as a top executive in BNP Paribas Group. He was a management board member of BNP Paribas Bank Polska S.A. responsible for the Integration Area, and then for the Retail and Business Banking Area. He has held functions on the supervisory boards (Ukrsibbank Ukraine, TEB AS) and in the management of IRB at BNP Paribas Group where he is responsible for the Central and Eastern Europe and for Turkey.

Meetings of the Audit Committee are also attended by regular participants, including:

- President of the Management Board,
- Member of the Bank's Management Board supervising the Finance Area,
- Member of the Bank's Management Board supervising the Risk Area,
- Managing Director of the Internal Audit Line,
- Managing Director of the Compliance Line.

Meetings of the Audit Committee

The Audit Committee meetings are held at least four times a year or more frequently, as needed in view of the tasks performed, including a meeting before each publication of the Bank's financial results and reports.

The Audit Committee held 9 meetings in 2021, including two according to the written procedure. The Committee deliberated, among others, on the following issues at its meetings:

- financial statements for 2020,
- report on Activities of the Bank's Group in 2020,
- report presenting non-financial information for 2020,
- quarterly and interim financial statements for the year 2021,
- provision of additional services by the audit firm,
- action plans of the Internal Audit Line and Compliance Line,
- periodic reports on the Internal Audit Line activity and Compliance Line activity,
- annual report on effectiveness of the internal control mechanisms and processes,
- periodic reports on the status of monitored post-control recommendations and implementation of the PFSA recommendations,
- issue of the Bank's compliance with the "Best Practice for WSE Listed Companies 2021",
- recommendation to extend the contract with the audit firm for the years 2022-2023,
- results of the Bank's SREP in 2021.

Furthermore, the Committee carried out a periodic assessment of the activity of the external auditor. The Committee discussed and verified the updated regulations on accounting, audit and compliance and recommended that the Supervisory Board adopt them.

In 2021, all members of the Audit Committee took an active part in the Committee meetings and showed high commitment to the proper performance of their duties. The attendance rate of the Committee Members stood at 92%. The number and the duration of the meetings, as well as the access to the resources were sufficient to enable the Audit Committee full performance of its duties.

4.2. RISK COMMITTEE

The Risk Committee supports the Supervisory Board in performance of its supervisory duties pertaining to the risk management. The Risk Committee gives advice on the overall, current and future risk appetite of the Bank. The Risk Committee gives an opinion on the risk management strategy of the Bank and on the Management Board's submissions regarding the execution of that strategy. Together with the Supervisory Board, the Risk Committee oversees the implementation of the risk management strategy by senior management. The Risk Committee verifies whether or not the prices of liabilities and assets offered to customers fully reflect the Bank's business model and its risk strategy. If those prices fail to adequately reflect the risks in line with the risk management model and strategy, the Committee submits proposals to the Bank's Management Board to ensure that the prices of liabilities and assets match those risks.

Composition of the Risk Committee

The Committee consists of at least three members appointed from among the Supervisory Board members. Presented below is the composition of the Risk Committee as at 31 December 2021:

- Francois Benaroya – Chairman of the Committee
- Małgorzata Chruściak* - Committee Member (independent member)
- Lucyna Stańczak-Wuczyńska - Member of the Committee (independent member)
- Mariusz Warych - Member of the Committee (independent member)

**Małgorzata Chruściak has been the Member of the Risk Committee since 29 September 2021. Previously three members served on the Risk Committee.*

Meetings of the Risk Committee

The Risk Committee meetings are held at least every six months or more frequently, as the need may be. The meeting dates are set by the Committee chair. In 2021, the Risk Committee met four times.

During its meetings the Risk Committee discussed periodic reports on the following issues:

- credit risk,
- market risk and liquidity risk,
- operational risk and fraud prevention risk,
- ALMT risk,
- legal risk.

In addition, the Committee issued opinions and recommended that the Supervisory Board pass resolutions regarding, i.a.:

- operational risk strategy in 2021,
- operational risk strategy in 2022,
- investment strategy of BNP BNP Paribas Bank Polska S.A.,
- methodology of analyses of stress testing on sensitivity interest rate position, FX position, liquidity and capital,
- policy on internal capital adequacy assessment process in BNP Paribas Bank Polska S.A.,
- risk appetite of BNP Paribas Bank Polska S.A.,
- risk strategy,
- approval of models' risk tolerance,
- recovery plan of BNP Paribas Bank Polska S.A.,
- information policy of BNP Paribas Bank Polska S.A. regarding capital adequacy.

In course of its deliberations in 2021, the Committee focused in particular on the legal risk arising from court cases related to loans in foreign currencies/loans denominated in CHF, OCCP proceedings and depositary activity of the Bank. The Committee also deliberated on the legal and credit risk related to PLN mortgage loans and complaint handling issue.

The number of Committee Members attending the meetings of the Risk Committee ensured the correct course of all Committee meetings in 2021. The attendance rate was 100%.

4.3. REMUNERATION COMMITTEE,

The Remuneration Committee supports the Supervisory Board in its supervisory duties in the area of human resources management. The Committee monitors and supervises key processes, in particular those relating to the HR policy, professional development of employees and the 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. Furthermore, the Committee gives opinions on and monitors succession plans for key positions in the Bank; the Committee also monitors the level and structure of remuneration of key function holders at the Bank. Each year, the Committee provides the Supervisory Board with annual information on the employment and remuneration structure in the Bank.

Composition of the Remuneration Committee

The Committee comprises at least three members appointed from among the Supervisory Board Members. Composition of the Remuneration Committee as at 31 December 2021:

- Jean-Paul Sabet – Chairman of the Committee
- Géraldine Conti* – Member of the Committee
- Francois Benaroya – Member of the Committee

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

* *Géraldine Conti has been the member of the Remuneration Committee since 29 September 2021. Józef Wancer was the Committee's member till 30 June 2021.*

Meetings of the Remuneration Committee

The Remuneration Committee meetings are held at least every six months or more frequently, as the need may be. In 2021, the Remuneration Committee held 4 meetings, including one according to the written procedure. The attendance rate was 100%.

During the Committee meetings the discussions touched upon:

- report of the remuneration policy functioning at BNP Paribas Bank Polska S.A. in 2020, including the Remuneration Policy for persons having material impact on the risk profile of the Bank,
- annual targets of the Management Board Members and targets' realisation,
- remuneration conditions and variable remuneration of the Compliance Line Managing Director and Internal Audit Line Managing Director,
- report on employment and remuneration at the Bank in 2020,
- incentive bonus system,
- amendments to the Remuneration Policy for employees, Remuneration Policy for persons having material impact on the risk profile of the Bank and Remuneration Policy for Members of the Supervisory Board,
- amendments to the By-laws of the Remuneration Committee.

4.4. NOMINATION COMMITTEE

The Nomination Committee assists the Supervisory Board in the assessment of qualifications of candidates for the Management Board and the Supervisory Board members. Together with the Supervisory Board, the Nomination Committee defines criteria used for the selection of the Management Board and Supervisory Board members. Those criteria include: the knowledge, competences and expected commitment in terms of time devoted to performance of the relevant function. Furthermore, the Committee determines the scope of responsibilities of the candidate for the Bank Management Board. The Nomination Committee performs 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 Committee also evaluates the structure, size and effectiveness of the Management Board's operations and then recommends changes, if any, in that 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 Committee monitors the effectiveness of the Policy which assesses the suitability of the members of the Supervisory Board, Management Board and key function holders at the Bank. The Nomination Committee also reviews the Policy on a periodic basis and submits relevant recommendations on Policy amendments to the Supervisory Board. Furthermore, the Nomination Committee oversees the key processes, including succession plans or employee development plans. It provides the Supervisory Board with recommendations as to the nomination of and succession for the key position holders; in addition, it recommends a reduction or increase of the number of the Management Board Members.

Composition of the Nomination Committee

The Committee comprises at least three members appointed from among the Supervisory Board Members. The Nomination Committee members must have the relevant knowledge, competences and experience to be able to properly assess the composition of the Management Board and Supervisory Board and the candidates recommended for the Management Board and Supervisory Board. Presented below is the composition of the Nomination Committee as at 31 December 2021:

- Jean-Paul Sabet – Chairman of the Committee
- Géraldine Conti* – Member of the Committee
- Francois Benaroya – Member of the Committee
- Lucyna Stańczak-Wuczyńska - Member of the Committee (independent member)

**Géraldine Conti has been the member of the Nomination Committee since 29 September 2021. Józef Wancer was the Committee's member till 30 June 2021.*

Meetings of the Nomination Committee

The Committee meetings take place as frequently as required for the Committee to fulfil its mission effectively. The meeting dates are set by the chairperson of the Nomination Committee. In 2021, the Nominations Committee held five meetings, including two according to the written procedure. The attendance rate was 100%.

In 2021, the Committee performed the periodic assessment of the individual and collective suitability of the Members of the Supervisory Board and Management Board. In view of the expiry of the five-year term of office of the Supervisory Board in 2021, the Committee carried out and confirmed the positive assessment of the suitability of the Members of the Supervisory Board prior to the appointment for a new term of office. The Committee also assessed the suitability of new candidates for the Supervisory Board and Management Board, as well as the individual suitability of the members of the Supervisory Board prior to their appointment to the Committees. Moreover, the Nomination Committee discussed the amendments to 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. The Committee also deliberated on the Policy of appointment and dismissal of the members of the Supervisory Board and Management Board, as well as the Policy of planning succession. The Committee recommended to the Supervisory Board the approval of the above regulations.

5. SELF-ASSESSMENT OF THE SUPERVISORY BODY WORK IN 2021

The Supervisory Board of BNP Paribas Bank Polska S.A. states that in 2021 it duly exercised continuous oversight over the Bank's activity in all areas pursuant to the applicable law and the Bank's Articles of Association. It is the view of the Supervisory Board that it has fulfilled its duties diligently and effectively, and its composition has guaranteed a high level of qualifications, competence and extensive professional experience as well as knowledge of the Polish financial market, thus ensuring an appropriate level of collective supervision over all areas of the Bank's operations. Concurrently, in the opinion of the Supervisory Board, the professional experience and diversified competences of the members of the Supervisory Board enable them to examine the topics in a thorough manner and provide opinions thereon, and to express a wide range of views while assessing the work of the Management Board and the functioning of the Bank.

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

In 2021, the Members of the Supervisory Board actively participated in the Board's and committees' meetings and showed commitment to duly perform their duties; their discussions covered the current situation of the Bank, the market changes as well as best practices and standards followed by listed companies.

The number and duration of the meetings, paired with the access to resources, proved sufficient for the Supervisory Board and enabled it 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 OF THE BANK IN 2021

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 PFSA Recommendation H.

The Supervisory Board received periodic reports and analyses of results of controls performed by all the control functions, i.a., in respect of control mechanisms and risk control mechanisms, analyses of the Bank's compliance with the law provisions and internal regulations, legal risk and internal audit. Furthermore, the Supervisory Board was updated on a regular basis on any irregularities vis-à-vis the plans or limits adopted, therefore, it stayed abreast of any changes and was able to exercise effective supervision over that area.

The Supervisory Board made the relevant assessment based, i.a., on the Management Board Report on the internal control system in 2021.

At the same time, the Supervisory Board asserts the adequacy and efficiency of the internal control system (comprising the control function, compliance function and internal audit function) as generally satisfactory, except for gaps detected during the control processes that have no bearing on the overall risk profile of the Bank. The increased risk level was noted in the following areas:

- Access rights
- Accounts seizures
- Custody (depository activity)
- Finance (accounting)
- Opening accounts for individual clients (branches)
- Retail clients instructions
- Cash-out risk
- External frauds
- Internal frauds.

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

The Supervisory Board assesses the compliance risk management by the Bank as effective.

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

The "Principles of Corporate Governance for Supervised Institutions", issued by the Polish Financial Supervision Authority (PFSA) on 22 July 2014, were adopted by the Bank Management Board and Supervisory Board in December 2014 and by the General Meeting in February 2015. The Bank's position in that regard was updated in 2017.

The information on the application of the "Principles of Corporate Governance for Supervised Institutions" is available on the Bank's website at: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/zasady-ladu-korporacyjnego-knf>.

In keeping with the above, the Bank declared that it would waive the application of the principle set out in § 8(4), notably:

"If justified by the number of shareholders, the supervised institution should seek to facilitate the participation of all shareholders in the meetings of the decision-making body of the supervised institution by, inter alia, ensuring the possibility to actively participate in the meetings of the decision-making body by electronic means",

The principle has been applied by the Bank since 2022. The fact shall be promptly reflected in the relevant resolutions of the Bank's governing bodies on the updated position of the Bank regarding the application of the Polish Financial Supervision Authority's "Principles of Corporate Governance for Supervised Institutions", and it shall be published on the Bank's website.

During the period covered by the present report, the Supervisory Board did not identify any event of breaching the "Principles of Corporate Governance for Supervised Institutions", as adopted by the Bank. The Supervisory Board confirms that the Bank and its governing bodies complied with the "Principles of Corporate Governance for Supervised Institutions" in 2021 within the scope defined in the Bank's position on the application of Corporate Governance, as published on the Bank's website.

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 2021

Since 1 July 2021, the Bank has been subject to a set of corporate governance principles called "Best Practice of WSE Listed Companies 2021" which was enacted pursuant to WSE Exchange Supervisory Board Resolution No. 13/1834/2021 of 29 March 2021. The Bank's Management Board adopted the principles of corporate governance set out in the "Best Practice of WSE Listed Companies 2021" by way of Resolution 49/BZ/42/2021 of 30 July 2021, with certain exceptions.

Pursuant to §29(3) of the WSE Rules and in keeping with the rules set out in the relevant resolutions of the WSE Management Board, the Bank is required to provide the Warsaw Stock Exchange, via the Electronic Information Base (EIB), with reports on the application of the corporate governance principles.

On 30 July 2021, the Bank published the first report on the adoption and status of application by BNP Paribas Bank Polska S.A. of the principles expressed in the "Best Practice of WSE Listed Companies 2021".

The Audit Committee members took an active part in the first round of analysing and evaluating the application of the principles being part of the newly implemented set of Best Practice of WSE Listed Companies 2021 (20-26 July 2021). Detailed information on the application of the Best Practice of WSE Listed Companies 2021, along with draft GM resolution and a review of actions undertaken by the Bank, were analysed and evaluated by the Supervisory Board during a meeting on 29 September 2021. The second report accounting for the changes to the status of the "Best Practice of WSE Listed Companies 2021" application was transmitted via the EIB system on 11 January 2022.

The Bank carries out an annual review of the status of the application of the "Best Practice of WSE Listed Companies" and submits an update to the Supervisory Board to that effect (the information concerning 2021 was presented to the Supervisory Board during a meeting on 2 March 2022). Furthermore, as a listed company, the Bank is required to include a statement on the application of the corporate governance principles in its annual report, as per § 70(6)(5) of the Minister of Finance Regulation of 29 March 2018 on current and periodic information (...). The said statement includes an assessment of the application of the "set of corporate governance principles to which the issuer is subject" (PFSA principles) and the "set of corporate governance principles that the issuer chose to apply voluntarily" (Best Practice of WSE Listed Companies 2021). Being a part of the annual report, the statement is published on the Bank's website, together with more detailed information on the application of both sets of corporate governance principles: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny>.

Following the publication of the Annual Report, the Bank also publishes a report on the application of "Best Practice of WSE Listed Companies 2021" via the EIB system. All reports and historical information are posted on the Bank's website at: <https://www.bnpparibas.pl/relacje-inwestorskie/lad-korporacyjny/dobre-praktyki-spolek-notowanych-na-gpw>.

In the opinion of the Supervisory Board, the Bank Management Board duly fulfilled the disclosure duties arising from the principles set out in the "Best Practice for WSE Listed Companies 2021", the duties arising from the WSE Rules and from regulations concerning the performance of disclosure duties by publicly listed companies.

6.4. ASSESSMENT OF THE RATIONALITY OF SPONSORSHIP, PHILANTHROPIC AND CSR ACTIVITY PURSUED BY THE COMPANY, INCLUDING AN ASSESSEMENT OF THE SOUNDNESS OF THE EXPENSES INCURRED IN THAT AREA

BNP Paribas Bank Polska S.A. carries out activities in the area of corporate social responsibility (CSR) and sustainable growth, which include sponsorship-, charitable and socially-beneficial activities. Each of those activities derives from the decision made by the Bank Management Board, supported by an analysis of benefits for the Bank and its stakeholders; it is in accordance with the standards of corporate social responsibility (CSR) and sustainable growth, and accounts not only for the Bank's economic impact on its surroundings but also the environmental, social and governance (ESG) factors. That way the Bank ensures that its actions are credible, stable and transparent for all stakeholders.

In 2021, Bank BNP Paribas undertook targeted and effective actions in the area of CSR and sustainable growth, including charitable acts and sponsorship activities.

1. Sponsorship activities

The purpose of the Bank BNP Paribas' sponsorship policy is to build the brand and reinforce the brand awareness among the audiences. By pursuing the sponsorship policy, the Bank creates its positive image. The direction of sponsorship activities is set by the global sponsorship strategy of BNP Paribas Group. As part of that strategy, the Bank promotes tennis and culture, particularly cinema. The Bank sponsors tennis events in Poland, film festivals, cultural and business events. Those activities are coordinated by: the Brand Strategy and Activation Department.

Key figures to illustrate sponsorship activities carried out in 2021:

- more than PLN 9.7 million spent on sponsorship activities
- sponsoring six film events, including: BNP Paribas Green Film Festival, BNP Paribas Summer Cinema, Mastercard OFF Camera (the strategic partner)
- name partner of three tennis tournaments and one bank cup tournament; BNP Paribas Poland Open, BNP Paribas Polish Cup,
- partner of five international business events in Poland

Table 4. Sponsorship spending at Bank BNP Paribas in 2021:

Film events	PLN 2,273,000
Tennis events	PLN 2,979,000
Other sponsorship activities	PLN 4,485,000

2. Social and charitable activities

The Bank develops its social, charitable and philanthropic activities wherever it can make a positive difference. The Bank gives priority to actions aimed at preventing social exclusion and supporting education and culture, particularly in small communities. Those activities were coordinated by the CSR and Sustainable Growth Bureau (currently: CSR and Sustainable Finance Department) and the BNP Paribas Foundation.

The most important social and charitable activities in 2021:

- Bank employees are engaged in various social initiatives, including: the employee volunteering programme called "You can count on me",
- volunteers from the Bank and BNP Paribas Group companies (2,610 volunteers) are involved in the annual voluntary activity called Noble Box,
- blood donation among employees as part of the Krwinka blood donation initiative,
- engagement of 100 Local Bank Ambassadors for local communities

- a clothing drive among the employees, together with a company called Ubrania do Oddania,
- employees participate in a campaign called “Good Kilometers” that supports social organisations,
- 260 employees participate in the individual philanthropy programme called “I support all year long”.

Charitable donations

The expenditures from the donations budget are made to support growth and civic activity, improve the quality of life in local communities, take actions to reduce inequalities, support social engagement of employees as part of the Local Grant Programme (among others), reinforce the activities of the Bank Local Ambassadors, and promote responsibility in the area of healthcare and environment protection. Support for selected non-governmental organisations or institutions is aimed to increase the effectiveness of their socially useful activities.

Table 6. Charitable donations given by Bank BNP Paribas to non-governmental organisations in 2021

BNP Paribas Foundation	PLN 2,738,000
Strategic partnership with the Noble Box Project	PLN 1,600,000
Beneficiaries of the Local Grant Programme	PLN 300,000
Organisations supporting education	PLN 410,000
Organisation supporting social integration and culture	PLN 350,000
Organisations promoting health and environment protection	PLN 374,000
Trade unions	PLN 77,000

3. Measurable effects of the social, charitable and sponsorship activities

Social, charitable and sponsorship activities translate into the quality of life of the beneficiaries and also into the Bank’s image as a reliable partner.

Table 5. Beneficiaries of the social programmes of the Bank and BNP Paribas Foundation in 2021 :

Beneficiaries of the social programmes of the Bank and BNP Paribas Foundation in 2021	2021
Beneficiaries of initiatives implemented as part of the “Volunteering Projects Competition”	5,500 people
Families that received packages from our employees volunteering as part of the Noble Box Project	145 families
Students from smaller towns taking part in the “Class” scholarship programme from the very beginning	839 scholars
Young refugees in Poland who received scholarships and support as part of the “Knowledge to the Power” partnership programme with the Ocalenie Foundation	113 scholars
Participants of classes as part of the BAKCYL – Bankers for the Financial Education of Youth Programme	3,720 students
Participants of the 3rd edition of the “Dream Up” Programme	57 children

Participants of the “Meetings with Music”	208,147 people
Students who took part in meetings with our employees as part of the Mission Education campaign	4,200 students
Students who took part in the “FEMALE HEROES in our classroom” workshops	32,000 students

According to an independent survey by Ipsos Sp. z o.o., the brand awareness of Bank BNP Paribas in key aspects has been growing each year.

Table 7. Bank BNP Paribas image in 2020 vs 2021

Bank BNP Paribas image	2020	2021
A bank that is trustworthy	18	19
A bank that notices and responds to changes around us	18	20
I like that bank	13	14
It sponsors cinema	9	11
It sponsors tennis	20	23
It accounts for environmental and social aspects in its operations	15	21
It's fair and its activities are transparent to clients	15	16
A bank that cares about financial education	-	14

Sample size in the table: 3,567 interviews for 2020 and 3,857 interviews for 2021.

Detailed information on our sponsorship, charitable and CSR activities is available to the public:

- 1) In the annual Management Report on the Activities of BNP Paribas Bank Polska S.A. Group in 2021 (including the Management Board Report on the Activities of BNP Paribas Bank Polska S.A.),
- 2) In the annual ESG Report which presents non-financial information of BNP Paribas Bank Polska S.A. Group and BNP Paribas Bank Polska S.A. for the year 2021 (formerly the CSR and Sustainability Report) is drawn up in line with the requirements stipulated in the amended Accounting Act of 15 December 2016. The information for this year's report was prepared according to the international non-financial reporting methodology: GRI Standard. The Report describes the organization's approach to the climate changes, as recommended by the Task Force on Climate-related Financial Disclosures, or TCFD. The publication lists actions undertaken by BNP Paribas Bank Polska S.A. to support the implementation of the 17 Sustainable Development Goals adopted by the United Nations. The document was subject to external verification and is communicated to the public as the ESG Report. The integrated report of Bank BNP Paribas for 2021 will be published online in April 2022 and will be promoted to the internal and external audiences.
- 3) The annual Factual and Financial Report on the Activity of BNP Paribas Foundation presents the Bank's charitable activity, in accordance with the rules of reporting for public benefit organizations which arise from the Justice Minister Regulation of 8 May 2001 on Framework Scope of Report on Foundation Activities (Journal of Laws No. 50 of 8 May 2001, item 529).

The Supervisory Board's evaluation of the Bank's sponsorship, charitable and social policy is positive. The Bank's activity supports, in a rational manner, the implementation of the business mission and strategy, and accounts for the needs of the company's stakeholders – clients, employees, local communities, business partners, and professional organizations.

The Supervisory Board is of the view that the Bank's sponsorship and charitable policy is pursued in a prudent and effective manner. All initiatives are well-thought-out and consistent. Such activities help build and reinforce the positive image of the Bank as a socially responsible corporate citizen.

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 Bank has a diversity policy which forms a formal part of the policy for suitability assessment of Supervisory Board Members, Management Board Members and Key Function Holders at BNP Paribas Bank Polska S.A.

The diversity policy was adopted by the Supervisory Board on 29 September 2021 and approved by the General Meeting on 4 January 2022.

The application of criteria ensuring diversity in the governing bodies of the Bank is a legally binding requirement arising from the specific legal regulations and the European Banking Authority (EBA) Guidelines binding on banks. The Bank is an entity regulated and supervised by the Polish Financial Supervision Authority. The correctness and the quality of the diversity policy application is monitored, among other things, as part of individual and collective suitability assessments verification by the Polish Financial Supervision Authority. When selecting members for the Company's governing bodies and key function holders, the Bank accounts for the following criteria, among other things: reputation, integrity and ethical behaviour, devoting sufficient time to performing their duties, lack of conflict of interest, independent judgement, knowledge, skills and experience of candidates.

In its suitability assessment policy, the Bank ensured that diversity is promoted on the Management Board and Supervisory Board, from the moment a diversified pool of candidates is built, in order to reach a broad scope of attributes and competences of the Management Board Members and Supervisory Board, obtain different points of view and experience, and enable the Company's governing bodies to give independent opinions and make reasonable decisions.

The Bank warrants diversity in that it accounts for criteria, such as: gender, education and professional experience, specialist know-how, age and geographical provenance, in the processes of appointment and suitability assessment. The Bank attaches great weight to actual implementation of diversity, also by way of ensuring an adequate share of women on the Bank's governing bodies. As at 31 December 2021, the share of women on the Supervisory Board was 41.7%, whereas the share of female members on the Bank Management Board was 22.2%.

Adherence to the principle of diversity is monitored not only at the level of the Bank's governing bodies but also at the managerial level. Currently the share of women at the top management positions other than the Management Board (the managing director, executive director or tribe leader) is 36.0%.

As regards the selection of the Management Board and Supervisory Board members in terms of education background and experience, the Bank followed the rules arising from Article 22aa of the Banking Law Act, the Methodology of the suitability assessment of the members of the supervised entities' governing bodies, as published on 27 January 2020 by the Polish Financial Supervision Authority, the provisions of Recommendation Z and the Bank's Articles of Association.

The Supervisory Board has a positive opinion on the best practices applied by the Bank in regard to the diversity policy towards all Bank employees' regardless of their position, with special focus on the suitability of the governing bodies of the Bank and its key managers.