



BNP PARIBAS

Bank
for a changing
world

**REMUNERATION POLICY
FOR PERSONS HAVING MATERIAL IMPACT ON THE RISK PROFILE
OF BNP PARIBAS BANK POLSKA S.A.**



Taking into account:

- 1) the need to manage the risk, capital and liquidity of BNP Paribas Bank Polska S.A. (the "Bank") in a prudent, stable and effective manner and a special care for a long term welfare of the Bank, the interests of its shareholders, investors and stockholders, and a care for the good of its customers;
- 2) duty to maintain compliance with:
 - a) Polish and European regulations pertaining to remuneration in the banking sector;
 - b) guidelines of the European Banking Authority (hereinafter referred to as "EBA") on sound remuneration policies;
- 3) the Bank's need to adopt transparent and clear remuneration principles for its Employees, in particular Employees identified as having material impact on the Bank's Risk Profile, while taking into account the accepted strategy and the Bank's business environment, as well as applicable market practice at entities carrying out banking activities;
- 4) the fact that remuneration principles applicable at the Bank should not encourage taking excessive risk exceeding the risk appetite accepted by the Bank;

Remuneration Policy for Persons having material impact on the Bank's Risk Profile (hereinafter referred to as the "Policy") is implemented in the Bank.

§ 1. Purpose of the Policy

The Bank has introduced the Policy at the Bank especially to:

- 1) support correct and effective management of the Bank, strategy of risk management in the Bank and limits the conflicts of interests;
- 2) set forth basic principles for allocating and paying remuneration to employees of the Bank and the employees of the Bank's subsidiaries who are identified as having material impact on the Bank's Risk Profile;
- 3) encourage Persons identified as having material impact on the Bank's Risk Profile to achieve targets set for them by using relevant remuneration categories, including performance-based remuneration;
- 4) ensure that Persons identified as having material impact on the Bank's Risk Profile are not encouraged to take excessive or inadequate risk;
- 5) establish a legal framework for documentation defining a detailed mechanism of the allocation, acquisition of rights to remuneration and payment thereof based on the provisions of this Policy;
- 6) ensure a rational, balanced and controllable Policy, taking into account the principles of non-discrimination in employment and equal treatment in terms of remuneration and gender.

§ 2. Definitions used in the Policy

In this Policy and in all documents issued based on or under this Policy, unless the context requires otherwise, the terms listed below shall have the following meaning:

The Bank's Shares, Shares	shares in the Bank's share capital, which are ordinary bearer shares of PLN 1.00 nominal value each.
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Deferred Part	a part of variable remuneration, making up at least 40% of the variable remuneration, awarded in part in cash (no more than 50%) and in part (at least 50%) in the form of the Bank's Shares; a Person having material impact on the Bank's Risk Profile shall acquire the right to individual tranches of the Deferred Part during a deferral period, in keeping with principles set in this Policy.
CRD Directive	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, with further changes.
Settlement Day	the day of payment of the Variable Remuneration expressed in the form of the Bank's Shares, to which the Person having material impact on the Bank's risk profile acquired the right.
Staff of Control Functions	persons responsible for control functions at the Bank, i.e. managing the internal audit unit, compliance unit, legal unit, organisational units in charge of risk management (persons managing units in Risk Area) and organisational unit in charge of HR matters.
WSE	Warsaw Stock Exchange
Sign-on Bonus	a kind of Variable Remuneration, constituting a one-off remuneration when hiring Persons for positions identified as having material impact on the Bank's Risk Profile, when the Bank has sufficient and solid capital base,
Bank's Subsidiary(ies)	an entity which is dependent on the Bank referred to in Art. 4 sec. 1 point 16 of Regulation No. 575/2013. The Bank's subsidiaries include: BNP Paribas Towarzystwo Funduszy Inwestycyjnych S.A. BNP Paribas Group Service Center S.A., Bankowy Fundusz Nieruchomościowy Actus Sp. z o. o. in liquidation, BNP Paribas Leasing Services Sp. z o. o. and Campus Leszno Sp. z o. o.
Senior management	Members of the Management Board and Directors reporting directly to Management Board Members who have knowledge of the risk related to the bank's operations and who make decisions affecting this risk.
Code of Commercial Companies and Partnerships	The Act on Code of Commercial Companies and Partnerships dated 15 September 2000 (consolidated text - Journal of Laws 2020 item 1526, as amended).
Remuneration Committee	the remuneration committee functioning at the Bank, within the meaning of Article 9cb section 1 item 1) of the Banking Law, made up of persons being members of the Bank's Supervisory Board.



Malus	the correction mechanism applied with respect to all or part of Variable Remuneration, involving possibility of withholding, limiting (reduction) or refusal of payment of the Deferred Part of the Variable Remuneration in situations described in this Policy or documents adopted based on or under this Policy.
Reward	a kind of Variable Remuneration constituting a reward for individual performance, awarded based on the decision of the responsible authority of the Bank, irrespective of the description and detailed basis of granting such remuneration.
Buy-out Bonus	a kind of Variable Remuneration, constituting remuneration granted to Persons employed in positions identified as having material impact on the Bank's Risk Profile, for losing the right to all or part of deferred variable remuneration at the previous employer, due to termination of the employment relationship or other legal relationship of this Person, irrespective of the description and detailed basis of granting such remuneration.
Evaluation Period	period for achieving targets by Persons having material impact on the Bank's Risk Profile, the assessment of which provides a basis for determining the amount of Variable Remuneration, the right to which can be potentially acquired by the particular Person.
Deferral Period	<p>period of time starting from the end of the Evaluation Period for which Variable Remuneration is allocated to the particular Person having material impact on the Bank's Risk Profile, during which this Person acquires the right to individual tranches of the Deferred Part of Variable Remuneration; these tranches shall be paid after expiry of the subsequent annual settlement periods during the Deferral Period.</p> <p>Such deferral period shall be at least five (5) years for Senior management, and at least four (4) years and maximum five (5) years for employees other than Senior management if these persons are assigned a Variable Remuneration exceeding the amount recognized as particularly high in this procedure.</p>
Reference Period	a period used to calculate the number of the Bank's Shares allocated for the specific year. [<i>The length of the Reference Period is 25 business days. The Reference Period start date is determined every year by the Supervisory Board in March of the specific year.</i>]
Retention Period	a period starting in March of the particular year after the responsible authority of the Bank passes the resolution on the Allocation of the amount of Variable Remuneration, and the amount of the non-deferred and deferred part of variable remuneration in the form of the Bank's Shares, during which the Person having material impact on the Bank's Risk Profile is not entitled to the payment of part of the Variable Remuneration expressed in the form of the Bank's Shares, to which this Person acquired the right as part of his/her Variable Remuneration. The retention period shall be 12 months.



Settlement Period	annual period, after which the decision is made on the particular Person having material impact on the Bank's Risk Profile acquiring the right to tranches of the Deferred Part of Variable Remuneration.
Acquisition of the right to deferred variable remuneration (Acquisition of Right)	granting the right to individual tranches of the Deferred Variable Remuneration, based on a resolution of the responsible authority of the Bank, in keeping with the principles set in this Policy.
Banking Law	Act of 29 August 1997 – Banking Law (consolidated text - Journal of Laws of 2022 item 2324).
Risk Profile	general character, scope and direction of risk related to the Bank's activities with respect to credit and counterparty risks, residual risk, concentration risk, securitisation risk, macroeconomic risk, banking portfolio interest rate risk, operational risk or liquidity risk, compliance risk shaped in particular by Persons having material impact on the Bank's Risk Profile.
Program	an incentive program for Persons having material impact on the Bank's Risk Profile, adopted by a resolution passed by the general meeting of the Bank.
Allocation	activity of the responsible authority of the Bank, involving taking decisions on the amount of Variable Remuneration for Persons having material impact on the Bank's Risk Profile, in accordance with terms set in this Policy.
Person having material impact on the Bank's Risk Profile (Person, Persons)	employee of the Bank or employee of the Bank's Subsidiary who is employed in a position that, based on the principles set out in the CRD Directive, Article 9ca sec. 1a of the Banking Law and the MFFiRP Regulation, as well as on the basis of qualitative and quantitative criteria set out in the MRT Regulation, is identified by the Bank as having material impact on the Bank's Risk Profile. The catalogue of positions identified by the Bank at the time as having material impact on the Bank's Risk Profile is included in the List.
Regulation 575	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJ L 176, p. 1).
MFFiRP Regulation	Regulation of the Minister of Finance, Funds and Regional Policy dated 8 June 2021 on the risk management system and the internal control system, and the remuneration policy in banks (Journal of Laws of 2021, item 1045).



MRT Regulation	Commission Delegated Regulation (EU) No. 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards that define the criteria for determining management responsibilities, control functions, significant business units and a significant impact on the risk profile of a significant business unit and for determining criteria for identifying employees or categories of employees whose professional activities have impact on the risk profile of these institutions in a comparable manner.
Additional Benefit	a kind of Fixed Remuneration within the meaning of the CRD, constituting additional benefits granted by the Bank, usually making up a remuneration package, e.g. medical packages, sports cards and benefits financed from the Company's Social Benefits Fund if such a Fund functions at the Bank.
Act of Macroprudential Supervision	Act of 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management (consolidated text: Journal of Laws of 2017, item 1934, amended).
List	a list of positions at the Bank and at the Subsidiaries of the Bank which are identified as having material impact on the Bank's Risk Profile, and which is reviewed and updated at least once a year, by way of resolution of the responsible corporate body of the Bank.
SFDR Regulation	Regulation (EU) 2019/2088 of the European Parliament dated 27/11/2019 on disclosure of information related to sustainable development in the financial services sector.
Fixed Remuneration	obligatory part of the remuneration, in the predetermined amount, that is not related to achieved targets and performance of identified Persons and/or the Bank, including basic salary, additional benefits and benefits granted based on applicable regulations. Fixed Remuneration is dependent on employee's competence, experience, and qualification level and is set on the basis of local and professional market.
Variable Remuneration	remuneration, the amount of which directly or indirectly depends on performance (i.e.: level of quantitative and qualitative goals realization) of Persons having material impact on the Bank's Risk Profile, business results of its division/organisational unit and/or of the whole Bank.
EBA Guidelines	Guidelines on sound remuneration policies under Directive 2013/36/EU of 27 July 2013 (EBA/GL/2021/04), issued by the European Banking Authority.

§ 3. Legal basis

The Policy has been adopted on the basis of:

- 1) Article 9ca item 1 of the Banking Law;
- 2) MFFiRP Regulation;



- 3) EBA Guidelines;
- 4) MRT Regulation;
- 5) SFDR Regulation.

Should any provision of this Policy prove inconsistent with generally applicable legal regulations, such provisions shall become invalid and shall be replaced by relevant generally applicable legal regulations.

§ 4. General provisions

Position of the Policy in the remuneration system

1. The Policy being approved by the Supervisory Board, it prevails over other documents adopted with respect to remuneration policies and principles for Persons in positions having material impact on the Bank's risk profile, and pertains in particular to:
 - 1) principles for identifying positions at the Bank or the Bank's Subsidiaries that have material impact on the Bank's Risk Profile and the rules for the employees of the Bank and employees of the Subsidiaries of the Bank being subject to the Policy, as well as setting out a basis (conditions) for the Allocation of Variable Remuneration and Acquisition of the Right to Deferred Variable Remuneration;
 - 2) principles for setting components of Variable Remuneration of persons having material impact on the Bank's Risk Profile, who are subject to the Policy and principles for payment of Variable Remuneration components;
 - 3) method of carrying out regular reviews of the Policy.
2. Allocation, Acquisition of the Right and payment of any remuneration to Persons in positions having material impact on the Bank's Risk Profile have to be carried out in line with principles adopted in this Policy and regulations which are described in item 3 below.
3. Based on this Policy, the Bank could adopt other policies, regulations and principles pertaining to various categories of Persons in positions having material impact on the Bank's Risk Profile, clarifying the mechanism of the Allocation, Acquisition of the Right and payment of remuneration, as well as mechanisms of assessment and adjustment of risk if these mechanisms remain within the framework set by this Policy.
4. Considering the objective of the SFDR and taking into consideration the Bank's commitment to environmental issues so far, as well as the Bank's activity to implement the principles of social responsibility, including ensuring that the HR policy of the Bank is in line with the market's best practices, the Bank intends to ensure compliance of this Policy with the strategy on including in the Bank's operation the risks for the sustainable development. After the indicated strategy is implemented in the Bank, the principles of variable remuneration for persons managing portfolios or providing investment advice in the meaning of the SFDR Regulation, shall include the principle of not encouraging excessive risk taking regarding the risk related to sustainable development and will be linked to the results adjusted by this risk.

Personal scope of the Policy

5. The Policy applies to Persons holding positions at the Bank or the Bank's Subsidiary having material impact on the Bank's Risk Profile, excluding members of the Supervisory Board. The up-to-date catalogue of positions identified as having material impact on the Bank's Risk Profile is enumerated in the List.
6. This Policy applies to the Bank and all subsidiaries of the Bank within the meaning of Article 4 (1)(16) of Regulation 575.
7. The competent corporate bodies of the Bank's Subsidiaries are responsible for the implementation



of the rules of Assignment, Acquisition of the rights and payment of remuneration specified in the Policy and regulations described in section 3 above, in relation to persons holding positions in the Bank's Subsidiaries being identified by the Bank as positions having material impact on the Bank's Risk Profile, as well as for periodic review and update of the internal regulations of the Bank's Subsidiaries in this respect, including relevant policies, regulations and procedures.

8. The Bank's subsidiaries are obliged to:
 - 1) implement and update of internal regulations in the scope of the rules set out in the Policy,
 - 2) approve with the Executive Director of the Human Resources at BNP Paribas Bank Polska S.A. any content of internal regulations regarding this Policy and regulations described in section 3 above, and/or potential exceptions from the provision of this Policy to certain persons holding positions identified by the Bank as positions having material impact on the Bank's Risk Profile
 - 3) inform about the assignment, acquisition of rights or payment of variable remuneration to persons holding positions identified by the Bank as positions having material impact on the Bank's Risk Profile on the terms set out in the Policy and regulations described in section 3 above.
9. The Policy does not apply to the Bank's Subsidiaries to the extent that they are subject to specific remuneration requirements in accordance with other legal acts of the European Union or national regulations.

§ 5 General terms and condition of Acquisition of the Right to remuneration and payment thereof

General principles

1. In order to ensure uniform and legal terms and conditions for the acquisition of the right to remuneration and payment thereof to Persons having material impact on the Bank's Risk Profile, the following general principles apply:

- 1) Adequacy

Remuneration paid to Persons having material impact on the Bank's Risk Profile shall be adequate, i.e. shall reflect their contribution in achieving the Bank's targets, amount of labour and best market practice with respect to rewarding persons in similar positions adopted on the Polish market, and shall ensure proper balance between Fixed Remuneration and Variable Remuneration;

- 2) Proportionality

Remuneration shall be paid to Persons having material impact on the Bank's Risk Profile in a manner adjusted to the scope, organisational structure, character, range and complexity of the Bank's activities;

- 3) Non-discrimination

Remuneration shall be paid in a way non-discriminating any category of the Bank's employees, while retaining the right to equal remuneration for equal work.

Competences with respect to remuneration

2. All final decisions pertaining to remuneration, including decisions on the Allocation of Variable Remuneration, Acquisition of the Right to Deferred Variable Remuneration and payment thereof, as well as the application of adjustment mechanisms with respect to this remuneration (Malus), shall be the responsibility of:
 - 1) the Supervisory Board (after Remuneration Committee recommendation) – with respect to



remuneration of Members of the Bank's Management Board, and

- 2) the Management Board – with respect to remuneration of other Persons having material impact on the Bank's Risk Profile, after positive opinion of the Supervisory Board to annual financial statement.

General prohibitions

3. In order to ensure correct fulfilment of requirements pertaining to remunerating Persons having material impact on the Bank's Risk Profile, the following general prohibitions apply to all categories of remuneration subject to rights acquired by these Persons:
 - 1) it shall be forbidden to allocate the Guaranteed bonus in situations other than hiring new employees and after the first year of their employment, as well as to grant and pay any other similar Variable Remuneration in breach of these principles;
 - 2) Persons having material impact on the Bank's Risk Profile shall be prohibited to use personal hedging strategies or insurance pertaining to remuneration and liability, except for obligatory insurance under detailed regulations, that would result in the neutralisation of measures applied with respect to these Persons within the framework of the Policy. By approving the provisions of this Policy, these Persons undertake not to use the aforementioned strategies and insurance;
 - 3) benefits granted to Persons having material impact on the Bank's Risk Profile, including primarily benefits related to termination of the employment relationship between the Bank and the particular Persons, should never constitute a reward for failure and have to reflect Bank's results, given organizational unit's result and the performance of this Person taking into account particularly workload, performance and quality during the Evaluation Period. Evaluation of performance should be documented.

Fixed Remuneration and Variable Remuneration

4. Remuneration of a Person having material impact on the Bank's Risk Profile comprises Fixed Remuneration and Variable Remuneration. Any remuneration paid to aforementioned Persons belongs to one of the two aforementioned categories. Distinguishing various kinds of Fixed Remuneration or Variable Remuneration should take into account the character of these two categories of remuneration, in accordance with definitions included in the Policy.

Maximum ratio between Fixed Remuneration and Variable Remuneration

5. Since the ratio between Fixed Remuneration and Variable Remuneration should be properly weighted, and fixed components have to represent a sufficiently high proportion of the total remuneration to allow a fully flexible policy on variable components, it is agreed that the maximum amount of remuneration components constituting Variable Remuneration shall not exceed 100% of remuneration components constituting Fixed Remuneration.
6. The ratio aforementioned in item 5 shall be calculated by comparing the maximum sum of all components of Variable Remuneration that can be Allocated for the particular year and the sum of all components of Fixed Remuneration paid that particular year. In the calculation process, the Bank can disregard some benefits if they are immaterial, which in particular pertains to Additional Benefits.
7. For calculating the ratio aforementioned in item 5, the following shall not be taken into account:
 - 1) the amount of severance payments and similar benefits, in the part in which they are paid in the amount arising from generally applicable legal regulations or result from a final and binding judicial decision or composition agreement concluded before a court,



- 2) the amount of the Sign-on Bonus for the first Evaluation Period of the particular Person having material impact on the Bank's Risk Profile if this Person acquires the right to the Sign-on Bonus upon employment before the first Evaluation Period.
8. The Bank shall be able to accept a higher percentage ratio, and consequently, Allocating and paying Variable Remuneration exceeding 100% of Fixed Remuneration, but not higher than 200% of Fixed Remuneration with the consent of the General Meeting of Shareholders, in accordance with the procedure provided in § 25 item 2 section 4(b) of the **MFFiRP**.

§ 6. Detailed terms and conditions of payment of Fixed Remuneration

1. Fixed Remuneration shall be paid to Persons having material impact on the Bank's Risk Profile with frequency and in the amount set in the employment contract, agreement for the provision of service or any other similar agreement, as well as in the rules, policies and other internal documents of the Bank if they provide for payment of remuneration demonstrating features of Fixed Remuneration (including, primarily, Additional Benefits). Payment of Fixed Remuneration shall be obligatory.
2. In particular, Fixed Remuneration shall be:
 - 1) monthly salary identified in the employment contract;
 - 2) additional allowances paid based on relevant provisions of the Labour Law;
 - 3) Additional Benefits.
3. When identifying whether particular Remuneration is Fixed Remuneration, the Bank takes into account primarily the following criteria:
 - 1) the remuneration is fixed and paid based on principles and criteria set in advance;
 - 2) the monthly salary set in the employment contract reflects the professional experience level and years of service;
 - 3) the remuneration is transparent in relation to amounts paid to particular Persons having material impact on the Bank's Risk Profile;
 - 4) the remuneration is fixed, i.e. it is paid for a specific period related to a particular role and responsibility at the Bank;
 - 5) the remuneration cannot be reduced, its payment cannot be suspended or cancelled, except for instances arising from generally applicable legal regulations;
 - 6) the remuneration shall not constitute encouragement to take excessive risk, and
 - 7) the amount of remuneration shall not be linked to performance.
4. Fixed Remuneration may be reviewed annually.

§ 7. Detailed terms and conditions of the Allocation and Acquisition of the Right to Variable Remuneration and payment thereof

1. This policy is the sole basis for persons having material impact on the Bank's Risk Profile to acquire the right to Variable Remuneration, in line with principles set herein and regulations/principles adopted based on this Policy. Variable Remuneration is a variable part of remuneration, allocated independently of Fixed Remuneration in a transparent way, adjusted to the Risk Profile and ensuring effective achievement of objectives of the Policy.
2. Variable Remuneration comprises a Deferred Part and a non-deferred part. At least 50% of the deferred part and non-deferred part of Variable Remuneration shall be made up of a financial instrument in the form of Shares, while the remaining part of the deferred part and non-deferred



part of Variable Remuneration shall be granted in cash.

Particularly high amount

3. In case of allocation of Variable Remuneration, the amount of which exceed a particularly high amount:
 - 1) deferred part is not lower than 60% of Variable Remuneration;
 - 2) it is possible to apply Deferral Period including more than four (4) years (maximum five [5] years) determined in accordance with business cycle, nature of business and risk associated with it and duties of identified persons.
4. In case of allocation of Variable Remuneration, the amount of which exceeds a particularly high amount, decision on percentage indicator mentioned in § 7 item 3 section 1 and decision on specifying length of Deferral Period mentioned in § 7 item 3 section 2 is set by the competent authority of the Bank mentioned in § 5 item 2.
5. Particularly high amount is PLN 2,000,000.

Types of Variable Remuneration

6. In particular, Variable Remuneration shall be:
 - 1) remuneration depending on performance, including non-cash remuneration in the form of the Bank's Shares and remuneration expressed in cash;
 - 2) Sign-on Bonus;
 - 3) Buy-out Bonus;
 - 4) Rewards;
 - 5) severance payments and similar benefits paid based on relevant provisions of the Labour Law.

Criteria of Allocation of Variable Remuneration

7. With the exception of the provisions concerning the Control Functions referred to in § 9 of this Policy, the amount of Variable Remuneration specified in § 7 point 6.1) shall be determined on the basis of results of the Bank as a whole, results of organizational unit and individual performance, and shall be subject to change along with changes of these results, in particular in accordance with the principles set out in § 8 below. The above means that it shall be also possible to completely deprive a particular Person having material impact on the Bank's Risk Profile of this Variable Remuneration.
8. Results of the Bank used for the purpose of determining Variable Remuneration specified in § 7 point 6.1) shall take into account: revenues, operating costs, cost of risk, tax burden, cost-income ratio, return on capital, the cost of capital and the liquidity risk in the long term. The results of performance evaluation is referred to the level of budget execution of the Bank.
9. An evaluation of the individual performance of particular Persons having material impact on the Bank's Risk Profile shall be performed after the end of each year during the Evaluation Period. Such an evaluation shall additionally take into consideration an annual compliance and risk management assessment performed in accordance with a separate procedure functioning at the Bank.
10. The individual Allocation of Variable Remuneration and acquisition of the right to such remuneration in the full amount by Persons having material impact on the Bank's Risk Profile shall



depend on receiving a "Satisfies requirements" rating for each year during the Evaluation Period in each of the areas being assessed. The receipt of a rating lower than "Satisfies requirements" in case of performance or compliance or risk management assessment may lead to a reduction of the value of the Allocated Variable Remuneration or Variable Remuneration to which the Person finally acquires the right.

11. A Person shall acquire the right to Variable Remuneration and it shall be paid only if this does not adversely affect the financial situation of the entire Bank and is justified on the basis of the results of the Bank, a given organizational unit/section and the Person concerned.
12. The following categories of targets shall be set for Persons having material impact on the Bank's Risk Profile:
 - 1) quantitative and qualitative targets approved by the competent authority of the Bank;
 - 2) targets set for the Bank or targets set by the Bank for the organizational unit or business area of the Person - depending for which of these units targets were set;
 - 3) other targets set by the Bank.
13. Targets shall be set individually for each Person having material impact on the Bank's Risk Profile taking into account:
 - 1) adjustment of these targets to the Bank's Risk Profile;
 - 2) possibility of using risk adjustment mechanisms;
 - 3) principles of transparency and openness.
14. Targets for Persons having material impact on the Bank's Risk Profile other than Members of the Management Board shall be set and approved in the manner adopted by the Bank in a separate regulation. Criteria for the Bank's Management Board shall be set and approved by the Bank's Supervisory Board.
15. During the evaluation of the accomplishment of targets by Persons having material impact on the Bank's Risk Profile the above categories of targets shall be taken into account, subject to the risk level related to their performance.
16. Each Person having material impact on the Bank's Risk Profile shall be entitled to obtain full knowledge about ratings constituting the basis for making a decision on the Allocation of Variable Remuneration and acquisition of the right to that remuneration by the given Person.

Principles of acquiring the right to Variable Remuneration and its payment.

17. Subject to specific exemptions provided for in this Policy and documents adopted on the basis hereof, each Variable Remuneration to which the Person having material impact on the Bank's Risk Profile may acquire the right shall be subject to the following rules:
 - 1) the Variable Remuneration shall be subject to evaluation and adjustment mechanisms described in § 8 below;
 - 2) in order to create conditions encouraging Persons having material impact on the Bank's Risk Profile to have particular concern for the long-term interest of the Bank, at least 50% of the Variable Remuneration shall be allocated in the form of the Bank's Shares. Detailed conditions of the payment of Variable Remuneration in the form of the Bank's Shares are set out in separate Regulations of allocation and payment of variable remuneration components;
 - 3) Variable Remuneration in the form of the Bank's Shares shall be subject to a Retention Period; this period shall apply to both the Deferred Part of that remuneration and non-deferred part;
 - 4) the acquisition of the right to individual tranches of the Deferred Part of the Variable

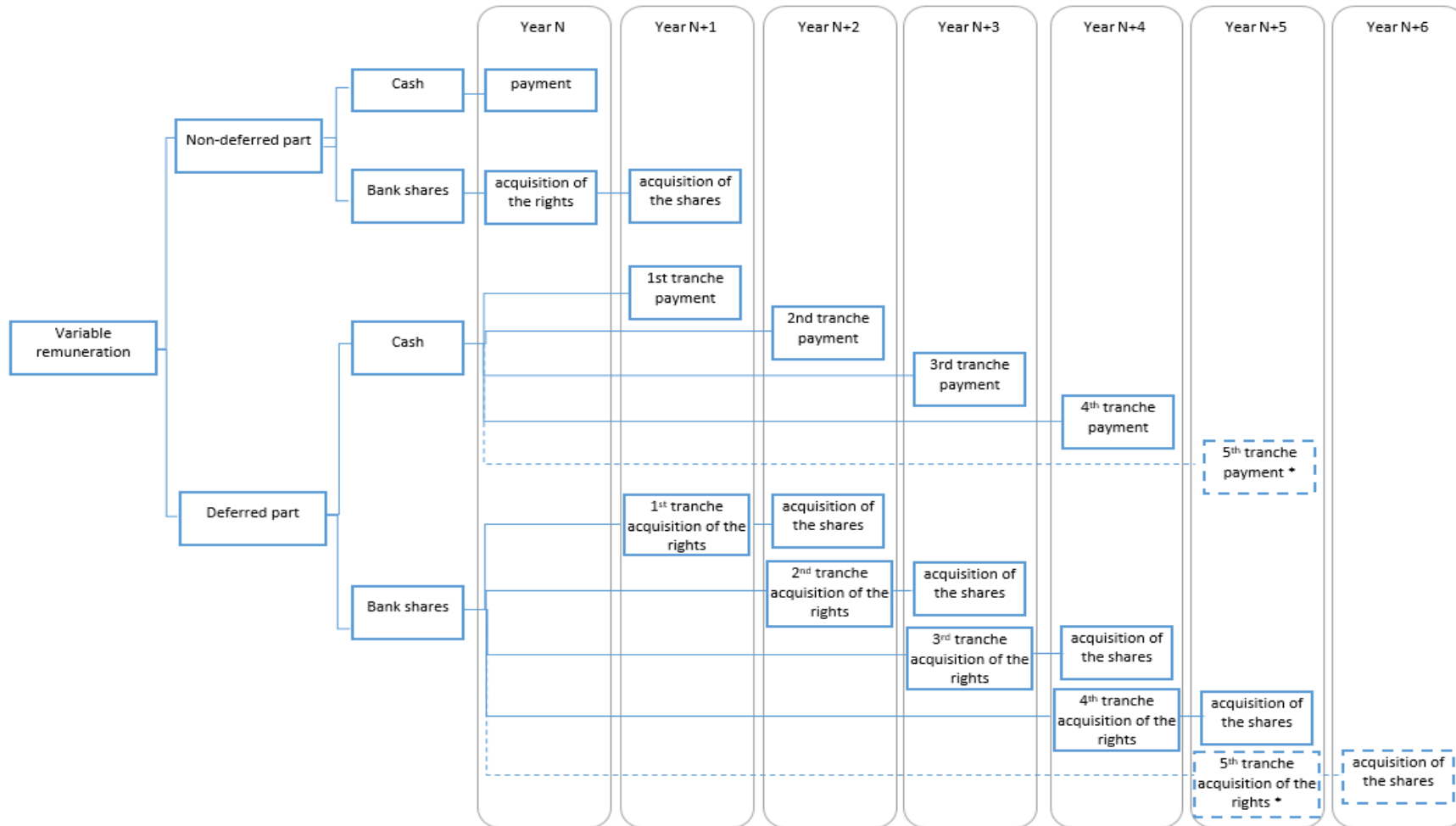


Remuneration and the payment of that remuneration shall occur no earlier than after the end of subsequent annual periods within the Deferral Period; the Bank shall be entitled to apply a higher percentage than the one specified in the definition of the Deferred Part and in case of employees who are not Senior management to defer that part of the Variable Remuneration for more than four (4) years (max 5 years). Deferral period for Senior management is five (5) years;

- 5) the payment of the Reward shall be an extraordinary event and shall take place only in the case of outstanding achievements of the Person concerned; the Reward shall be subject to all principles applicable to Variable Remuneration described above;
- 6) as a rule, Variable Remuneration shall be paid in accordance with the following formula:



A formula of granting and payment of the Variable Remuneration for the specific annual Evaluation Period



*applies to Senior management



18. The details regarding determination of each tranche are set out in separate Regulations, based on this Policy. The above shall not preclude the possibility of payment of components of the Variable Remuneration on other dates if this is justified by the circumstances, in particular if relevant deadlines resulting from generally applicable laws must be met.

Accepted exceptions

19. As exceptions to the principles referred to in point 16 and 17 above, the following is determined:
 - 1) the Sign-on Bonus shall not be subject to the principles of deferral and division of this type of Variable Remuneration into remuneration in the form of the Bank's Shares and remuneration in the form of cash, as well as to the application of the Malus mechanism; Sign-on Bonus shall not be included in the calculation of the ratio referred to in § 5 items 5, 6, 7, 8 above;
 - 2) severance pay and similar benefits, in the part in which they are paid in the amount resulting from applicable laws or resulting from a legally valid court judgement or settlement concluded before a court, shall not be subject to the principles of deferral and division of this type of Variable Remuneration into remuneration in the form of the Bank's Shares and remuneration in the form of cash, as well as to the application of the Malus mechanism; the amount of such benefits shall not be included in the calculation of the ratio referred to in § 5 items 5, 6, 7, 8 above;
 - 3) a benefit which has an exceptional character (compensation for non-competition) which is not based on the assessment of the performance of a given Person or the financial result of a particular organizational unit/section or the entire Bank, shall not be subject to the principles of deferral and division of this type of Variable Remuneration into remuneration in the form of the Bank's Shares and remuneration in the form of cash, as well as to the application of the Malus mechanism.

Pool of Variable Remuneration

20. The Supervisory Board shall set a pool of Variable Remuneration for the Management Board Members, taking into consideration the ratio referred to in § 5 item 5 above, criteria of the assessment of performance and risk for the entire Bank, control targets and the overall financial situation of the Bank.
21. The Bank's Management Board shall set a pool of Variable Remuneration for the other persons having material impact on the Bank's risk profile, taking into consideration the ratio referred to in § 5 item 5 above, criteria of the assessment of performance and risk for the entire Bank, control targets and the overall financial situation of the Bank and the budget approved by the Supervisory Board.

§ 8. Mechanisms of assessment and adjustment of Variable Remuneration risk

1. In order to adopt the Risk Profile that will be appropriate for a long-term business strategy of the Bank and to adjust the Variable Remuneration to the Risk Profile, individual results and the Bank's results, as well as to secure the compliance with the principle of not rewarding for poor results, the Bank shall use ex ante and ex post mechanisms of assessment and adjustment of risk and Variable Remuneration.



Ex-ante mechanisms

2. Ex ante mechanisms shall be used prior to the Allocation of Variable Remuneration to which Persons having material impact on the Bank's risk may potentially acquire the right, in order to adjust this remuneration to all current and future risks, and they have an immediate effect on the maximum Variable Remuneration to which such Persons may acquire the right for a particular Evaluation Period and on his/her risk-based behaviour. Ex ante mechanisms shall include in particular:
 - 1) an assessment, performed each time, of whether the Variable Remuneration reflects the Bank's results, the organizational unit's results and the level of accomplishment of targets by Persons having material impact on the Bank's Risk Profile;
 - 2) risk measurement, performed each time, taking into account measures mitigating it in order to maintain the desired Risk Profile;
 - 3) risk assessment taking into account both quantitative and qualitative risk adjustments;
 - 4) compliance assessment, determining the possibility of Allocation of Variable Remuneration to a Person holding a position having material impact on the Bank's Risk Profile, in accordance with §7 item 9 above;
 - 5) inclusion of the cost of capital and avoidance of situations where the acquisition by Persons having a material impact on the Bank's Risk Profile of the right to Variable Remuneration and the payment of that remuneration – both in the Deferred Part and in the remaining part – would restrict the possibilities of strengthening the regulatory capital, the solvency ratio and the Bank's equity.

Ex post mechanisms

3. Ex post mechanisms shall be used before the final determination of the amount of Variable Remuneration payable in order to guarantee that Persons having a material impact on the Bank's risk profile are rewarded taking into account long-term effectiveness and consequences of decisions made in the past. Ex post mechanisms shall include in particular:
 - 1) application of the Deferral and Retention Period and separation of the Deferred Part of the Variable Remuneration;
 - 2) payment of a portion of Variable Remuneration in the form of the Bank's Shares;
 - 3) application of the Malus mechanism;
 - 4) withholding or reducing payment of Variable Remuneration in case of the Bank does not meet the combined buffer requirement.

Malus mechanism in relation to individuals

4. The right to each tranche of the Deferred Part of the Variable Remuneration of individual MRT shall be determined taking into account the circumstances that may cause withholding, limiting (reduction) or refusal of payment of the Deferred Part of the Variable Remuneration on the principles set out below (Malus).
5. After the end of each annual Settlement Period occurring in a particular Deferral Period and after the end of Retention Period the Management Board or the Supervisory Board (depending on whether a given Person having material impact on the Bank's Risk Profile is a Member of the Management Board) within a set deadline assesses the results for that period and determines



whether and to what extent the following circumstances occurred:

Global events:

- 1) significant deterioration in the financial performance of the Bank, resulting in a change in the assessment of the original circumstances of determining the Variable Remuneration, in particular:
 - a) a financial loss resulting from circumstances on which a Person having material impact on the Bank's Risk Profile had an influence, including participating in activities that resulted in significant losses of the Bank, or was responsible for such activities (a change of the law shall not constitute such a circumstance);
 - b) occurrence of the situation referred to in Article 142 section 1 of the Banking Law;
- 2) significant negative change in tier 1 capital of the Bank, resulting in a change in the assessment of the original circumstances of determining Variable Remuneration:
 - a) decrease of the solvency ratio below the internal warning threshold of the Bank,
 - b) decrease of the solvency ratio below the supervisory standard,
 - c) decrease of one of the liquidity ratios (M1, M2, M3 and M4) below the supervisory standards;

Personal attitudes:

- 1) a significant failure of a particular Person having material impact on the Bank's Risk Profile concerning the risk management principles, resulting in a change of the original circumstances of determining the Variable Remuneration for the Evaluation Period;
 - 2) proven misconduct of a particular Person having material impact on the Bank's risk profile or significant errors made or a failure to meet applicable standards related to reputation, e.g. through non-compliance with the code of conduct, codes of ethics, compliance guidelines or core values of the Bank;
 - 3) a particular Person having material impact on the Bank's Risk Profile does not meet relevant standards for the warranty of safe and prudent management of the Bank;
 - 4) failure to meet by a particular Person having material impact on the Bank's Risk Profile the applicable standards related to competence and proper conduct;
 - 5) determination of Variable Remuneration on the basis of incorrect, misleading information or as a result of deliberate action of a particular Person having material impact on the Bank's Risk Profile to the detriment of the Bank, having a considerable effect on the assessment of the accomplishment of its targets in a particular Evaluation Period or Deferral Period;
6. Documents adopted on the basis of this Policy may introduce additional circumstances for triggering a Malus mechanism.

Withholding and limiting payment of Variable Remuneration in case the Bank does not meet the combined buffer requirement.

7. It is forbidden to make the payments of allocated Variable Remuneration exceeding the maximum distributable amount (MDA) in case the Bank does not meet the combined buffer requirement within the meaning and in accordance with article 55 and 56 Act of Macprudential Supervision.
8. In case of Bank does not meet the combined buffer requirement then before the MDA calculation Bank:



- 1) shall not assume any obligation to pay variable remuneration components or discretionary pension benefits;
- 2) shall not make payments of variable remuneration components if the obligation to pay them was created in the period in which the Bank failed to meet the combined buffer requirement.

Procedure to be followed in the event of cessation of a legal relationship between the Bank and a particular Person having material impact on the Bank’s Risk Profile or in the case if the position is excluded from the List

9. The following table presents circumstances in the event of cessation of a legal relationship between the Bank and a particular Person. when Person having material impact on the Bank’s Risk Profile does not acquire the right to the Deferred Part of Variable Remuneration or a part thereof or acquisition of the right to the Deferred Part of Variable Remuneration or its payment takes place earlier in following cases:

Reason for cessation of legal relationship:	Consequences for Variable Remuneration:
Death	The entire Deferred Part shall be paid immediately to entitled persons without the application of Malus mechanisms. The above shall also apply to the Variable Remuneration to which the Person acquired the right, if it was covered by the Retention Period. For calculating the amount of Variable Remuneration allocated in the form of the Bank’s Shares, <i>[the arithmetic mean of the volume-weighted average price of the Bank shares on each business day over the period of 40 business days preceding the event]</i> is taken into account, decreased by PLN 1.00 (in words: one Polish zloty) per each Share.
Disability (causes permanent loss of ability to work)	The entire Deferred Part shall be paid immediately without the application of Malus mechanisms. The above shall also apply to the Variable Remuneration to which the Person acquired the right, if it was covered by the Retention Period. For calculating the amount of Variable Remuneration allocated in the form of the Bank’s Shares, <i>[the arithmetic mean of the volume-weighted average price of the Bank shares on each business day over the period of 40 business days preceding the event]</i> is taken into account, decreased by PLN 1.00 (in words: one Polish zloty) per each Share.
Retirement	The Deferral Period shall still apply – the right to the Deferred Part shall be acquired by the Person after the end of annual settlement periods as part of the Deferral Period; a payment shall be made subject to any applicable Retention Period.



Termination of employment contract due to reasons unrelated to the Person*	The Deferral Period shall still apply – the right to the Deferred Part shall be acquired by the Person after the end of annual settlement periods as part of the Deferral Period; a payment shall be made subject to any applicable Retention Period.
Termination by notice of employment contract by the Person*	The Person shall not acquire the right to the Deferred Part.
Termination of employment contract without notice due to the fault of the Person*	The Person shall not acquire the right to the Deferred Part.
Termination of employment contract due to reasons related to the Person with a notice period* or without notice period (Article 53 § 1 Labour Code)	The Person shall not acquire the right to the Deferred Part.
Termination of employment contract upon mutual consent*	A decision on the acquisition of the right to the Deferred Part and its amount for Members of the Management Board shall be made by the Supervisory Board and in the case of other Persons – by the Management Board.

*For the purposes of this section, termination of the employment relationship shall be understood also as cessation of a civil law relationship between a particular Person and the Bank in a manner which most closely corresponds to the particular manner of cessation of the employment relationship.

10. Cessation of a legal relationship between the Person and the Bank, related to a change of the position within the BNP Paribas Group (including a change of the position within the Bank’s subsidiaries) shall not deprive the Person of the right to the Deferred Part. In such a case, the principles of deferral of Variable Remuneration and the payment of its part in the form of the Bank’s Shares shall apply, in accordance with the provisions of the Policy.
11. If the Person changed his/her position within the Bank to a position not included in the List or his/her Position is not identified as MRT, the Evaluation Period shall cover the period of performing duties in the position covered by the List. The remaining principles set out in this Policy shall not change.

Procedure to be followed in the event the Person having material impact on the Bank’s Risk Profile is subject to an investigation and/or disciplinary procedure

12. Where at the relevant Payment Date(s), the Person is subject to an investigation and/or disciplinary process for a potential act of misconduct, assessment of his/her rights to the Variable compensation and/or the payment will be postponed until the outcome of the investigation and/or disciplinary procedure is known. Provided that the Person is absolved of any wrongdoing and is not subject to sanctions for misconduct, he/she is entitled to the variable compensation.



§ 9. Remuneration for persons holding Control Functions.

In order to guarantee the independence of Persons holding Control Functions, this Policy sets out the following special conditions for remuneration paid to such Persons:

- 1) the amount of Fixed Remuneration shall be sufficient to ensure the Bank's ability to attract skilled and experienced staff;
- 2) Variable Remuneration of Persons holding Control Functions may not depend on financial results achieved in the Bank's areas controlled by them;
- 3) Persons holding Control Functions shall be assessed mainly on the basis of targets related to their positions. A majority of criteria and targets on which the acquisition of the right to Variable Remuneration depends shall be related to the position held;
- 4) the Variable Remuneration shall not be paid to Persons holding Control Functions if the rating they received is lower than "Satisfies requirements".

§ 10. Supervisory Board and Remuneration Committee

1. Being the body ultimately responsible for the proper implementation and application of the Policy, the Supervisory Board shall have in particular the following obligations:
 - 1) approval of the Policy and amendments to the Policy and a yearly assessment of the implementation and application of the Policy at the Bank in accordance with the provisions of § 12 below;
 - 2) allocation of the amount of total remuneration for individual Persons having material impact on the Bank's Risk Profile, in particular Persons being Members of the Bank's Management Board, including Variable Remuneration and all other potential components of remuneration, in particular determination of the maximum amount of Variable Remuneration;
 - 3) determines the deferred portion and the length of the deferral period in the event of assigning a Variable Remuneration in amount higher than particularly high amount;
 - 4) approval of targets for individual Members of the Management Board;
 - 5) approval of the level of targets accomplishment by individual Members of the Bank's Management Board;
 - 6) making decisions on applying a Malus mechanism to Members of the Management Board in the case of the circumstances referred to in § 8 item 3 during each Deferral Period, and determination of the amount of the deferred part of Variable Remuneration of Management Board Members payable for a particular Evaluation Period;
 - 7) approval of an independent assessment of the application of the Policy performed annually by the Bank's internal audit.
2. The Bank has in place a Remuneration Committee whose task is to issue opinions to monitor the Policy and to support the Supervisory Board in the scope of creation and implementation of the Policy. Specific competencies of this Committee are determined the By-laws of the Remuneration Committee adopted by the Supervisory Board.

§ 11. Review and update of the Policy

1. The Policy shall be reviewed by the Remuneration Committee at least once a year, in particular with regard to:



- 1) the functioning of the Policy in accordance with its goals;
- 2) compliance of the Policy with the Polish law and European regulations;
- 3) consistence of the Bank practice with the market practice.;
2. A review shall be performed on the basis of results of the assessment of the application of the Remuneration Policy performed annually by the Bank's internal audit.
3. An report on the Policy review performed at least once in the year and shall be submitted to the Supervisory Board for approval.
4. The Bank's Management Board shall be responsible for proposing updates of this Policy to the Supervisory Board.

§ 12. The Bank's reporting obligations

- 1) The Bank shall fulfil reporting obligations arising from the applicable laws including those mentioned in § 3 above, in accordance with applicable laws and in a transparent and proportionate manner.
- 2) Once a year, by 31 January, the Bank shall submit to the PFSA:
 - 1) information on the number of Persons having material impact on the Bank's Risk Profile whose aggregate remuneration in the previous year amounted at least to the equivalent of EUR 1,000,000, together with information on positions held by those persons and the value of the main components of their remuneration, allocated bonuses, long-term awards and pension contributions paid. In order to determine the EUR equivalent of the value of the remuneration, the average exchange rate published by the National Bank of Poland applicable on the last working day of the year for which the remuneration is granted.
 - 2) information for the previous year on the gender pay gap.
- 3) The Bank shall announce in a generally available manner – in particular on its website – a description of its remuneration policy and information on the establishment of the Remuneration Committee.

§ 13. Final Provisions

1. The Policy shall apply to remuneration due for 2021 whose Allocation will take place after 1 January 2022.
2. The Policy in the wording set as at 31/12/2020 apply to remuneration assigned up to 31/12/2021.
3. The principles of the Bank's conduct in the case of legal events that may affect the possibility of allocating Variable Remuneration or the amount of such remuneration are set out in Regulations of allocation and payment of variable remuneration components to the members of Management Board of BNP Paribas Bank Polska S.A. and Regulations of allocation and payment of variable remuneration components to persons having material impact on the risk profile other than members of the Management Board of BNP Paribas Bank Polska S.A.