

**WNIOSEK ZARZĄDU  
DOTYCZĄCY PODZIAŁU ZYSKU ZA 2021 ROK  
ORAZ NIEPODZIELONEGO ZYSKU Z LAT  
UBIEGŁYCH**

Zarząd ING Banku Śląskiego S.A. proponuje Zwyczajnemu Walnemu Zgromadzeniu:

1. dokonanie podziału zysku netto ING Banku Śląskiego S.A. za 2021 rok i niepodzielonego zysku z lat ubiegłych, zgodnie z poniższym:
  - 1) zysk netto za 2021 rok w kwocie 2 308 324 059,29 złotych przeznacza się na:
    - a) wypłatę dywidendy: 689 530 000,00 złotych,
    - b) kapitał rezerwowy, który Zarząd proponuje utworzyć z przeznaczeniem na realizację Programu Motywacyjnego dla Identified Staff Banku, w tym w szczególności zapłatę ceny nabycia akcji własnych i pokrycia kosztów ich nabycia: 200 000 000,00 złotych,
    - c) ogólny kapitał rezerwowy: 1 418 794 059,29 złotych,
  - 2) niepodzielony zysk z lat ubiegłych w kwocie 506 709 309,03 złotych przeznacza się na:
    - a) kapitał rezerwowy, który Zarząd proponuje utworzyć z przeznaczeniem na wypłatę dywidendy, w tym zaliczek na poczet przewidywanej dywidendy: 494 380 000,00 złotych,
    - b) ogólny kapitał rezerwowy: 12 329 309,03 złotych.
2. wypłatę dywidendy za 2021 rok w łącznej wysokości 689 530 000,00 zł, tj. w kwocie 5,30 zł brutto na jedną akcję, na następujących zasadach:
  - 1) dniem, według którego ustala się listę akcjonariuszy uprawnionych do dywidendy (dzień dywidendy), będzie 15 kwietnia 2022 roku,
  - 2) wypłata dywidendy nastąpi w dniu 4 maja 2022 roku (termin wypłaty dywidendy).

**MANAGEMENT BOARD MOTION  
ON DISTRIBUTION OF 2021 PROFIT AND PAST-  
YEAR UNDIVIDED PROFIT**

The Management Board of ING Bank Śląski S.A. hereby propose to the Ordinary General Meeting:

1. distribution of the 2021 net profit of ING Bank Śląski S.A. and past-year undivided profit, as follows:
  - 1) 2021 net profit in the amount of PLN 2,308,324,059.29 shall be allocated for:
    - a) dividend payout: PLN 689,530,000.00,
    - b) reserve capital, which as proposed by the Management Board, is to be established for the implementation of the Incentive Scheme for Identified Staff of the Bank, including in particular the payment of the purchase price for own shares and covering the costs of their purchase: PLN 200,000,000.00,
    - c) general reserve capital: PLN 1,418,794,059.29,
  - 2) past-year undivided profit in the amount of PLN 506,709,309.03 shall be allocated to:
    - a) reserve capital, which as proposed by the Management Board, is to be established for dividend payout, interim dividend included: PLN 494,380,000.00,
    - b) general reserve capital: PLN 12,329,309.03.
2. dividend payout for 2021 totalling PLN 689,530,000.00; that is PLN 5.30 per share in gross terms, on the following terms and conditions:
  - 1) the date, as per which the list of shareholders of record who are entitled to the dividend payment (record date) is determined, is 15 April 2022,
  - 2) the dividend shall be paid out on 4 May 2022 (payment date).

Zarząd ING Banku Śląskiego S.A.  
Management Board of ING Bank Śląski S.A.



Enclosure with Supervisory Board Resolution of 11 March 2022

**Report of the Supervisory Board on the results of assessment of the annual financial statements of ING Bank Śląski S.A. for 2021.**

Pursuant to Article 382 §3 of the Commercial Companies and Partnerships Code of 15 September 2000 and having reviewed the annual 2021 financial statements of ING Bank Śląski S.A. and also the report of the independent statutory auditor from the audit of the separate financial statements for the financial year ended 31 December 2021, drawn up by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., the ING Bank Śląski S.A. Supervisory Board:

1. state that the 2021 financial statements of ING Bank Śląski SA. as presented by the Bank Management Board were developed correctly in all material aspects and present fairly and clearly the property and financial standing of the Company as at 31 December 2021 as well as the financial result and cash flows for the accounting period from 1 January to 31 December 2021, in line with relevant and applicable regulations on financial statements, and comply with the ledgers, documents and the state of affairs,
2. having regard to the above, resolve to recommend that the General Meeting approve the 2021 annual financial statements of ING Bank Śląski S.A., and
3. present this Report on the results of assessment to the General Meeting of ING Bank Śląski S.A.

Aleksander Galos  
Chair of the Supervisory Board  
of ING Bank Śląski S.A.

Warsaw, 11 March 2022



Enclosure with Supervisory Board Resolution of 11 March 2022

**Report of the Supervisory Board on the results of assessment of:**

- **the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for 2021,**
- **the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2021 covering the Report on Operations of ING Bank Śląski S.A., including the Management Board statement on the application of corporate governance rules,**
- **the Report on non-financial information of ING Bank Śląski S.A. Group for 2021, including non-financial information of ING Bank Śląski S.A.**

Pursuant to Article 382 §3 of the Commercial Companies and Partnerships Code of 15 September 2000 and in conjunction with Article 63c. of the Accounting Act of 29 September 1994, and having reviewed the 2021 annual consolidated financial statements of ING Bank Śląski S.A. Group and the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2021 covering the Report on Operations of ING Bank Śląski S.A. including the Management Board statement on the application of corporate governance rules, as well as the Report on non-financial information of ING Bank Śląski S.A. Group for 2021, including non-financial information of ING Bank Śląski S.A., and also the report of the independent statutory auditor from the audit of the consolidated financial statements for the financial year ended 31 December 2021, drawn up by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., the ING Bank Śląski S.A. Supervisory Board:

1. state that the 2021 consolidated financial statements of ING Bank Śląski SA. Group were developed correctly in all material aspects and present fairly and clearly the property and financial standing of the Group as at 31 December 2021 as well as the financial result and cash flows for the accounting period from 1 January to 31 December 2021, in line with relevant and applicable regulations on financial statements and comply with the ledgers, documents and the state of affairs,
2. state that the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2021 covering the Report on Operations of ING Bank Śląski S.A., including the Management Board statement on the application of corporate governance rules, provides for significant information about the property and financial standing of ING Bank Śląski S.A. and its Group as at 31 December 2021, including the assessment of performance, indication of risk factors and description of threats, and that it was developed in line with effective regulations on reports on operations and that it complies with the ledgers, documents and the state of affairs,
3. state that the Report on non-financial information of ING Bank Śląski S.A. Group for 2021, including non-financial information of ING Bank Śląski S.A., satisfies the disclosure requirements for non-financial information as per the Accounting Act,
4. having regard to the above, resolve to recommend that the General Meeting approve the annual consolidated financial statements of ING Bank Śląski S.A. Group and the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2021, covering the Report on Operations of ING Bank Śląski S.A., including the Management Board statement on the application of corporate





ING Bank Śląski S.A.

- governance rules, as well as the Report on non-financial information of ING Bank Śląski S.A. Group for 2021, including non-financial information of ING Bank Śląski S.A., and
5. present this Report on the results of assessment to the General Meeting of ING Bank Śląski S.A.

Aleksander Galos  
Chair of the Supervisory Board  
of ING Bank Śląski S.A.

Warsaw, 11 March 2022



Enclosure with Supervisory Board Resolution of 11 March 2022

**Report of the Supervisory Board on the results of assessment of the Management Board motion regarding distribution of profit earned by the Bank in 2021 and past-year undivided profit.**

Pursuant to Article 382 §3 of the Commercial Companies and Partnerships Code of 15 September 2000, the ING Bank Śląski S.A. Supervisory Board:

1. having reviewed the Management Board motion regarding distribution of profit earned by the Bank in 2021 and past-year undivided profit, do not raise any objections thereto and resolve to recommend that the General Meeting pass a resolution as per the Management Board motion, and
2. present this Report on the results of assessment to the General Meeting of ING Bank Śląski S.A.

Aleksander Galos  
Chair of the Supervisory Board  
of ING Bank Śląski S.A.

Warsaw, 11 March 2022





# Assessment of the ING Bank Śląski S.A. Group's Operations in 2021 prepared by the Supervisory Board

In 2021, the Polish economy experienced a strong rebound (5.7% growth) after a pandemic recession and a 2.5% fall in the GDP in 2020. The dynamic growth in private consumption (6.2%), supported by a strong growth in wages and social benefits, and the rebound in investment (8%) were accompanied by a high contribution from the change in inventories (~2.6 percentage points) and a negative impact from net exports (-1.9 percentage points). In dynamic terms, the Polish economy gained momentum in 2021, demonstrating its resilience to the next waves of the COVID-19 pandemic. This has been linked to increasing collective immunity to coronavirus infection through vaccination or due to previous COVID-19 outbreaks. In Q4 2021, economic growth reached 7.3% y/y, one of the best results ever.

The strong economic situation at the end of the year translated into high inflationary pressure also on the demand side; during the year the sources of inflation were mainly on the supply side and resulted from rising energy and food prices and shortages of e.g. chips or production components due to disruptions in global supply chains. In December 2021, inflation was 8.6% y/y, with average inflation for the year as a whole reaching 5.1% after 3.4% in 2020.

The National Bank of Poland has responded to rising inflationary pressures since October 2021, when the first hike was made in a monthly cycle of increases lasting at least until February 2022, when the reference rate reached 2.75%. Other countries in the region – the Czech Republic and Hungary – started raising interest rates as early as mid-2021. Previously, the NBP had gradually phased out its asset purchase programme, and at the end of the year the programme was stopped altogether. The NBP has also increased its tolerance to a strengthening of the zloty, which could support an anti-inflationary policy and lower inflation to the upper band of deviations from the inflation target, i.e. 3.5% in the medium term. In late 2021, the government decided to activate the anti-inflationary shield through temporary indirect tax cuts aimed at easing high inflationary pressures in late 2021 and early 2022.

In 2021, the banking sector recorded a very good year in terms of mortgage sales, for example. Businesses and their financing needs also improved – clearly visible in leasing and factoring products. After the MPC cut interest rates three times in 2020, we saw them rise three times in 2021. The reference rate as at 2021 yearend was above the pre-pandemic level (1.75% versus 1.50%). As the interest rate rises took place in Q4, however, their impact on the sector's results will not be fully visible until 2022.

Following the proposal of the Chairman of the PFSA, banks have made available a settlement path for their clients in the field of foreign currency mortgages with the support of the Court of Arbitration at the PFSA. One of the banks that decided to take this step was ING Bank Śląski. Some banks have also chosen to implement their own mediation models. Nevertheless, 2021 was another year marked by banks making provisions for the legal risks associated with this loan portfolio.

As a result of factors affecting the Polish economy and the banking sector in 2021, the ING Bank Śląski S.A. Group achieved a net profit of PLN 2,308.3 million, a marked improvement on 2020 (+72.6% y/y). This is a very good result compared to the sector, which posted a net profit of PLN 8.8 billion in 2021, after a net loss of PLN 0.3 billion a year earlier. This higher net profit in the ING Bank Śląski S.A. Group is mainly a consequence of a significantly lower level of the Group's risk costs, down by 61% y/y to PLN 316.0 million, and lower provisions for legal risk of FX mortgage loans (PLN 56.4 million vs. 270.3 in 2020). Consequently, the provision coverage ratio of Stage 3 loans and other receivables and POCI improved y/y by 4.5 p.p. to 65.2%; and the level of coverage of foreign currency mortgage loans by legal risk provisions is the highest in the sector (41.2% at 2021 yearend). It is worth noting that the Group's operating result before the cost of risk increased by 13% y/y to PLN 3,932.4 million, thanks to higher revenue dynamics (+11% y/y) than operating cost dynamics (+7% y/y). The improvement in the Group's income was due to both improved net interest income (+9% y/y) and net fee and commission income (+21% y/y). On the other hand, the Group's operating costs increased by 7% y/y, including own costs by 10% y/y, with regulatory costs (BGF and PFSA) falling by 13% y/y. Finally, as a consequence of the increase in total assets (+8% y/y), the cost of the so-called bank tax was also higher (+13% y/y).

The Supervisory Board oversees the activities of the Company, ensuring compliance with the relevant laws and regulations concerning accounting, finance and reporting by public companies. The Supervisory Board is also responsible for overseeing processes relating to the management of individual risks in ING Bank Śląski S.A. with the support of the Risk Committee and the Audit Committee. On the basis of the recommendations of these Committees, the Supervisory Board accepts and approves the risk management strategy for the Bank's operations, the main principles of the policy in this respect, as well as the risk appetite. In addition, the Supervisory Board monitors the level of utilisation of internal limits from the perspective of the Bank's current strategy.

The Risk Committee supports the Supervisory Board in monitoring the risk management process, including for the operational (non-financial) risk, liquidity risk, credit risk and market risk. Further, the Committee oversees the risk management process as well as the process of internal capital estimation, the capital adequacy and the risk of capital- and other models. The Committee expresses its opinion on the Bank's overall risk appetite in the current and long term.

Monitoring the financial reporting process is the responsibility of the Audit Committee. In this context, the Audit Committee periodically reviews the Bank's financial statements and the results of the audit of these statements, and the Chair of the Audit Committee – who is also an independent member of the



Board – holds regular meetings with the Vice-President of the Management Board supervising the CFO Division, during which she reviews the Bank’s interim financial results prior to their publication. The Audit Committee also analyses the deliverables of the entity authorised to audit the financial statements, ensuring that it is independent and effective. In addition, the Audit Committee monitors the adequacy and effectiveness of the internal control system and internal audit, and assesses the effectiveness of measures used to mitigate risk, including compliance risk, and the quality of risk management.

The Supervisory Board also has a Remuneration and Nomination Committee, which monitors, among other things, the labour market situation in terms of remuneration, employee turnover processes, succession plans and the results of employee satisfaction surveys. The Committee regularly monitors the remuneration system of the Bank, including the pay and bonus policy. In 2021, the Remuneration and Nomination Committee, with the involvement of an external company, conducted the process of collective suitability assessment of the Audit Committee. Due to the protracted absence of the Chair of the Supervisory Board and the Audit Committee, the Committee identified the need for changes in the composition of the Supervisory Board and subsequently made a recommendation to the Supervisory Board. The Committee conducted a process of individual assessment of candidates for the Supervisory Board and collective assessment of the Supervisory Board, a process of individual assessment of the candidate for the Chair of the Supervisory Board, and a process of individual assessment of candidates for the Audit Committee and collective assessment of the Audit Committee, making appropriate recommendations to the Supervisory Board.

Furthermore, the Committee also carried out a suitability assessment of the candidate for the new member of the Bank Management Board – the Vice-President of the Bank Management Board responsible for the COO Division – and a collective assessment of the Management Board including the newly appointed Member of the Management Board based on the results of the suitability assessment carried out by an external entity and decided to recommend to the Supervisory Board the appointment of the new member of the Management Board. In addition, in connection with the change in the responsibilities of the Board Member, the Committee also carried out a suitability assessment of the Vice-President of the Management Board supervising the COO Division and a collective suitability assessment of the Bank Management Board.

The Supervisory Board assesses that the risk management system in ING Bank Śląski S.A Group is adequate and effective. It covers all relevant risks and the processes for identifying, measuring, managing and reporting them use risk-specific instruments and techniques. The main objectives of the risk management system were achieved in 2021 and the independence of the organisational units

handling risk management was ensured as well as adequate human resources necessary for the effective performance of these units. In 2021, ING Bank Śląski S.A. complied with all safe harbour and capital adequacy requirements, in particular:

- pursuing a prudent lending policy. Lending processes and procedures were in line with supervisory requirements and best practices in the market. In 2021, the Bank took into account in its lending policy the situation prevailing in the economy and applied stricter procedures for the industries at increased risk. The Bank had a diversified loan portfolio with a significant proportion of high quality loans to businesses. At the Bank Group level, Stage 3 loan receivables represented 2.6% of total gross exposure (measured at amortised cost), which is significantly less than the average for the banking sector as a whole (5.4%);
- having procedures and systems in place to meet the highest market standards in the area of market risk management (including interest rate and currency risk). During 2021, the various categories of market risk were actively managed so that their level remained within the Bank's limits. The Bank has a currency-balanced balance sheet structure, *inter alia* characterised by a low share of foreign currency receivables in total mortgage receivables;
- maintaining a good liquidity position. As at 2021 yearend, the loan-to-deposit ratio stood at 85.9%. The Group's strong liquidity position is due to one of the largest – and steadily growing – stable household deposit bases among Polish banks;
- managing effectively operational risk, including model risk, meeting market standards in this regard, and
- having adequate level of own funds to meet the supervisory requirements. In December 2021, the total capital ratio of the ING Bank Śląski S.A. Group was 15.08% and the Tier 1 capital ratio was 13.47%.

In 2021, ING Bank Śląski S.A. also improved its model risk management process, taking into account the recommendations made by the PFSA during the inspection carried out at the beginning of 2021. In addition, the Bank's internal control system sufficiently adequately and effectively protects the Bank against unexpected events as regards granted financing, non-financial risk, market risk, liquidity or capital adequacy. This system covers all the Bank's business units and all three lines of defence. For the purpose of compliance with laws, supervisory requirements, internal regulations and market standards, decisive corrective actions were planned and taken for the weaknesses identified. The Bank has a formalised path for reporting the scale and nature of identified irregularities and the status of corrective actions and disciplinary measures taken. Corrective and disciplinary actions are implemented in a timely and effective manner. The independence of the Internal Audit Department and the Centre of Expertise –

Compliance is ensured as well as adequate human resources necessary for the effective performance of tasks by these units.

Despite the expected robust rebound in economic growth and increasing COVID-19 vaccination rates, 2021 is still largely influenced by pandemic developments in Poland and globally. Therefore, the Supervisory Board is of the opinion that the Bank should continue to focus on the measures that enhance the safety of the Bank, its employees and its clients and ensure accessibility and competitiveness in terms of products and client service quality, such as:

- adequate capital management to ensure safe credit growth as well as to meet all current and future regulatory requirements;
- further development of the product range and electronic service channels. Under the conditions of ongoing pandemic and intense competition, the opportunity for revenue growth lies in expanding the client base by winning new clients and increasing the loyalty of existing clients. Such policies lead to higher client balances and increased transaction flows;
- increasing lending, while maintaining a prudent assessment of client risk. This approach will contribute to maintaining the high quality of the portfolio and to increasing interest income;
- maintaining an adequate level of stable deposits. This will provide the necessary liquidity for lending growth;
- continuing to improve cost efficiency while maintaining high process quality through optimal use of existing resources and the benefits of increased scale of operations.

The Supervisory Board is of the opinion that the existing strategy of scaling up the operations of the Bank over recent years has proved successful, as evidenced by the financial and commercial results achieved. The success of the strategy so far justifies the Bank's intention to continue it in the next year while maintaining an adequate level of capital.

Certainly, in the light of the ongoing Ukrainian-Russian conflict, 2022 will bring about more uncertainty and the perspectives of economic growth in Poland and Europe will be adjusted considerably. We will have to face new challenges. Slump in foreign trade with Russia and Ukraine and deterioration of consumer and company moods which will make them cut down spending and hamper domestic demand will negatively impact the GDP of Poland.

**Report of the ING Bank Śląski S.A. Supervisory Board on  
Their Operations for 2021**

Pursuant to Article 382 §1 of the Commercial Companies and Partnerships Code and the provisions of the Best Practice for GPW Listed Companies, the ING Bank Śląski S.A. Supervisory Board herewith submit to the Ordinary General Meeting the *Report of the ING Bank Śląski S.A. Supervisory Board on Their Operations for 2021*.

**I. Legal basis of the functioning of the Supervisory Board at ING Bank Śląski S.A.**

The ING Bank Śląski S.A. Supervisory Board operate pursuant to the Banking Law, the Commercial Companies and Partnerships Code, the Bank Charter and the Supervisory Board Bylaw. Pursuant to §19.5 of the ING Bank Śląski S.A. Charter, Supervisory Board Members shall be appointed for the joint term of office which shall commence as of the appointment date and shall last for the full four consecutive financial years. The current term of office started on 29 March 2019 and will expire as at the date at which the General Meeting approve the financial statements for 2023.

**II. Composition of the Supervisory Board at ING Bank Śląski S.A., division of functions, and changes on the Supervisory Board during the financial year**

2021 saw the following changes on the Supervisory Board:

On 26 August 2021, Susan Poot tendered her resignation from the capacity as the Supervisory Board Member, effective as of 30 September 2021.

Following the changes on the Supervisory Board and protracted absence of the Chair of the Supervisory Board and Audit Committee, the Remuneration and Nomination Committee made a collective assessment of the Audit Committee and attested that the composition of the Supervisory Board needed to be modified to ensure active participation of an independent Board Member having knowledge of and skills in accounting or financial review within the Audit Committee.

Having regard to the above, on 5 October the Supervisory Board requested the Bank Management Board to convene in Q4 2021 the Extraordinary General Meeting in order to modify the composition of the Supervisory Board and enable organisation of the meetings of the Supervisory Board and their Committees in the changed composition by 31 December 2021 at the latest.

On 25 October 2021, Mr Aleksander Kutela tendered his resignation from the capacity as the ING Bank Śląski S.A. Supervisory Board Member, due to personal reasons, effective as of the date of the Extraordinary General Meeting; i.e. 29 November 2021.



Pursuant to the *Policy for the Assessment of the Suitability of the Members of the Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.*, the Remuneration and Nomination Committee made an individual assessment of the candidates for the Supervisory Board, i.e.: Mr Stephen Creese, Ms Dorota Dobija and Ms Monika Marcinkowska and a collective assessment of the Supervisory Board stating that the competences of the individual members of the Supervisory Board are complementary and allow for ensuring adequate level of collective performance of supervision duties in respect of all the business areas of the Bank. The relevant recommendation of the Remuneration and Nomination Committee was published on the Bank's website before the date of the Extraordinary General Meeting.

On 29 November 2021, the Extraordinary General Meeting of the Bank passed Resolution No. 7 on recalling from the Supervisory Board Mr Antoni F. Reczek, the incumbent Chair of the Supervisory Board of ING Bank Śląski S.A and Chair of the Supervisory Board Audit Committee. Mr Antoni F. Reczek was recalled due to his protracted absence, preventing him from active participation in the works of the Supervisory Board.

At the same time, on 29 November 2021, the Extraordinary General Meeting appointed Mr Stephen Creese, Ms Dorota Dobija and Ms Monika Marcinkowska as Supervisory Board members as of 29 November 2021. Mr Stephen Creese is related to ING Group. Mmes Dorota Dobija and Monika Marcinkowska are Independent Members of the Supervisory Board within the meaning of the *Act on Statutory Auditors, Auditing Firms and Public Oversight* of 11 May 2017.

Furthermore, pursuant to the recommendation of the Remuneration and Nomination Committee and having reviewed the process of the individual assessment of the candidate for the Chair of the Supervisory Board, the Supervisory Board elected Mr Aleksander Galos as the Chair of the Supervisory Board. Due to his appointment, Mr Aleksander Galos resigned from the capacity as the Board Secretary. The Supervisory Board decided to entrust this function to Mr Michał Szczurek.

Consequently, as at 31 December 2021, the Supervisory Board worked in the following composition:

<b>Aleksander Galos</b>	–	<b>Chair (independent member)</b>
<b>Małgorzata Kołakowska</b>	–	<b>Deputy Chair</b>
<b>Michał Szczurek</b>	–	<b>Secretary</b>
<b>Stephen Creese</b>	–	<b>Member</b>
<b>Dorota Dobija</b>	–	<b>Member (independent member)</b>
<b>Monika Marcinkowska</b>	–	<b>Member (independent member)</b>
<b>Remco Nieland</b>	–	<b>Member</b>

### **III. Information on compliance with the *Principles of Corporate Governance for Supervised Institutions and Best Practice for GPW Listed Companies.***

The Supervisory Body fulfil their tasks pursuant to a special authorisation granted under the *Company Charter* and the *Supervisory Board Bylaw* as well as the requirements of the *Principles of Corporate Governance for Supervised Institutions* and the *Best Practice for GPW Listed Companies*. Following the adoption by the Stock Exchange Board on 29 March 2021 of the *Best Practice for GPW Listed Companies 2021*, on 21 July 2021 the Supervisory Board passed a Resolution No. 60/XII/2021 on the opinion on the Management Board's decision



concerning application of the Best Practice for GPW Listed Companies 2021 by the Bank and implementation of its principles referring to the Board.

As per the *Best Practice for GPW Listed Companies*, the criteria of independence are satisfied by the requisite number of Board Members. According to the statements filed by the Members of the Supervisory Board, three (3) out of seven (7) Members of the Supervisory Board meet the independence criteria set out in the Charter. Those are: Supervisory Board Chair – Mr Aleksander Galos and Board Members – Ms Dorota Dobija and Ms Monika Marcinkowska. The other Members, namely: Ms Małgorzata Kołakowska (Board Deputy Chair), Mr Michał Szczurek (Secretary to the Board), Mr Stephen Creese and Mr Remco Nieland have ties with ING Bank N.V., the strategic shareholder of the Bank.

In keeping with the Bank's practice, the independent members file each year a statement to confirm that they have no relationship with the Bank, its shareholders, or employees that could have a significant impact on their ability to make impartial decisions. Furthermore, Members are required to notify the Bank immediately of occurrence of any circumstances impacting their independence. Therefore, the Board confirmed that there were neither ties nor circumstances which would compromise the satisfaction of independence criteria by the Board Members.

Professional resumes of all the Supervisory Board Members, including their functions on the Supervisory Board Committees, have been published on the Bank's website. Short personal bios of Board Members with their individual competencies have been given below. Furthermore, on the Bank's website, there are annotations on filing independence statements or statements on ties with ING Bank N.V. There is also the information on compliance with the requirements under Article 22aa of the Polish Banking Law Act. In keeping with the *Best Practice for GPW Listed Companies*, there is also an update on the share of men and women in the Management Board and Supervisory Board of ING Bank Śląski S.A. on the Bank's website.

Pursuant to the self-assessment of the Supervisory Board conducted on 5 October 2021 due to the need to fill in the composition of the Board in the course of the year with a third party Deloitte Doradztwo Podatkowe Dąbrowski i Wspólnicy sp. k., the Supervisory Board confirm that the number of members is sufficient for and adequate to the nature and to the scale of the Bank's operations.

Following the *Best Practice for GPW Listed Companies* rule concerning the application of the diversity policy, the Bank has implemented the diversity policy and ensures 30% of diversity both for men and women in the Management Board and Supervisory Board. Therefore, the Supervisory Board composition is diversified; Board Members stem from various circles and demonstrate diverse skills, practical experience and expertise, which ensures efficient oversight of the Board in all areas of the Bank's operations and warrants due performance of duties and responsibilities entrusted thereto. So differentiated is the composition of the Bank Management Board. The share of men and women in the Management Board and Supervisory Board as at 31 December 2021 has been shown in the table below:



31 December 2021	Supervisory Board	Management Board
Number and percentage of women in the statutory body	3 (43%)	4 (50%)
Number and percentage of men in the statutory body	4 (57%)	4 (50%)

Age diversity for both statutory bodies at the Bank as at 31 December 2021 has been shown in the tables below:

Number and percentage of the Supervisory Board Members in the age brackets below 30 years of age	Number and percentage of the Supervisory Board Members in the age brackets between 30 and 50 years of age	Number and percentage of the Supervisory Board Members in the age brackets above 50 years of age
0 (0 %)	3 (43%)	4 (57%)

Number and percentage of the Management Board Members in the age brackets below 30 years of age	Number and percentage of the Supervisory Board Members in the age brackets between 30 and 50 years of age	Number and percentage of the Management Board Members in the age brackets below 50 years of age
0 (0 %)	4 (50%)	4 (50%)

#### IV. Competency Profiles of Supervisory Board Members

Supervisory Board Members have high qualifications. All Members have the relevant experience and knowledge that enable them to exercise oversight of the Bank. Five out of seven Board Members are Polish and they speak Polish fluently. The new Board Members, appointed in November 2021, are gradually onboarded.

Short personal bios of Board Members showing their individual competencies have been given below.

##### Mr Aleksander Galos

**Independent Supervisory Board Member**

**Chair of the Supervisory Board, Chair of the Remuneration and Nomination Committee**

**Risk Committee Member, Audit Committee Member**

Holds a Law degree. In 1984, he graduated from the School of Law and Administration of the Jagiellonian



University in Kraków. Legal Counsel since 1994. In 2009, he completed with diploma post-graduate studies in Management at the Warsaw School of Economics. In 2009-2010, he studied at the Warsaw School of Economics – post-graduate studies in Accounting (without diploma). He was member of the Supervisory Board of Bank PKO BP S.A. and Bank Zachodni WBK S.A. for example. Since 2017 he has been engaged by the law firm Kochański Zięba i Partnerzy Sp. k. Since April 2014, he has been Member the ING Bank Śląski S.A. Supervisory Board. Secretary to the Board until November 2021. On 29 November 2021, he was elected Chair of the Supervisory Board.

### **Ms Małgorzata Kołakowska**

#### **Deputy Chair of the Supervisory Board**

#### **Remuneration and Nomination Committee Member, Audit Committee Member**

Graduated from the Faculty of International Trade Economics and Organisation at the Main School of Planning and Statistics (at present Warsaw School of Economics). In 2014, she completed the Advanced Management Program (AMP) at the Harvard Business School. From February 2010 to March 2016, she was the President of the Management Board of ING Bank Śląski S.A. Since 2018, she has been the CEO of ING Bank NV, London Branch (the United Kingdom, Middle East). Before joining ING, she was the Director at the European Bank of Reconstruction and Development and McDonalds's Poland.

### **Mr Michał Szczurek**

#### **Secretary to the Supervisory Board, Risk Committee Member**

Master of Science, Economic Sciences, after completing a joint programme of Warsaw University and Columbia University. He has a Master's degree, Faculty of Law and Administration, Warsaw University and a Master's degree, Department of Computer Sciences, Faculty of Electronics, University of Warsaw. He has been working at ING Group since the formative years of his career. He was the Vice-President of the Management Board in charge of finance and investment policy of the pension fund Nationale-Nederlanden Polska PTE S.A. and the Vice-President of the Management Board of ING Bank Śląski supervising the Retail Banking Division and the CEO of ING Bank, Romania, for example. At present, he is Head of Challengers & Growth Markets (C&G), ING Asia.

### **Mr Stephen Creese**

#### **Supervisory Board Member**

#### **Risk Committee Member**

He has a Bachelor's degree, received after graduating from University of Manchester, Economics and Economic History, faculty of Arts. He is also a Certified Information Systems Security Professional (CISSP). From 1998 to May 2021 he has been working for Citigroup Inc, where he was responsible for Forex & Local markets, Regional Head of Operational Risk and Managing Director - EMEA countries. Since June 2021, he has been Global Head of Non-Financial Risk (NFR) within ING Group.





### **Ms Dorota Dobija**

**Independent Supervisory Board Member,  
Chair of the Risk Committee,  
Remuneration and Nomination Committee Member, Audit Committee Member**

Researcher. Since 2015 Full Professor in economic science; title awarded by the President of the Republic of Poland. Since 2009 certified accountant. Since 2005 Habilitation degree in economic science - Management Science. She is a full-time employee at Kozminski University – since August 2015 as a Professor in social science, disciplines: Management and Quality, Finance and Economics, and formerly as Associate Professor in economic science, disciplines: Management Science, specialty: Accounting. She owns her supervisory experience to engagement in XIII National Investment Fund “Fortuna” and PEKAO Investment Banking. Since May 2017 she has been Vice-President of European Management Academy EURAM (responsible for governance and finance), and since September 2016 Ph.D. Programme Director, Kozminski University. She has a vast international teaching experience and impressive research achievements. In 2018, she has been awarded with the Silver Cross of Merit.

### **Ms Monika Marcinkowska**

**Independent Supervisory Board Member,  
Chair of the Audit Committee,  
Risk Committee Member**

Researcher. Since 2014 Full Professor in economic science. Since 2004 Habilitation degree in economic science. She is a full-time employee of the University of Lodz; since 2010 she has been Head of the Institute of Finance, and since 2006 Head of the Department of Banking. She was formerly working in the Faculty of Management, Accounting Department. She owns her supervisory experience to engagement on supervisory boards in 2015-2021 at DI Xelion Sp. z o.o., in 2011-2016 at Pocztylion-Arka PTE S.A., and also as Member of the European Banking Authority’s Banking Stakeholder Group since 2016, and since 2020 coordinator of the Sustainable finance Working Group. In 2016-2021, she was a Supervisory Board Member of the Polski Gaz TUW, and in 2016-2019 Board Member of the University of Lodz Foundation. Since March 2020 she has been Board Member (non-executive director) at Bruegel. She has a vast teaching experience and impressive scientific achievements. In 2021, she was appointed Corporate Governance Person of the Year 2021 - honorary title awarded for contribution to the construction and development of corporate governance in Poland. In 2016, she was awarded the Silver Nicolaus Copernicus Medal of the Polish Bank Association for outstanding achievements for the development and safe functioning of Polish banking.

### **Mr Remco Nieland**

**Supervisory Board Member, Audit Committee Member**

Graduated from the Faculty of Business Economics at the Vrije Universiteit Amsterdam. Chartered Controller since 1992, after completing post-graduate studies at Vrije Universiteit, Amsterdam. He has been working at ING Group since the formative years of his career. He was Head Global Financial Reporting, Commercial Banking International for example. At present, he is the Group CFO for Challengers & Growth Markets.



The above details have been summarised in the table below.

INDEPENDENCE CRITERION AND COMPETENCIES		Satisfies the criterion of independence as per the Act on Statutory Auditors, Auditing Firms and Public Oversight	Knowledge of and competency in accounting or financial statements auditing (including confirmation with the qualifications of the chartered auditor)		Has knowledge of and competency in the banking area
			satisfies the criterion	qualifications	
	Aleksander Galos	yes	no		yes
	Małgorzata Kołakowska	no	no		yes
	Michał Szczurek	no	no		yes
	Stephen Creese	no	no		yes
	Dorota Dobija	yes	yes	<b>Certified Accountant</b>  <b>Professor in economic science</b>  university degree - specialty: data processing and accounting	yes
	Monika Marcinkowska	yes	yes	<b>Professor in economic science</b>  university degree - specialty: accounting	yes
	Remco Nieland	no	yes	<b>Chartered Controller in the Netherlands</b>	yes



## V. Competency Profiles of Management Board Members

Professional resumes of all the Management Board Members have been published on the Bank's website. Education, core competences and specialist knowledge demonstrated by individual Management Board Members have been outlined below.

Management Board Member	Education, competences and specialist knowledge
<b>Brunon Bartkiewicz – President of the Management Board, CEO Division</b>	Graduate School of Business Stanford University, Standard Executive Program. Main School of Planning and Statistics in Warsaw (currently Warsaw School of Economics), Foreign Trade Faculty, master's degree in economics
<b>Joanna Erdman – Vice-President of the Management Board, CRO Division</b>	London Business School, Senior Executive Programme Warsaw School of Economics, Finance & Statistics
<b>Marcin Giżycki – Vice-President of the Management Board, Retail Clients Division</b>	The University of Economics in Katowice, Banking and Finance Faculty - Master's Degree The Poznań School of Banking, Banking and Finance Faculty – Bachelor's Degree
<b>Ms Bożena Graczyk – Vice-President of the Bank Management Board, CFO Division</b>	University of Navarra, Spain, Advanced Management Program IESE Business School Diploma of The Accountants Association of Poland; certified auditor qualifications University of Bristol, Great Britain and École Nationale des Ponts et Chaussées, France, Executive MBA in International Business University of Limburg as part of Tempus Programme University of Łódź, the Centre of European Studies University of Łódź, Foreign Trade Faculty, a master degree in economics
<b>Ewa Łuniewska – Vice-President of the Bank Management Board, Business Clients Division</b>	Warsaw School of Economics Foreign Trade Faculty
<b>Michał H. Mrozek – Vice-President of the Bank Management Board, Wholesale Banking Division</b>	Georgetown University School of Foreign Service, Washington, D.C. Georgetown University School of Foreign Service, Washington, D.C. Joint degree - Bachelor Cum Laude and Masters Dean Citation in International Trade & Finance
<b>Sławomir Soszyński – Vice-President of the Bank Management Board, CIO Division</b>	Kozminski University, Warsaw, MBA Nicolaus Copernicus University, Toruń, Master of Science, theoretical physics and information technology
<b>Alicja Żyła – Vice-President of the Bank Management Board, COO Division</b>	Marketing Training for ING Staff, ING Group Amsterdam Tilburg University of Business Studies Students internships/trainings: Ministry of Finance Foreign Trade Institute Stalexport S.A. University in Trier, Germany University of Economics, Katowice Master degree in Economics, International Economic Relationships/ European Integration



## VI. Form and manner of oversight. Number and frequency of the Supervisory Board meetings and number of resolutions passed

The Supervisory Board works according to a meetings schedule and a framework plan of work. The Board debates analysing the company situation versus the sector and the market, based on the materials submitted by the company management board and those coming from internal systems and functions of the company as well as those attained from exterior sources, also taking advantage of the works of its committees. In particular, the Supervisory Board provides advice on the company strategy and verifies the performance of the management board as far as preset strategic goals are concerned. Further, the Board monitors the results of the company.

In 2021, meeting agendas included ongoing business matters, submissions made by the Bank Management Board as well as any other material issues that required attention of the Supervisory Board. Updates on the impact of the coronavirus pandemic on the Bank's business also were among the regular agenda items. The Supervisory Board exercised oversight of the Bank's operations primarily during the meetings and took the required decisions in the form of resolutions. During the meetings, the Members of the Supervisory Board are joined by Members of the Management Board as well as the Heads of the Internal Audit Department and the Centre of Expertise – Compliance, and other invited guests who give presentations on specific topics within their competence.

In 2021, Supervisory Board Members devoted sufficient time to performance of their duties. Between 1 January and 31 December 2021, the Supervisory Board met ten times and nine times by way of circulation. The meetings were held at the following dates: 2 February, 11 February, 12 March, 24 May, 11 June, 31 August, 17 September, 22 October, 29 November and 15 December, including meetings by way of circulation at: 18 January, 26 January, 17 March, 14 April, 24 June, 19 July, 22 July, 5 October, 13 October and 19 November. Due to the outbreak of the coronavirus pandemic in Q1 2020, the meetings had the form of videoconferences/online meetings. In total, the Supervisory Board adopted 123 resolutions, including 16 passed by way of circulation. All the meetings were quorate and held in line with the procedures so that binding resolutions could be taken; the attendance rate during the meetings was very high.

Attendance of the Supervisory Board Members in 2021 has been shown in the table below.

	<b>Attendance in 2021</b>
<b>Aleksander Galos</b>	<b>18/20</b>
<b>Małgorzata Kotakowska</b>	<b>20/20</b>
<b>Michał Szczurek</b>	<b>19/20</b>
<b>Stephen Creese</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>2/2**</b>
<b>Dorota Dobija</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>2/2**</b>



<b>Monika Marcinkowska</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>2/2**</b>
<b>Remco Nieland</b>	<b>19/20</b>
<b>Board Members holding functions in the reporting period</b>	
<b>Antoni F. Reczek</b> (Member until the EGM date, i.e. 29.11.2021)	<b>8/18*</b>
<b>Aleksander Kutela</b> (Member until the EGM date, i.e. 29.11.2021)	<b>18/18*</b>
<b>Susan Poot</b> (Member until 30 September 2021)	<b>16/17*</b>

\* Meeting attendance / Number of meetings during the term of office.

\*\* New Supervisory Board Members attended both Supervisory Board meetings which were held from the date of their appointment; i.e. 29 November 2021.

In addition to regular meetings, the Members of the Supervisory Board stayed in regular and direct contact with the Bank Management Board and took an active part in all the material matters concerning the Company business. Representatives of the Board held regular meetings with the Bank CFO to discuss the Bank's financial statements prior to their publication. A detailed description of the actions taken by the Supervisory Board in 2021 is presented in the minutes from the Supervisory Board meetings; the minutes and the resolutions passed by the Supervisory Board are kept at the Company's registered office.

Additionally, Members of the Supervisory Board attended internal training sessions held by the Bank. These were workshops on the ICAAP at the Bank, workshops on the Recovery Plan development process and cloud computing workshops. Selected Board and Audit Committee Members met with the inspectors of the Polish Financial Supervision Authority during the PFSA inspection at the Bank. At present, new Board Members are being onboarded.

## VII. Agenda of the Supervisory Board Meetings

In 2021, the Supervisory Board exercised ongoing oversight over the Company operations and kept watch over the Company adherence to the relevant regulations in the area of accounting, finance and reporting of public companies. The works of the Supervisory Board proceeded smoothly, with all members taking an active part in them.

During the meetings, the Supervisory Board reviewed the matters required under the Commercial Companies and Partnerships Code as well as the matters relating to the day-to-day operations of the Company. The Supervisory Board received extensive reports from the Bank Management Board regarding the current financial



standing of the Bank, its functioning, action plans and all the material developments that may have an impact on its functioning.

In the course of works in Q1 2020, the Supervisory Board developed and submitted to the Ordinary General Meeting: the requisite report on the evaluation of the Bank's standing, including the assessment of the internal control system, risk management, compliance and the internal audit function, and also the Board's report on their operations. Furthermore, the Board submitted to the Ordinary General Meeting the assessment on satisfaction of corporate governance-related disclosure duties by the Bank and assessment of the rationality of the Bank's policy concerning sponsorship and charity initiatives. In 2021, the Supervisory Board reviewed and made a positive opinion on the draft resolutions of the Ordinary General Meeting convened on 15 April 2021 as well as on the draft resolutions of the Extraordinary General Meeting convened on 29 November 2021.

The topics discussed by the Board in 2021 have been detailed below. Those topics were also discussed by the Supervisory Board Committees (within their remit) who gave their recommendations and opinions for the Supervisory Board.

1) Finance, including:

- approval of the Bank Strategy for 2021-2023 and continuous oversight of the implementation of the approved financial plan,
- the report on the results of review of the annual financial statements of ING Bank Śląski S.A. for 2020, Report of the ING Bank Śląski S.A. Management Board on Bank's Operations in 2020 and Report on non-financial information of ING Bank Śląski S.A. Group for 2020, including non-financial information of ING Bank Śląski S.A. and review of the Bank Management Board motion regarding distribution of 2020 profit and past-year undivided profit,
- the report on the results of review of the annual consolidated financial statements of the ING Bank Śląski S.A. Group for 2020 and the Bank Management Board's Report on the Operations of the ING Bank Śląski S.A. Group for 2020,
- approval of amendments to the *Capital Management Policy at ING Bank Śląski S.A.*,
- approval of the 2020 ING Bank Śląski S.A. ICAAP Report,
- approval of amendments to the *Dividend Policy of the Bank*,
- approval of the updated Recovery Plan for ING Bank Śląski S.A.,
- regular update of the Management Board on related-party agreements,
- regular update of the Management Board on the operations of the of ING Bank Śląski S.A. Brokerage Office,
- regular report on capital investments as required by the *ING Bank Śląski S.A. Equity Investment and Corporate Governance Policy*,
- annual report on the supervision system in custody operations, and
- annual report on fulfilment by the Bank of the obligations regarding: issuing or sharing financial instruments as well as recommending, offering or otherwise enabling the purchase or subscription of financial instruments and structured deposits by clients of the Retail Customers Division, Wholesale Banking Division and Business Clients Division.

2) Internal audit at the Bank, including:

- approval of the *Report on the status of the 2020 audit plan delivery* and the status and changes in due



- dates of audit issue closure,
  - approval of the Annual Report on delivery of the objectives, mission and strategy including internal control system and risk management system assessment for 2020,
  - approval of the revised 2021 Audit Plan,
  - approval of the Report on the audit of the principles of remunerating the persons holding managerial positions having material impact on the risk profile of ("Identified Staff") at ING Bank Śląski S.A.,
  - approval of the Report on the status of the 2021 audit plan delivery and the status and changes in due dates of audit issue closure plus regular updates,
  - update of the Audit Strategy Memorandum (ASM) including long-term planning for the years 2021-2023 and the 2021 Audit Plan,
  - approval of the Audit Strategy Memorandum including long-term planning for the years 2022-2026 and the Annual Audit Plan for 2022,
  - approval of the Report on the review of the headcount level and structure, job description and remuneration for the Internal Audit Department.
  
- 3) Compliance at the Bank, including:
  - assessment of the adequacy and effectiveness of the system for anonymous reporting of violations of law, internal regulations and ethical standards in ING Bank Śląski S.A. in 2021,
  - approval of a new *Policy – Principles of Corporate Governance at ING Bank Śląski S.A.*,
  - approval of a new *Policy – Principles of Corporate Governance at ING Bank Śląski S.A. Group*,
  - approval of the Report on the review of the headcount level and structure, job description and remuneration for the Centre of Expertise – Compliance,
  - update on the implementation of the Annual Compliance Plan,
  - regular updates from the compliance risk area at the Bank, and
  - regular updates on the Know Your Customer area at the Bank.
  
- 4) Monitoring the efficiency of the risk management system at the Bank, including non-financial risk and compliance risk, including:
  - approval of the high-level RAS parameters for 2021 and of their increase,
  - adoption of the Non-financial Risk Appetite Statement of the Bank for 2021 (as amended), and oversight of its implementation,
  - approval of the ING Bank Śląski S.A. ILAAP Review Report for 2020,
  - approval of amendments to the *Policy – Internal Control System at ING Bank Śląski S.A.*,
  - approval of the Report on fulfilment of the internal control system tasks for 2020,
  - approval of amendments to the *General Principles of Credit, Market, Liquidity and Funding and Operational Risk Management and Mitigation in ING Bank Śląski S.A.*,
  - consent to conclusion of significant agreements by the Bank,
  - approval of amendments to the *ING Bank Śląski S.A. Operational Risk Management Policy*, and
  - periodical update on Bank's activities for FX-indexed mortgage loans.
  
- 5) Relations with the external auditor, including:
  - approval of amendments to the *Policy on selection of the auditing firm to audit the financial statements, assessment of its independence and provision of other permitted services at ING Bank Śląski S.A.*,



- participation in the new external auditor selection process.
- 6) Monitoring and supervising the HR and payroll area at the Bank, including:
- suitability assessment and appointment of Ms Alicja Żyła as a new Bank Management Board Member – the Vice-President of the ING Bank Śląski S.A. Management Board responsible for the COO Division,
  - approval of amendments to the *Policy of Disclosing Qualitative and Quantitative Information on Capital Adequacy and Variable Components of Remuneration of ING Bank Śląski S.A.*,
  - assessment of the 2020 performance of the Members of the Bank Management Board and setting KPIs for 2021,
  - approval of amendments to the *ING Bank Śląski S.A. Group Remuneration Policy*,
  - approval of amendments to the *Variable Remuneration Policy of Identified Staff of ING Bank Śląski S.A.*,
  - approval of amendments to the *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.*,
  - update of the *List of qualitative and quantitative criteria and the additional criteria for qualifying Staff Members to be included in the ING Bank Śląski S.A. List of Identified Staff* for 2022,
  - advice on draft amendments to the *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy*,
  - approval of amendments to the *Policy for the assessment of the suitability of the Members of Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.*,
  - approval of amendments to the *Suitability assessment procedure for members of the Supervisory Board, members of the Management Board and Audit Committee at ING Bank Śląski S.A.*,
  - approval of amendments to the *Suitability assessment procedure for key function holders at ING Bank Śląski S.A.*,
  - approval of the *Policy of appointing, onboarding and recalling Members of the Management Board of ING Bank Śląski S.A.*,
  - approval of the *Policy of identification of key function holders at ING Bank Śląski S.A. as well as appointment, onboarding and recall of persons in those positions*,
  - approval of the Internal Audit Department's Report on the audit of the process of remunerating the persons holding managerial positions having material impact on the risk profile of ("Identified Staff") at the Bank,
  - approval of the Report regarding the implementation of the pay policy in relation to the internal audit employees and the Chief Audit Executive,
  - approval of the Report regarding the implementation of the pay policy in relation to the employees and Lead II of the Centre of Expertise – Compliance,
  - approval of the remuneration packages of people holding control functions at the Bank,
  - consent to holding functions at external institutions by Bank Management Board Members,
  - update regarding payroll policy at the Bank in 2021 and 2022, and
  - approval of Succession plans for the Management Board and key function holders at ING Bank Śląski S.A.
- 7) Implementation of the recommendations issued by the regulators, including:
- review of the schedule of works regarding the implementation of post-inspection recommendations of the Polish Financial Supervision Authority,





- review of the schedule of works regarding the implementation of post-inspection recommendations of the General Inspector of Financial Information,
- monitoring of the implementation of the action plan for the post-inspection recommendations issued by the Polish Financial Supervision Authority,
- monitoring of the implementation of the action plan for the post-inspection recommendations issued by the General Inspector of Financial Information,
- bancassurance policy implementation under Recommendation U,
- report on the Bank Clients' complaints and client voice, and
- update on satisfaction of disclosure duties by the Bank in 2021.

8) Bank governance area:

- approval of amendments to the Bylaws of the Supervisory Board and their committees,
- approval of amendments to the ING Bank Śląski S.A. Management Board Bylaw,
- approval of the amendments to the ING Bank Śląski S.A. Organisational Bylaw and periodical amendments to Enclosure No. 2 therewith,
- approval of the 2022 Outline Work Plan of the Supervisory Board,
- regular updates on the actions taken by the Bank in response to the coronavirus pandemic, and
- annual Management Board's update on the main changes within the Bank's organisational framework.

### VIII. Self-assessment of the Supervisory Board's Work in 2021

In 2021, the Supervisory Board assisted and advised the Management Board on all the matters pertaining to the Bank and its business. The Supervisory Board monitored the implementation of the Bank's strategy on an ongoing basis.

The Supervisory Board confirm that they have exercised regular and ongoing supervision over the Bank's business throughout 2021 in accordance with their powers and the legal requirements concerning joint-stock companies. The Supervisory Board are well prepared to exercise all the statutory and Charter-defined rights and duties and perform their tasks properly, ensuring adequate supervision over the Bank in all material aspects of its operations. All Members of the Supervisory Board exercised their duties with due care, while taking advantage of their knowledge and experience in terms of supervising a joint-stock company. Despite the temporary absence of the Chair of the Board, the Supervisory Board consider their operations in 2021 to have been efficient, effective and in keeping with the best market standards.

Members of the Supervisory Board performed their responsibilities in an honest and reliable manner. All meetings were held with a very high attendance rate. Board Members were able to devote sufficient time to performing their duties. Acting in the company's interest, Board Members followed their independent opinions and judgements in their actions. In that manner, the Board was able to assess and verify the way of taking and implementing decisions connected with day-to-day management of the Bank in an effective manner.

The cooperation with the Bank Management Board was very good; the Management Board provided the required information in a clear, reliable and exhaustive manner. The Supervisory Board would like to thank the Management Board for the successful implementation of the strategy in 2021.



Bearing in mind the fact that 2021 was domineered by uncertainty and unpredictability of market conditions, as driven by the coronavirus pandemic, the Board would like to express deep appreciation for the actions taken by the Management Board not only to ensure further development of the Bank, but also for the society and local communities. The Supervisory Board would like to thank the Management Board for the appropriate approach to client experience under the circumstances, constant care about employees, and those affected by the pandemic in particular, and a proactive approach of the Management Board, and thus of the entire Bank, to important social matters. Further, the Board would like to thank Bank employees for their effort and engagement in such a difficult period.

Keeping in mind the Bank's results and overall performance, the Supervisory Board request that the fulfilment of duties by the members of the Bank's bodies in 2021 be acknowledged.

### **Report of the Supervisory Board Committees on Their Operations in 2021**

In order to ensure support for the Supervisory Board in exercising their powers, the Supervisory Board established from their Members three committees: the Audit Committee, the Remuneration and Nomination Committee and the Risk Committee.

The Committees perform consulting and advisory functions by preparing recommendations for the Supervisory Board; the Committee Chair give reports from the Committee work during the Supervisory Board meetings.

The composition of individual Committees as at 2021 yearend has been given below.

<b>Audit Committee</b>	<b>Remuneration and Nomination Committee</b>	<b>Risk Committee</b>
<b>Monika Marcinkowska – <u>Chair</u></b>	<b>Aleksander Galos – <u>Chair</u></b>	<b>Dorota Dobija – <u>Chair</u></b>
<b>Dorota Dobija</b>	<b>Dorota Dobija</b>	<b>Stephen Creese</b>
<b>Aleksander Galos</b>	<b>Małgorzata Kołakowska</b>	<b>Dorota Dobija</b>
<b>Małgorzata Kołakowska</b>		<b>Monika Marcinkowska</b>
<b>Remco Nieland</b>		<b>Michał Szczurek</b>

### **Audit Committee**

The Audit Committee of the Supervisory Board of ING Bank Śląski S.A., hereinafter referred to as the Audit Committee or the Committee, perform consultation and advisory functions for the Supervisory Board, and also deliver on other tasks under the law, instructions and recommendations of the regulator. The Audit Committee support the Supervisory Board with regard to monitoring the financial reporting, monitoring and supervising the internal- and external audit and the management system at the Bank and its subsidiaries.



## I. Composition of the ING Bank Śląski S.A. Audit Committee and changes on the Committee during the financial year

Between 1 January 2021 to the Extraordinary General Meeting date, i.e. 29 November 2021, the Audit Committee worked in the following composition:

<b>Antoni F. Reczek</b>	–	<b>Chair (independent member)</b>
<b>Aleksander Galos</b>	–	<b>Member (independent member)</b>
<b>Małgorzata Kołakowska</b>	–	<b>Member</b>
<b>Aleksander Kutela</b>	–	<b>Member (independent member)</b>
<b>Remco Nieland</b>	–	<b>Member</b>

2021 saw the following changes on the Audit Committee:

On 25 October 2021, Mr Aleksander Kutela tendered his resignation from the capacity as the ING Bank Śląski S.A. Supervisory Board Member, due to personal reasons, effective as of the date of the Extraordinary General Meeting; i.e. 29 November 2021.

On 29 November 2021, the Extraordinary General Meeting of the Bank passed Resolution No. 7 on recalling from the Supervisory Board Mr Antoni F. Reczek, the incumbent Chair of the of the Supervisory Board of ING Bank Śląski S.A and Chair of the Supervisory Board Audit Committee.

On 29 November 2021, the Supervisory Board appointed Ms Dorota Dobija and Ms Monika Marcinkowska as Committee Members. Both Ladies are Independent Members of the Supervisory Board within the meaning of *Act on Statutory Auditors, Auditing Firms and Public Oversight* of 11 May 2017. At the same date, the Supervisory Board entrusted Ms Monika Marcinkowska with the role of the Chair of the Supervisory Board Audit Committee.

The Remuneration and Nomination Committee attested that the Audit Committee satisfies the criterion of collective suitability covering the sufficient number of members having knowledge of and skills in accounting, financial review and banking, and the criterion of independence of sufficient number of members, including independence of the Chair of the ING Bank Śląski S.A. Supervisory Board Audit Committee.

Thus, since 29 November 2021 the Audit Committee had the following composition:

<b>Monika Marcinkowska</b>	–	<b>Chair (independent member)</b>
<b>Dorota Dobija</b>	–	<b>Member (independent member)</b>
<b>Aleksander Galos</b>	–	<b>Member (independent member)</b>
<b>Małgorzata Kołakowska</b>	–	<b>Member</b>
<b>Remco Nieland</b>	–	<b>Member</b>

As required under the Statutory Auditors Act of 11 May 2017, the majority of the Committee members, the Committee Chair included, satisfy the independence criteria. Ms Monika Marcinkowska and Ms Dorota Dobija have knowledge of and competence in accounting or financial auditing, and in addition Mr Remco Nieland is



a Chartered Controller.

## II. Number and frequency of the Audit Committee meetings. Number of recommendations passed and attendance rate at meetings

The Audit Committee supported the Supervisory Board in their tasks primarily during meetings by passing the relevant recommendations and issuing relevant opinions. During the meetings, the Committee members are joined by members of the Management Board, the Heads of the Internal Audit Department and Centre of Expertise – Compliance, the Centre of Expertise Accounting Policy and Financial Reporting – Chief Accountant, the Operational Risk Management Department Director, and also representatives of the auditing firm.

Between 1 January and 31 December 2021, the Audit Committee met seven times and two times by way of circulation. The meetings were held at the following dates: 11 February, 11 March, 8 April, 11 June, 17 September, 27 September and 15 December, including meetings by way of circulation at: 19 February and 24 June.

In line with the requirements of the *Good practices for public interest entities concerning the rules of establishment, composition and functioning of the Audit Committee* issued by the Polish Financial Supervision Authority Office dated 24 December 2019 and the *Audit Committee*, on 11 November 2021 the Audit Committee also held a closed meeting with the representatives of the external and internal auditors.

The Audit Committee issued 18 recommendations for the Supervisory Board in total (including 1 by way of circulation) as well as 2 decisions (including 1 by way of circulation) and 2 opinions (including 1 by way of circulation).

All the meetings were quorate and held in line with the procedures so that binding recommendations could be issued; the attendance rate during the meetings was very high.

Attendance of the Audit Committee Members in 2021 has been shown in the table below.

	<b>Attendance in 2021</b>
<b>Monika Marcinkowska</b> (Committee Chair since the EGM date, i.e. 29.11.2021)	<b>1/1**</b>
<b>Dorota Dobija</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>1/1**</b>
<b>Aleksander Galos</b>	<b>9/9</b>
<b>Małgorzata Kołakowska</b>	<b>7/9</b>
<b>Remco Nieland</b>	<b>9/9</b>



Committee Members holding functions in the reporting period	
<b>Antoni F. Reczek</b> <b>(Committee Chair until the EGM date, i.e. 29.11.2021)</b>	<b>4/8*</b>
<b>Aleksander Kutela</b> <b>(Member until the EGM date, i.e. 29.11.2021)</b>	<b>8/8*</b>

\* Meeting attendance / Number of meetings during the term of office.

\*\* New Audit Committee Members attended the Committee meeting which was held from the date of his appointment; i.e. 29 November 2021.

### III. Agenda of the Audit Committee Meetings

In 2021, the Committee focused inter alia on the following areas:

- monitoring of the adequacy and effectiveness of the internal control system and risk management system, including compliance risk,
- development and submission to the Supervisory Board of recommendations on amendments to the policy on selection of the auditing firm to audit the financial statements and the policy concerning provision of permitted services other than audit by entities related with that auditing firm and by the member of the auditing firm network,
- determination of the scope of works of the entity authorised to audit the financial statements of ING Bank Śląski S.A. and the consolidated financial statements of the ING Bank Śląski S.A. Group, after selection of the authorised entity by the Supervisory Board,
- supervision of the Bank's relationship with the entity auditing the financial statements of the Bank, including analysis of the work performed by the entity authorised to audit the financial statements and audit results as well as Management Letter assumptions,
- assessment of the annual financial statements of ING Bank Śląski S.A. and the ING Bank Śląski S.A. Group,
- analysis of the information and materials provided from time to time by the external auditor and presentations of the external auditor delivered for the Audit Committee Members directly at Committee meetings,
- regular analysis of periodical reports from the Chief Audit Executive on the status of the annual audit plan 2021 delivery and the status and changes in due dates of audit issue closure,
- monitoring compliance area works.

As part of their work, the Committee concluded that both the Internal Audit Department and the external auditor were able to perform their tasks in an independent and impartial manner. Therefore, the Audit Committee confirm that they do not have any reservations about the independent audit process at the Bank.

Other areas of the Audit Committee works in 2021 included but were not limited to:

- assessment and submission of a recommendation on the dividend policy,
- monitoring of the Bank's relationship with related entities, including analysis of periodical information on agreements with related entities,



- supervision of compliance area at the Bank, including development and submission to the Supervisory Board of recommendations on approval of a new *Policy – Principles of Corporate Governance at ING Bank Śląski S.A.* and a new *Policy – Principles of Corporate Governance at ING Bank Śląski S.A. Group*,
- regular analysis of periodical reports – the quarterly compliance risk report,
- analysis of a list of critical- and high-risk recommendations,
- analysis of information on financial and regulatory reporting and control environment for reporting.

Furthermore, throughout 2021, the Committee regularly focused on the topics enlisted in the *Good practices for public interest entities concerning the rules of establishment, composition and functioning of the audit committee*, published on 24 December 2019 by the Polish Financial Supervision Authority Office. Taking into account the provisions of the *Practices* concerning the activities in the areas of:

- monitoring of the financial reporting process,
  - monitoring of effectiveness of internal control systems, internal audit as well as risk management,
  - monitoring of financial revision,
  - as well as control and monitoring of independence of the statutory auditor and the auditing firm, notably, when the auditing firm provides the public interest entity with non-audit services,
- the Audit Committee – based on the information and documents provided by the Bank Management Board as well as analyses during the sessions – made assessment of risk of the processes and areas under monitoring. Committee's assessment did not differ from that of the Management Board. No areas were identified for which the activities taken by the Management Board would be inadequate to the situation of the Bank, market requirements or regulatory recommendations. As in previous years, the areas of particular focus of the Committee were: compliance, model risk, IT and outsourcing.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee support the Supervisory Board with regard to the monitoring and supervision of the HR and payroll area, including, in particular, succession plans, employee-turnover processes, employee satisfaction surveys as well as the remunerating and rewarding policy.

In keeping with the EBA Guidelines concerning the proper remuneration policy referred to in Article 74 section 3 and Article 75 section 2 of Directive 2013/36/EU as well as disclosing information in accordance with Article 450 of EU Regulation No 575/2013 (Chapter 4, Title I, item 2.4.1 (50)), the majority of the Remuneration and Nomination Committee members, including its chairman, are independent members.

#### I. Composition of the ING Bank Śląski S.A. Remuneration and Nomination Committee and changes on the Committee during the financial year

Between 1 January 2021 to the Extraordinary General Meeting date, i.e. 29 November 2021, the Remuneration and Nomination Committee worked in the following composition:

<b>Aleksander Kutela</b>	–	<b>Chair (independent member)</b>
<b>Aleksander Galos</b>	–	<b>Member (independent member)</b>
<b>Małgorzata Kołakowska</b>	–	<b>Member</b>



2021 saw the following changes on the Remuneration and Nomination Committee:

On 25 October 2021, Mr Aleksander Kutela tendered his resignation from the capacity as the ING Bank Śląski S.A. Supervisory Board Member, due to personal reasons, effective as of the date of the Extraordinary General Meeting; i.e. 29 November 2021.

On 29 November 2021, the Supervisory Board appointed Ms Dorota Dobija as a Committee Member. Ms Dorota Dobija is an Independent Member of the Supervisory Board within the meaning of the *Act on Statutory Auditors, Auditing Firms and Public Oversight* of 11 May 2017. At the same time, the Board entrusted Mr Aleksander Galos, Independent Member, with the function of the Chair of the Supervisory Board Remuneration and Nomination Committee.

Thus, since 29 November 2021 the Remuneration and Nomination Committee had the following composition:

<b>Aleksander Galos</b>	-	<b>Chair (independent member)</b>
<b>Dorota Dobija</b>	-	<b>Member (independent member)</b>
<b>Małgorzata Kotakowska</b>	-	<b>Member</b>

## II. Number and frequency of the Remuneration and Nomination Committee meetings. Number of recommendations passed and attendance rate at meetings

The Remuneration and Nomination Committee supported the Supervisory Board in their tasks primarily during meetings by passing the relevant recommendations and issuing relevant opinions. The CEO, the Bank Executive Director in charge of the Centre of Expertise – HR and the Director of the Centre of Expertise for personnel matters attend the Committee meetings on a regular basis.

Between 1 January to 31 December 2021, the Remuneration and Nomination Committee met eleven times and five times by way of circulation. The meetings of the Remuneration and Nomination Committee were held at the following dates: 2 February, 11 February, 12 March, 19 March, 11 June, 8 July, 31 August, 17 September, 4 October, 23 November and 14 December, including by way of circulation at: 26 January, 17 March, 24 May, 19 November and 26 November.

The Committee issued 52 recommendations in total (including 6 by way of circulation) and 2 opinions for the Supervisory Board. Furthermore, the Committee made 1 assessment and 2 decisions.

Attendance of the Remuneration and Nomination Committee Members in 2021 has been shown in the table below.



	<b>Attendance in 2021</b>
<b>Aleksander Galos</b>	<b>16/16</b>
<b>Dorota Dobija</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>1/1**</b>
<b>Małgorzata Kołakowska</b>	<b>15/16</b>
<b>Committee Member holding a function in the reporting period</b>	
<b>Aleksander Kutela</b> (Committee Chair until the EGM date, i.e. 29.11.2021)	<b>14/15*</b>

\* Meeting attendance / Number of meetings during the term of office.

\*\* New Remuneration and Nomination Committee Member attended the Committee meeting which was held from the date of his appointment; i.e. 29 November 2021.

### III. Agenda of the Remuneration and Nomination Committee Meetings

In 2021, the Committee focused inter alia on the following areas:

- active supervision of the process of suitability assessment for the members of the Supervisory Board, Management Board and key function holders at the Bank,
- monitoring of adequacy and effectiveness of the Bank's policy in the employment area, including development and submission to the Supervisory Board of recommendations on the following documents:
  - *Policy for the Assessment of the Suitability of the Members of the Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.,*
  - *List of qualitative and quantitative criteria and the additional criteria for qualifying Staff Members to be included in the ING Bank Śląski S.A. List of Identified Staff for 2021,*
- supervision of the recruitment process for the Bank Management Board Member due to changes on the Management Board,
- issue of opinions on the recruitment process for the Bank Management Board Member,
- making the suitability assessment for the candidate for a new Management Board Member based on the results of the suitability assessment made by a third party and a relevant recommendation to the Supervisory Board on the appointment of a new Management Board Member - Vice-President of the Bank Management Board responsible for the COO Division and making a collective assessment of the Management Board, the newly appointed Management Board Member included,
- making a suitability assessment for the Vice-President of the Bank Management Board in charge of the COO Division and the Bank Management Board following the changed scope of duties of the Management Board Member,
- succession review for the positions of the Management Board Members,
- monitoring of adequacy and effectiveness of the Bank's policy in the payroll area, including development and submission to the Supervisory Board of recommendations on the following documents:
  - *Variable Remuneration Policy of Identified Staff of ING Bank Śląski S.A.,*





- *ING Bank Śląski S.A. Group Remuneration Policy,*
- *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.,*
- analysis of the pay policy/practice assumptions in 2021 and 2022,
- assessment of the 2020 performance of the Members of the Bank Management Board and setting KPIs for 2021,
- development and submission to the Supervisory Board of recommendations on the Report regarding the implementation of the pay policy in relation to the internal audit employees and the Chief Audit Executive,
- development and submission to the Supervisory Board of recommendations on the Report regarding the implementation of the pay policy in relation to the employees and Lead II of the Centre of Expertise – Compliance,
- analysis of proposals of remuneration packages of people holding control functions at the Bank, submitted by the Management Board.

Other areas of the Remuneration and Nomination Committee works in 2021 included but were not limited to:

- analysis of the results of the organisation health survey (OHI survey), made among the ING Bank Śląski S.A. staff as well as post-OHI survey priorities and measures,
- update on the on-boarding and training process for new Management Board Members as required under the *Induction and Training Policy for ING Bank Śląski S.A. Management Board and Supervisory Board Members,*
- report from the audit of the remuneration process for Identified Staff in ING Bank Śląski S.A., and
- update on the status of the bonus scheme change for Identified Staff of ING Bank Śląski S.A.

Furthermore, as indicated hereinabove, due to protracted absence of the Chair of the Supervisory Board and Audit Committee, the Remuneration and Nomination Committee in cooperation with the third party Deloitte Doradztwo Podatkowe Dąbrowski i Wspólnicy sp. k., on 4 October 2021, made a collective assessment of the Audit Committee and attested that the composition of the Supervisory Board needed to be modified. Further, the Committee submitted a relevant recommendation to the Supervisory Board and, as per Supervisory Board Resolution of 5 October, made an individual assessment for the candidates to the Supervisory Board and a collective assessment of the Supervisory Board, a process of individual assessment for the candidate for the Chair of the Supervisory Board, and the process of individual assessment for the candidates for the Supervisory Board Audit Committee and a collective assessment of the Audit Committee, issuing relevant recommendations for the Supervisory Board.

## Risk Committee

The Risk Committee is to support the Supervisory Board in the oversight of the business risk management strategy implementation by the senior management staff.

### I. Composition of the Risk Committee at ING Bank Śląski S.A. and changes on the Committee during the financial year

Between 1 January 2021 to the Extraordinary General Meeting date, i.e. 29 November 2021, the Risk Committee worked in the following composition:



<b>Aleksander Galos</b>	–	<b>Chair (independent member)</b>
<b>Aleksander Kutela</b>	–	<b>Member (independent member)</b>
<b>Antoni F. Reczek</b>	–	<b>Member (independent member)</b>
<b>Susan Poot</b>	–	<b>Member (resignation as of 30 September 2021)</b>
<b>Michał Szczurek</b>	–	<b>Member</b>

On 26 August 2021, Ms Susan Poot tendered her resignation from the capacity as the Supervisory Board Member, effective as of 30 September 2021.

On 25 October 2021, Mr Aleksander Kutela tendered his resignation from the capacity as the ING Bank Śląski S.A. Supervisory Board Member, due to personal reasons, effective as of the date of the Extraordinary General Meeting; i.e. 29 November 2021.

On 29 November 2021, the Extraordinary General Meeting of the Bank passed Resolution No. 7 on recalling from the Supervisory Board Mr Antoni F. Reczek, the incumbent Chair of the of the Supervisory Board of ING Bank Śląski S.A and Chair of the Supervisory Board Audit Committee.

On 29 November 2021, the Supervisory Board appointed Ms Dorota Dobija, Ms Monika Marcinkowska and Mr Stephen Creese as Committee Members and, at the same time, entrusted Ms Dorota Dobija with the role of the Chair of the of the Supervisory Board Risk Committee.

Thus, since 29 November 2021 the Risk Committee had the following composition:

<b>Dorota Dobija</b>	–	<b>Chair (independent member)</b>
<b>Aleksander Galos</b>	–	<b>Member (independent member)</b>
<b>Stephen Creese</b>	–	<b>Member</b>
<b>Monika Marcinkowska</b>	–	<b>Member (independent member)</b>
<b>Michał Szczurek</b>	–	<b>Member</b>

## **II. Number and frequency of the Risk Committee meetings. Number of recommendations passed and attendance rate at meetings**

The Risk Committee supported the Supervisory Board in their tasks primarily during meetings by passing the relevant recommendations. During the meetings, the Members of the Committee are joined by Members of the Management Board, and also the Market Risk Management Department Director, Operational Risk Management Department Director, as well as the Heads of the Internal Audit Department and the Centre of Expertise – Compliance, and also representatives of the auditing firm.

Between 1 January and 31 December 2021, the Risk Committee met five times and three times by way of circulation. The meetings of the Committee were held at the following dates: 11 February, 11 March, 11 June, 17 September and 15 December and by way of circulation at: 24 May, 24 June and 13 October.

The Committee issued 28 recommendations in total (including 4 by way of circulation). All the meetings were quorate and held in line with the procedures so that binding recommendations could be issued; the attendance



rate during the meetings was very high.

Attendance of the Risk Committee Members in 2021 has been shown in the table below.

	<b>Attendance in 2021</b>
<b>Dorota Dobija</b> (Committee Chair since the appointment date by the EGM, i.e. 29.11.2021)	<b>1/1**</b>
<b>Aleksander Galos</b>	<b>8/8</b>
<b>Stephen Creese</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>1/1**</b>
<b>Monika Marcinkowska</b> (Member since the appointment date by the EGM, i.e. 29.11.2021)	<b>1/1**</b>
<b>Michał Szczurek</b>	<b>6/8</b>
<b>Committee Members holding functions in the reporting period</b>	
<b>Antoni F. Reczek</b> (Member until the EGM date, i.e. 29.11.2021)	<b>3/5*</b>
<b>Aleksander Kutela</b> (Member until the EGM date, i.e. 29.11.2021)	<b>7/7*</b>
<b>Susan Poot</b> (Member until 30.09.2021)	<b>6/6*</b>

\* Meeting attendance / Number of meetings during the term of office.

\*\* New Risk Committee Members attended the Committee meeting which was held from the date of his appointment; i.e. 29 November 2021.

### Agenda of the Risk Committee Meetings

As part of the risk monitoring process at the Bank, the Risk Report was a regular item on the Risk Committee agenda in 2021. The Report is structured into the reports from the credit risk, market risk, operational (non-financial) risk and model risk areas. Information about the coronavirus pandemic risk, credit holiday instruments and FX-indexed mortgage loans formed a material element of the discussed report.

In 2021, the Committee focused inter alia on the following areas:

- development and submission to the Supervisory Board of recommendations on the following documents:
  - Risk Management Strategy for the years 2021-2023,



- *Capital Management Policy at ING Bank Śląski S.A.,*
- *Policy of Disclosing Qualitative and Quantitative Information on Capital Adequacy and Variable Components of Remuneration of ING Bank Śląski S.A.,*
- *ING Bank Śląski S.A. Operational Risk Management Policy,*
- development and submission to the Supervisory Board of recommendations on High Level Risk Appetite Statement Limits for the retail and corporate credit risk areas and the Non-Financial Risk Appetite Statement,
- development and submission to the Supervisory Board of recommendations regarding the types of agreements made by the Bank that, in the Committee's view, should be classified as having a material impact on the financial- and legal standing of the Bank,
- analysis of the 2020 ING Bank Śląski S.A. ICAAP Report,
- analysis of the ING Bank Śląski S.A. ILAAP Review Report for 2020.

The Supervisory Board is content with the performance of the committees. The in-depth analyses made by the committees for the matters discussed as well as the recommendations and opinions submitted to the Board are of added value. They certainly enabled the Board to ensure continuity of business.

The Chair of the Board would like to thank the Board Members for their engagement and availability during the year as well as cognitive openness of new Board members and their unwavering readiness to review urgent matters by way of circulation between standard sessions.

At the same time, the Management Board and the Supervisory Board would like to thank once again the former Members of the Supervisory Board for their active participation and engagement on the Board and their Committees. Ms Susan Poot for her expert insight into the risk management matters, Mr Aleksander Kutela for state-of-the-art approach to business and support in digitalization.

Special thanks from the Board are to Mr Anthony F. Reczek, Chair of our Supervisory Board for many years, for unusual commitment to the Bank's business and development. For his professionalism, openness, and also vast experience and knowledge which we all were benefitting from for years.

The following enclosures are part and parcel of the Report:

- report on the operations of the Supervisory Board and its Committees in 2021, including an assessment of the Supervisory Board's work during that period,
- report on the Bank's standing in 2021, including an assessment of the internal control, risk management and compliance systems and the internal audit function,
- report on the remuneration policy at the Bank in 2021,
- update on the implementation status of the diversity policy for the ING Bank Śląski S.A. Management Board and Supervisory Board in 2021,
- assessment of Bank's compliance in 2021 with disclosure duties as to application of principles of corporate governance laid down in the WSE Rules and regulations on current and interim disclosures made by securities issuers,



- assessment of application of the Principles of Corporate Governance for Supervised Institutions by the Bank in 2021, and
- assessment of the rationality of ING Bank Śląski S.A.'s expenditure borne in connection with the policy concerning charitable and sponsorship initiatives in 2021.



Enclosure with the Resolution of the Supervisory Board  
of 11 March 2022

**Report on the evaluation of the remuneration policy  
at ING Bank Śląski S.A. for 2021**

The remuneration policy at ING Bank Śląski S.A. is evaluated on the basis of Article 28.3 of the *Principles of Corporate Governance for Supervised Institutions*.

Since 1 January 2017, the *ING Bank Śląski S.A. Group Remuneration Policy* has been in force at the Bank. The document lays down the key assumptions for shaping the remuneration policy so as to attract and retain employees by ensuring the remuneration that is competitive versus the market. It also defines individual remuneration components. The Policy was updated twice in 2020. The document was amended with resolutions of the ING Bank Śląski S.A. Supervisory Board taken at the sessions on 5 June 2020 and 20 November 2020, after positive recommendations of the ING Bank Śląski S.A. Supervisory Board Remuneration and Nomination Committee.

In 2020, the regulations governing the remuneration for the Supervisory Board and Management Board Members were amended as well. With the Act on amending the Act on Public Offering and Terms and Conditions of Introduction of Financial Instruments into the Organised Trading and on Public Companies and Certain Other Acts of 16 October 2019, new requirements for the approach to the Remuneration Policy for Supervisory Board and Management Board Members were introduced. In response to the statutory amendments, a new *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy* was drafted. The Policy was adopted with Resolution No. 29 of the Ordinary General Meeting of ING Bank Śląski S.A. of 2 April 2020. At the same time, the Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A., which specifies in detail the principles of the Policy, was upheld.

All things considered, ING Bank Śląski S.A. has the following remuneration policy regulations:

- 1) ING Bank Śląski S.A. Group Remuneration Policy
- 2) Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.
- 3) ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy
- 4) Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.
- 5) General Conditions of Remunerating the Employees of ING Bank Śląski S.A. with enclosures:
  - General Conditions of ING Bank Śląski S.A. Employee Evaluation (Step Up),
  - General Conditions of ING Bank Śląski S.A. Identified Staff Evaluation.

**I. RULES OF SHAPING THE REMUNERATION POLICY AT ING BANK ŚLĄSKI S.A.**

1. The remuneration policy is based on performance management, and it:
  - 1) supports delivery of the business strategy and long-term interests of the Bank and its clients,
  - 2) supports proper and effective risk management in order to maintain and protect the sound capital base of the Bank; the Policy does not promote excessive risk taking beyond the risk appetite approved by the Supervisory Board of ING Bank Śląski S.A.,
  - 3) it is gender neutral, which means that it does not create conditions for any gender to be favoured in an unjustified manner with regard to employment, career development, promotions, as well as awarding and paying remuneration.



2. The remuneration policy is consistent with the sustainability strategy adopted for a given period by the Bank and it also supports the corporate social responsibility, which is reflected in the individual objectives set for staff for a given year. At the same time, the Policy does not support the activities which are not compatible with the sustainable growth.
3. The remuneration policy is designed to ensure that remuneration-related conflicts of interest are identified and adequately limited. The elements of the variable remuneration award process include appropriate risk mitigating measures, i.e. a multi-level approval process, as well as clear and transparent principles of objective setting and performance evaluation, which are communicated to all employees.
4. ING Bank Śląski S.A. does not provide for any form of remuneration that could be an incentive for employees to favour their own interests or interests of the Bank, while at the same time acting to the detriment of clients.
5. The principles of remunerating persons acting on behalf of the Bank do not constitute an incentive to take excessive risk of misselling.
6. The remuneration depends on the scope of tasks and the level of responsibility, as provided for in the job description, which is valued in accordance with the Hay Group methodology.
7. The Bank reviews the level of remuneration every year. Market data – payroll reports and business and economic information – are analysed. The decision on the amount of the employee's salary rise is taken, first and foremost, based on the place of his or her base remuneration in the salary brackets within a given pay grade and the annual performance outcome.
8. The remuneration system is overt and transparent, and its principles are communicated to all Bank employees.
9. For the remuneration of the Supervisory Board and Management Board Members, the policy agrees with the values and long-term interest of ING Bank Śląski S.A., and thus contributes to effective risk management at the Bank and stable standing of the company. At the same time, the Policy supports sustainable growth of the Bank, which is understood as activities taken in all domains of significance for the society and economy and the responsibility for and care about the effects of those activities. It is an inherent element of the business strategy. The said objectives are accomplished notably by:
  - 1) introduction of variable remuneration components for Management Board Members, whose final amount depends on results of the Bank,
  - 2) tying the remuneration of the Members of the Management Board and the Supervisory Board to average remuneration of other Bank employees,
  - 3) making the pay-out of variable remuneration components to Management Board Members conditional on the satisfaction of specific capital requirements by the Bank,
  - 4) inclusion in the non-financial objectives set annually by the Supervisory Board for Management Board Members of the criteria arising from the adopted Sustainability Strategy.

Details of remuneration of ING Bank Śląski S.A. Supervisory Board and Management Board Members can be found in the Report compiled as per Article 90g of the Act on Public Offering and Terms and Conditions of Introduction of Financial Instruments into the Organised Trading and on Public Companies.

## II. REMUNERATION COMPONENTS

1. The total remuneration is divided into fixed and variable remuneration.



2. Fixed remuneration is such a large part of the total remuneration that it allows one to pursue a fully flexible policy of variable remuneration components, including the option of reducing or not granting any variable remuneration at all.
3. Variable remuneration encompasses any and all forms of remuneration and other benefits provided in return for achieved results.

Variable remuneration encompasses the annual bonus which is set per employee, based on the evaluation of balanced and risk-matching results, considering the quantitative and qualitative criteria. As part of the variable remuneration, employees may also be awarded an individual cash reward, the aim of which is to recognize and appreciate the employees with extraordinary achievements at work and demonstrating particular potential.

4. Separate rules of variable remuneration, laid down in the *Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.*, apply to the group of employees holding positions having material impact on the risk profile of the Bank. The Policy defines the components of variable remuneration that may be awarded to Identified Staff and the principles of that remuneration pay-out.

The most important ones include:

- a) financial and non-financial criteria as well as risk-adjusted criteria are used to assess individual performance; non-financial criteria should account for at least 50% of all goals, save for the persons responsible for control functions,
  - b) financial criteria are not used for the persons responsible for control functions. The goals for those persons stem from the functions held by them and they are not tied to the performance of the areas controlled by them,
  - c) a deferral of a part of variable remuneration, which is settled in three instalments during the period of work performance verification, to assess the impact of employee actions on the Bank's long-term results,
  - d) allocation of a part of variable remuneration (at least 50%) in phantom stock, entitling to receive cash conditional upon the price of ING Bank Śląski S.A. shares,
  - e) with a view to ensuring long-term stability of ING Bank Śląski S.A. and tying further the risk management minimum standards to individual remuneration, since 2019 the Bank has had the *Procedure regarding risk requirements for key function holders at the Bank*. The Procedure enables the Management Board Member responsible for the risk area to take a decision to apply a risk modifier for variable remuneration. Following the requirements, all employees holding key functions at the Bank receive written information providing for the specific risk requirements for a given calendar year. After the end of the year, satisfaction of risk requirements is assessed and the assessment result may reduce the variable remuneration of the employee, should the risk requirements not be satisfied.
5. Fringe benefits provided under the Bank's remuneration policy:
    - a) healthcare – Bank employees are provided with basic healthcare, dental care included, and the option of using family packages which need an extra payment,
    - b) Employee Pension Programme – as part of the programme, the Bank enables employees to jointly and voluntarily accumulate extra funds for pension,
    - c) life insurance – Bank employees have life insurance which covers employee death, employee death due to an accident and a serious illness co-funded by the Bank,
    - d) company cars – a company car is awarded to an employee due to the employee's position in the organisational framework and the scope of responsibilities,
    - e) benefits awarded to employees under the *Cafeteria Plan General Terms and Conditions*.





### III. SUPERVISION OVER REMUNERATION POLICY

1. Compliance with the remuneration policy at the Bank is supervised by the following bodies:
  - 1) General Meeting
    - a) evaluate annually whether or not the established remuneration policy is conducive to the development and safety of the Bank's business,
    - b) pass amendments to the ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy,
    - c) provide opinion on the remuneration of the Members of the Management Board and the Supervisory Board.
  - 2) ING Bank Śląski S.A. Supervisory Board
    - a) approve the ING Bank Śląski S.A. Group Remuneration Policy and the Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.,
    - b) supervise compliance with the aforesaid Policies,
    - c) develop and submit to the General Meeting the report on the evaluation of the remuneration policy at the Bank and the report on the remuneration of Supervisory Board and Management Board Members.
  - 3) ING Bank Śląski S.A. Supervisory Board Remuneration and Nomination Committee – monitor the implementation of the Policy.
  - 4) Control functions actively participate and cooperate in the review of the Bank's remuneration policy to ensure its coherence with the risk management strategy and framework. Control functions also assess correctness of the capital base and fulfilment of conditions necessary for the bonus pool disbursement.
2. The Polish Financial Supervision Authority supervise the compliance of the Bank's activity with the regulations concerning the variable remuneration components policy.

### IV. REPORT ON THE EVALUATION OF THE REMUNERATION POLICY AT THE BANK IN 2021

1. The remuneration policy at the Bank complies with the Bank's strategy, values and risk appetite, as well as it supports the long-term interests of the Bank and its clients. Furthermore, it promotes and supports the process of effective risk management in order to maintain and protect the sound capital base of the Bank. It does not promote excessive risk-taking behaviour that is beyond the risk propensity accepted by the Supervisory Board of the Bank and it is based on performance management, combining individual goals with the long-term business strategy and ensuring sustainable growth.
2. In 2021, the goals of the remuneration policy remained unchanged vis-à-vis the previous year. ING Bank Śląski S.A. continued its remuneration policy whose aim is to effectively support the strategic goals and systematically mark the pays to the market.

As a standard, the remunerations of the ING Bank Śląski S.A. employees were reviewed vis-à-vis the market, based on the Hay Group company reports. The Autumn edition of the salary review showed that the remuneration at the Bank remained on the market level. The results of the review were presented to the Remuneration and Nomination Committee. Based on these data, in 2021 the standard pay rise exercise was not carried out, however, individual changes in remuneration took place, resulting from the planned promotions and extensions of employment contracts.



3. 2021 was another year of functioning of the annual Step Up goals settlement system, which combines job performance assessment, creation of a solid corporate culture and our ambitions. The job performance assessment is directly translated into the bonus pay-out for employees. In keeping with the General Conditions of ING Bank Śląski S.A. Employee Evaluation (Step Up), the Bank Management Board, in consultation with the Supervisory Board, determined the amount of the employee variable remuneration pool. Based on the determined amount, the Management Board decided to apply a bonus potential adjustment ratio of 0.9, which as a result decreased the bonus by 10%. Application of the adjustment ratio depended on factors such as the Bank's economic situation, risk levels and market conditions, including global circumstances.

In February 2021, we paid out bonus to Bank employees from the specific provision.

In March 2021, the bonus for Identified Staff was settled in accordance with the *Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.*:

- a) variable remuneration for 2020 was set and the non-deferred portion of the bonus was awarded,
- b) following a positive verification of the assessment with consideration of ex-post risk and capital test, the Bank awarded the relevant portions of deferred variable remuneration for 2017 and 2018.

The terms and conditions of variable remuneration disbursement were satisfied. The Remuneration and Nomination Committee gave positive advice and, in consequence, the nondeferred 2020 bonus and the deferred bonuses for 2017 and 2018 were paid out to the persons, whose positions have impact on the Bank's risk profile. Thus, the 2017 bonus was settled in total. Similarly to other employees, a bonus potential adjustment ratio of 0.9 was also applied to the variable remuneration for Identified Staff, which as a result decreased the bonus by 10%.

4. 2021 was another year of the Covid-19 pandemic. At the beginning of the year, a new model of life insurance was introduced. This benefit provides for partial payment of the insurance premium by the Bank. With the premium paid by the employer, the employees were entitled to use the "Pandemic under control" insurance for the whole year. The insurance covered preventive assistance for the quarantine period and Covid-19 posthospitalisation assistance. Employees can still use other insurance options under the offer paid on their own, which was expanded with the module offer enabling employees to choose their preferred insurance.

Taking into account the challenges of the last two years and increased effort put into work during the pandemic, the Bank Management Board decided to pay an additional financial bonus to all employees in December 2021. This bonus was paid to all employees employed under an employment contract as at 15 December 2021.

5. Having regard to the changes in the model of work, as well as increased remote work resulting from the pandemic restrictions, the Bank took actions aimed at preparing the organisation to implement the hybrid model of work. According to the assumptions, this model will be an ultimate model of work applicable at the Bank. To this end, the Bank Management Board decided to provide the employees with a one-off support to organise their home offices, by paying out an adaptation compensation. The compensation was paid to all employees employed under an employment contract as at 31 December 2021. The following persons were excluded from the pay-out: persons on maternity leaves, parental leaves, childcare leaves and unpaid leaves (including sabbatical), as well as persons with whom we terminated cooperation. Persons returning to work after a long-term absence and persons employed in 2022 will receive the compensation calculated proportionally, as of the month of their return to work or employment. Verification of the entitled persons and pay-out of the compensation will take place after the end of the given quarter.



6. As part of the annual regulatory review, the remuneration policy was amended with new provisions stemming from Recommendation Z and the Code of Best Practice for WSE Listed Companies 2021. The new provisions refer to determining the ratio of average gross total annual remuneration of individual Bank Management Board Members, which should not exceed 40-times the remunerations of other employees. This relation will be analysed annually as part of the remuneration policy review. Furthermore, the Policy was also amended with new provisions concerning monitoring of women and men pay equality as part of the annual review of remuneration. The amendments came into force as of the beginning of 2022.

Based on the regulations on monitoring of the women and men pay equality ratio, the data as at 31 December 2021 were analysed, and the ratio was reported to the Polish Financial Supervision Authority in keeping with the Banking Law. The analysis showed that the relation of remuneration of men and women at ING Bank Śląski S.A. in 2021 stood at 99%.

The ratio was calculated for the total remuneration of the Bank employees as at 31 December 2021. The method applied was an average of remuneration, weighted with the number of men and women in individual employee pay grades. Other assumptions applied in the calculation include: converting remuneration of part-time employees to remuneration of full-time employees, adjustment of remuneration of employees, who were not employed for the entire 2021 to the total remuneration for the whole year.

7. In 2021, the Remuneration and Nomination Committee of ING Bank Śląski S.A. held 11 regular meetings and 5 by way of circulation.
8. From 22 July to 30 July 2021, the Internal Audit Department conducted the Audit of the process of remuneration of persons, who have material impact on the risk profile of ING Bank Śląski S.A. The audit sought to assess the design and operating effectiveness of key internal controls in the process of remuneration of persons, who have material impact on the risk profile at the Bank.

The audit confirmed that the process of determination and pay-out of variable remuneration to persons, who have material impact on the risk profile at the Bank was correctly designed, implemented and is supervised and monitored by the Supervisory Board, supported by the Remuneration and Nomination Committee, to encourage care for long-term and stable development of the Bank.

The audit did not identify any material risks in the audited areas and thus confirmed the adequacy and effectiveness of the control mechanisms for the Identified Staff remuneration process.

From 11 October 2021 to 18 November 2021, the Bank underwent an inspection carried out by the Polish Financial Supervision Authority, as part of the Authority's regulatory supervision. The inspection referred to the internal control system, including the applicable principles of remuneration for the Supervisory Board and Management Board Members, as well as persons, whose professional activities are considered to have a material impact on the Bank's risk profile. In the inspection summary, the Polish Financial Supervision Authority raised a question of lack of deferral of the variable remuneration, when its amount did not exceed PLN 40 thousand, in 2019 and 2020. The Bank submitted its reservations to the findings of the Polish Financial Supervision Authority and at the moment we are awaiting a response from the PFSA.

**The Supervisory Board are of the view that in 2021 the Bank respected the principles of its remuneration policy.**



## **Report on remunerations of the Supervisory Board and Management Board Members of ING Bank Śląski S.A. for the year 2021**

This report was drafted pursuant to the Act of 29 July 2005 on Public Offering and on the Terms of Introducing Financial Instruments into Organized Trading and on Public Companies (as amended) which introduced the duty to prepare annual reports on the remuneration of the Management Board and of the Supervisory Board, and to have that report assessed by the statutory auditor. The structure and the scope of the report derive explicitly from Article 90g(2) of the said Act.

At the same time, in accordance with Resolution No. 6 of the Ordinary General Meeting of ING Bank Śląski Spółka Akcyjna of 15 April 2021 on the opinion to the Supervisory Board report on the remuneration of Supervisory Board members, the General Meeting issued a positive opinion on the report on the remuneration of the Supervisory Board and the Management Board of ING presented by the Supervisory Board. Bank Śląski SA for 2019 and 2020.

### **I. INTRODUCTION**

Following the Act of 16 October 2019 Amending the Act on Public Offering and on the Terms of Introducing Financial Instruments into Organized Trading and on Public Companies and Certain Other Act the *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy* was introduced. As a result of the annual review of the internal regulations the Supervisory Board of ING Bank Śląski S.A., pursuant to the Resolution no. 105/XXI/2020 of 20 November 2020, approved changes to the *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.* effective as of 1 January 2021. Respective amendments have been introduced to the *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy*. The most important change assumed the extension of the deferral period of variable remuneration of members of the Management Board to 5 years (excluding the President of the Management Board, to whom the deferral period of 6 years applies).

As regards the remuneration of other employees, the *ING Bank Śląski S.A. Group Employees Remuneration Policy* has been in effect since 1 January 2017. The document sets out the key assumptions of the remuneration policy applied in order to attract and retain employees by ensuring a salaries level that is competitive on the market, and it defines the remuneration components. Detailed principles arising from the Policy are specified in greater detail by:

- 1) *Variable Remuneration Policy for Identified Staff<sup>1</sup> of ING Bank Śląski S.A.,*
- 2) *ING Bank Śląski S.A. Employees Remuneration Bylaw* including enclosures thereto:
  - a) *ING Bank Śląski S.A. Employee Evaluation Bylaw (Step Up),*
  - b) *ING Bank Śląski S.A. Identified Staff Evaluation Bylaw.*

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<sup>1</sup> Identified Staff - persons employed at the Bank, identified as having material impact on the risk profile of ING Bank Śląski S.A. on the basis of the criteria indicated in the Enclosure 1 to the *Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.* according to the provisions of the Regulation of the Minister for the Development and Finance and the RTS Regulation.



## II. TOTAL REMUNERATION OF THE BANK GOVERNING BODIES' MEMBERS

Pursuant to Article 90g Section 2 Item 1 of the Act, we disclose the amount of the total remuneration sub-divided into components referred to in Article 90d Section 3 Item 1, and the proportions of those remuneration components. At the same time, we account for the provisions of Section 5, whereby where the remuneration of the management board and of the supervisory board members includes cash payments or non-monetary benefits awarded to close ones of those persons, the report on remuneration should include information on the value of those benefits.

### 1. Structure of the Supervisory Board Members' remuneration

Due to the supervisory function of the Supervisory Board, the Supervisory Board members are only awarded **fixed remuneration** that is not conditional on the Bank's performance. The fixed remuneration of the Supervisory Board Members consists of the base remuneration for the membership of the Supervisory Board and a monthly allowance for each additional function held by the Supervisory Board members on the Supervisory Board or its committees, which is set as a percentage of the base salary and which is as follows:

- a. Chairperson of the Supervisory Board – 100%,
- b. Deputy Chairperson of and Secretary to the Supervisory Board and Members who are Chairpersons of the Supervisory Board Committees – 25%,
- c. Members of the Committees other than Chairpersons of the Supervisory Board Committees – 15%.

The remuneration of a Supervisory Board Member for a given month is paid on the last working day of a given month.

### 2. Structure of the Management Board members' remuneration

The total remuneration is set out in the *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.* It consists of fixed remuneration and variable remuneration, or the annual bonus. Fixed remuneration is composed of:

- a. the **base remuneration** which is determined in conjunction with a benchmark according to a selected job valuation methodology, based on a role description in reference to the knowledge, challenges, issues and responsibilities in a given position, as well as the professional experience.

The terms of remuneration of the Management Board Members are determined upon taking into account the market data, including the median for comparable positions at comparable organisations, and upon accounting for the Bank's operations and its financial situation.

The base salary of the members of the Management Board for a given month is paid in arrears on the last business day of the month.

- b. **fringe benefits**, which comprise:
  - life insurance,
  - contributions to the investment fund,
  - medical care,
  - a company car,
  - benefits related to termination of the employment contract,



- in justified cases the Supervisory Board may, upon the Committee's recommendation, decide to cover, temporarily, additional costs related to a long-term foreign contract of a Management Board Member, such as the costs of accommodation or education of the Management Board Member's children.
- c. **variable remuneration**, i.e. the annual bonus awarded by the Supervisory Board in the amount of up to 100% of base remuneration for a given period, upon accounting for bonus thresholds. The bonus is divided into upfront and deferred part subject to deferral for five years from the date on which the Supervisory Board determined the variable remuneration (in case of the President of the Management Board, the deferral period is six years). The annual non-deferred and deferred annual bonus is sub-divided into two parts (rounded up to the total number of financial instruments):
  - at least 50% in financial instrument which entitles the holder to receive funds in an amount conditional on the value of the ING Bank Śląski S.A. shares, and
  - the remaining portion is paid out in cash.

The variable remuneration for a given year is determined by the Supervisory Board in the year following the assessment year. Only the non-deferred part in the form of cash is payable, within seven business days following approval of the Bank's annual financial statements by the ING Bank Śląski S.A. General Meeting.

As regards the variable remuneration granted in phantom shares the retention period applies during which a Management Board Member may not exercise the rights related to the granted phantom shares of ING Bank Śląski S.A. The said period lasts one year and begins on the day of receiving the phantom shares. The cash for the Bank Management Board Members is paid not later than 30 April of consecutive calendar year.

The deferred bonus - in cash and in the form of financial instruments - is awarded in subsequent years according to the deferral scheme.

3. A breakdown of total remuneration for the year 2021 by components is presented in Enclosure 1 herewith. The base salary and other benefits constituting the components of the fixed remuneration were paid in 2021. Variable remuneration determined for 2021, however, will be paid in the following years:
  - the upfront part in cash - in the year 2022,
  - the upfront part in the form of financial instruments - in the year 2023,
  - deferred parts in cash - in the years 2023-2027 (2028 - in the case of the President of the Management Board),
  - deferred parts in the form of financial instruments - in the years 2024-2028 (2029 - in the case of the President of the Management Board).



### III. COMPLIANCE WITH THE REMUNERATION POLICY

*Pursuant to Article 90g Section 2 Item 2 of the Act, we explain how the total remuneration complies with the adopted remuneration policy and how it helps achieve the long-term performance of the company*

#### 1. Compliance with the ING Bank Śląski S.A. Group Remuneration Policy

- 1) The remuneration policy at ING Bank Śląski S.A. Group relies on performance management. It supports the process of attracting, motivating and retaining talented employees, and is conducive to their development, while treating all employees in a fair manner. The remuneration policy:
  - a. supports the implementation of the business strategy, as well as the long-term interests of the Bank and its clients,
  - b. supports the correct and effective risk management in order to maintain and protect a safe capital base of the Bank and it does not encourage taking excessive risks beyond the risk appetite approved by the Supervisory Board of ING Bank Śląski S.A.,
  - c. is gender-neutral which means that it does not create conditions for unjustified privilege of either gender in terms of pay conditions.
- 2) The Bank identifies social- and environmental risks diagnosed as part of the sustainability strategy. The remuneration policy is aligned with the strategy adopted at the Bank for a given period and it supports corporate social responsibility which is reflected by the goals set for the employees for a given year. At the same time, the Policy does not promote actions that are against sustainable growth.
- 3) The purpose of the remuneration policy is to ensure that the conflicts of interest relating to remuneration are identified and mitigated properly. The process for awarding variable remuneration involves adequate risk-mitigating actions, that is a multi-level decision-making process as well as clear and transparent rules of performance assessment; those rules are communicated to all employees.
- 4) ING Bank Śląski S.A. does not provide for any form of remuneration that might be perceived by the employees as an incentive to favour their own interests or the Bank's interests to the detriment of the clients. The principles of remunerating persons who act on the Bank's behalf do not encourage people to take excessive risks of improper product sale.
- 5) The variable remuneration remains at an adequate proportion to the fixed remuneration. Its level vis-à-vis fixed remuneration should be high enough to encourage people to care about the long-term and stable development of the Bank. It is agreed that the fixed remuneration to variable remuneration ratio shall be 1 to 1.
- 6) As regards the fixed remuneration of the Bank Supervisory Board and Management Board Members, a rule was adopted to tie those salaries to the average remuneration of other Bank employees. The monthly fixed remuneration for the individual:
  - a. Supervisory Board members represents no more than 10-fold average base remuneration of an employee of ING Bank Śląski S.A.
  - b. Management Board members represents no more than 40-fold average base remuneration of an employee of ING Bank Śląski S.A.
- 7) The remuneration system is open and transparent, and its rules are communicated to all employees of the Bank.



- 8) In an effort to ensure a competitive level of remuneration, it follows the market median. The Bank reviews the remuneration levels on an annual basis. The analysis focuses on market data – pay reports as well as economic information.
- 9) The Supervisory Board of ING Bank Śląski S.A. approves the Remuneration Policy and oversees compliance therewith, based on the recommendations of the Remuneration and Nomination Committee of the ING Bank Śląski S.A. Supervisory Board. The review results, along with the recommendation of adequate measures in the remuneration area, are presented to the Management Board by the HR units. Based on the review results, Management Board accept the directions and changes, if any, to the remuneration policy for a given calendar year, and presents the Policy to the Remuneration and Nomination Committee for recommendation and to the Supervisory Board for approval.
- 10) Each year, the Supervisory Board draw up a report on the implementation of the remuneration policy. The General Meeting assess, based on the report, whether or not the Policy is conducive to the development and safety of the Bank's operations.
- 11) The Risk Committee verify whether or not the elements of the remuneration system account for the risk, capital and liquidity. A representative of the Risk Committee takes part in the meetings of the Remuneration and Nomination Committee and vice versa.
- 12) The General Meeting assess each year whether or not the Remuneration Policy is conducive to the development and safety of ING Bank Śląski S.A. operations.
- 13) The remuneration policy is subject to an annual independent internal audit.
- 14) The control functions and the CFO Division units take an active part and cooperate during the review of the Bank's remuneration policy with a view to ensuring its alignment with the strategy and the risk management framework; they also assess the correctness of the capital base and the fulfilment of conditions necessary to activate the bonus pool.

## 2. Supporting the implementation of the strategy

- 1) The Supervisory Board and Management Board Members Remuneration Policy is aligned with the values and long-term interests of ING Bank Śląski S.A., and – as such – it is conducive to the effective management of the Bank's risks and to the company's stability. Furthermore, the Policy supports sustainable growth of the bank, which is understood as actions taken in areas that are meaningful for the society and for the economy, as well as responsibility for and care of the results of those actions, and which is part and parcel of the business strategy. The means to achieve those goals include the following in particular:
  - a. introducing variable remuneration components for the Management Board members the final amount of which is conditional on the Bank's performance,
  - b. making the payment of the variable remuneration components to the Management Board members dependent on the Bank's fulfillment of certain capital requirements, and
  - c. inclusion of criteria arising from the adopted Sustainable Growth Strategy in the non-financial targets which are set by the Supervisory Board for the Management Board members each year.
- 2) The *Procedure concerning Risk Requirements for Management Board Members Who Are Risk Takers* has been in effect since 2019 to ensure the long-term stability of ING Bank





Śląski S.A. and further reinforcement of relations between minimum standards in the risk management area and individual remuneration.

The risk requirements apply to Management Board Members who are Risk Takers, notably:

- a. President of the Management Board – CEO Division
- b. Vice-President of the Bank Management Board – Retail Clients Division
- c. Vice-President of the Bank Management Board – Business Clients Division
- d. Vice-President of the Bank Management Board – Wholesale Banking Division
- e. Vice-President of the Management Board – CIO Division
- f. Vice-President of the Management Board – COO Division

The procedure allows the Management Board Member in charge of the risk area to make a decision to apply the variable remuneration adjustment ratio. As required, each Management Board Member who is a Risk Taker receives a written notice specifying the risk requirements for a given calendar year. An assessment of the risk requirement fulfilment is performed upon the end of the year; the result of that assessment may lower the variable remuneration of the employee if the risk requirements are not met.

- 3) Furthermore, the Management Board Members are required not to apply their own hedging strategies or insurance concerning remuneration and liability that would neutralise the measures taken by the Bank as part of implementing the policy of variable remuneration components, save for mandatory insurance arising from special provisions.

#### IV. PERFORMANCE CRITERIA

*Pursuant to Article 90g Section 2 Item 3 of the Act, we provide information on the manner of applying performance criteria*

Performance criteria are applied at several levels at ING Bank Śląski S.A.:

##### 1. Performance included in the targets agreed with the employee for a given year

The targets of the Management Board Members may be non-financial or financial and are determined in three categories of equal weight:

- **Job**, where goals are set regarding e.g. financial performance of the Bank, financial performance of the business line, risk and compliance, operational excellence, client and its satisfaction, delivery of the strategic projects, motivation and engagement of employees,
- **Orange Code**, under which the individual goals are set regarding the way that the targets are achieved,
- **Stretch Ambition**, which are individually defined goals beyond job expectations the effect of which is e.g. a new quality for the client.

The targets of the Management Board Members who hold control functions arise from their functions and are not tied with results obtained in the areas they control. Upon the end of the assessment period, the Supervisory Board will evaluate the performance of the individual Management Board Members. The evaluation of the task performance is the basis for determining the individual level of variable remuneration.



**2. Risk requirements set in regard to Management Board Members other than Members holding control functions**

The Management Board Member in charge of the risk area sets individual risk requirements for Management Board Members other than those holding control functions. They ensure focusing on the long-term stability of ING Bank Śląski S.A. and further reinforcement of relations between minimum standards in the risk management area and individual remuneration of the Management Board Members whose activities have a material impact on the Bank's risk profile. On the basis of the assessment of risk requirements fulfilment, the Management Board Member in charge of the risk area makes a decision on the risk ratio corresponding to the level of adjustment of variable remuneration for a given Management Board Member.

**3. Bank's results that are the basis for the decision to disburse the bonus pool**

The annual bonus disbursement is conditional on the Bank's achieving at least 80% of the profit before tax in a given financial year subject to the assessment, as assumed in the plan for that year. The Bank's result taken into consideration accounts for the Bank's risk costs and the costs of liquidity risk in a long-term perspective, adjusted for the costs of free capital.

In addition, pursuant to the *Capital Management Policy at ING Bank Śląski S.A.*, ING Bank Śląski S.A. tests capital to ensure that the entire bonus pool for all employees does not restrain the Bank's ability to maintain an adequate capital base. Should it be the case, a decision may be taken not to disburse the bonus pool.

**4. Performance subject to assessment in the long-term perspective**

In order to adjust the variable remuneration to the additional risks that were identified or that materialised after the remuneration was awarded, the Bank will defer the variable remuneration of the Management Board Members in accordance with the table below. It is also a rule that at least 50% of the variable remuneration of the President of the Management Board is deferred.

VARIABLE REMUNERATION AMOUNT	DEFERRAL METHOD
does not exceed PLN 40,000 and not one third of the total annual remuneration Member of the Management Board	no deferral
from PLN 40,001 to PLN 0.5 million	40% subject to deferral
in excess of EUR 0.5 million*	60% subject to deferral

\* equivalent expressed in Polish zlotys according to the average exchange rate of the National Bank of Poland on 15 February of the year in which the variable remuneration is determined (or on the following day on which the exchange rate is announced)

The deferral period is five years from the day of disbursement of the non-deferred annual bonus. The Management Board Member may be eligible for deferred annual bonus in each year of the deferral period, in five equal parts, unless the conditions to the decrease or non-payment occur, as mentioned in Chapter V. For the President of the Management Board, the deferral period is six years and the deferred annual bonus is divided into six equal parts.

**5. Ex-post performance verification**

The Supervisory Board may decide to reduce, or not to pay, variable remuneration subject to deferral on the basis of:

- a. verification of performance assessment and/ or
- b. ex-post risk adjustment and capital test.



Verification of performance assessment helps determine whether or not there were any reasons to change the results for the assessment period, given the effects of the work of a given Management Board Member.

Based on the ex-post risk adjustment, the Bank has the right to either reduce or not to pay variable remuneration under the following circumstances:

- a. the occurrence of events that result in the Bank's breach, or threaten the Bank's breach, of the standards set out in Article 142 Section 1 of the Banking Law so that it is necessary to implement the Recovery Plan,
- b. the disbursement of variable remuneration on the basis of data that proved to be false,
- c. if the Management Board Member in question fails to fulfil the relevant standards concerning competence and reputation,
- d. if there is a conflict of interest in relation to the disbursement of a part of variable remuneration in phantom equity of ING Bank Śląski S.A. due to failure to comply with rules concerning the use of inside information and other actions that may influence the price of the ING Bank Śląski S.A. shares in a short-term perspective.

#### V. CHANGES TO EMPLOYEES' REMUNERATION OVER A COURSE OF 5 YEARS

*Pursuant to Article 90g Section 2 Item 4 of the Act, we provide information on the change, on an annual basis, of remuneration, company's results and average remuneration of employees of that company other than members of the management board or of the supervisory board, over at least five most recent financial years, as a total, in a manner that allows comparisons*

A breakdown concerning the change of remuneration, the company's results and average remuneration of employees other than members of the management board or of the supervisory board is presented in Enclosure 2 herewith.

#### VI. REMUNERATION FROM GROUP MEMBERS

*Pursuant to Article 90g Section 2 Item 5 of the Act, we present the level of remuneration from members of the same group of companies within the meaning of the Accounting Act of 29 December 1994 (Journal of Laws of 2019, Items 351, 1495, 1571, 1655 and 1680 and Journal of Laws of 2020, Item 568)*

As a rule, the Management Board Members who also hold other functions in the subsidiaries of the ING Bank Śląski S.A. Group perform their tasks in those companies without remuneration. The following subsidiaries are members of the ING Bank Śląski S.A. Group:

- ING Investment Holding (Poland) S.A.
- ING Commercial Finance Polska S.A.
- ING Lease (Polska) Sp. z o.o.
- ING Usługi dla Biznesu S.A.
- Nowe Usługi S.A.
- Solver Sp. z o.o.
- ING Bank Hipoteczny S.A.

and corporate foundations:

- ING for Children Foundation, and
- ING Polish Art Foundation.



Likewise, members of the Supervisory Board who also hold other functions in ING Bank N.V. perform their tasks on the Supervisory Board without payment. Members of the Supervisory Board waive their right to remuneration in writing.

## VII. AWARD OF REMUNERATION IN INSTRUMENTS

*Pursuant to Article 90g Section 2 Item 6 of the Act, we present the number of financial instruments awarded or offered, as well as the main terms and conditions of exercising the rights to those instruments, including the exercise price and date, and changes thereto*

### 1. Terms and conditions of awarding a part of variable remuneration in financial instruments

The annual bonus of a Management Board Member is sub-divided into two parts (rounded up to the integer number of a financial instruments), and at least 50% is awarded in phantom equity which entitles the holder to receive funds in an amount conditional on the value of the ING Bank Śląski S.A. shares. The number of phantom shares is determined in accordance with the following formula:

$$n = z/c$$

where:

- n means the number of phantom shares; if the number of shares so determined is not an integer number, it is rounded up to the nearest integer number
- z means the annual bonus base value of a Management Board Member (deferred and/or non-deferred) to be disbursed in phantom shares
- c means the median price of the Bank's shares using the closing rate at the Warsaw Stock Exchange from the period started on 10 January and ended on 20 February in the year following the Assessment Period

however, in the case of:

- the non-deferred part – the calculation is unconditional,
- the deferred part – the calculation is preliminary and it represents the maximum number of phantom shares to which a given Management Board Member might be entitled. The number of shares awarded may be reduced if the annual bonus base value is lowered in accordance with the rules of ex ante risk adjustment and assessment verification, upon accounting for ex post risk.

### 2. Terms and conditions of disbursement of a part of variable remuneration in financial instruments

- 1) The final number of phantom shares, which is disbursed as the annual deferred bonus to which a given Management Board Member may be entitled for a given year, will be calculated upon the end of each subsequent calendar year in a given Assessment Verification Period (deferral period). For the purpose of that calculation, the price of the Bank's shares is adopted at the same level as for the preliminary calculation (parameter "c" in the formula above).
- 2) The Bank Management Board Members receive information on the number of phantom shares awarded as part of their deferred and non-deferred bonus not later than by 30 April of the following year.



- 3) The Bank disburses funds in an amount being the product of the number of phantom shares and the price of the Bank's shares. The following formula is applied to that effect:

$$w = l * c$$

where:

w means the monies due to a Management Board Member

l means the number of phantom shares for which the Holding Period expired

c means the median price of the Bank's shares using the closing rate at the Warsaw Stock Exchange from the period started on 10 January and ended on 20 February in the disbursement year

- 4) The holding period applies to a bonus awarded in phantom shares. The period is one year from the phantom equity receipt date. The funds are paid to the Management Board Members not later than by 30 April of the following calendar year. If the exercise date of rights arising from the ING Bank Śląski S.A. phantom shares falls during the closed period, the exercise will take place on the first business day following the end of that period.
- 5) Based on the ex post assessment verification, a new annual bonus base value may be determined; however, it may not be higher than the value determined after the assessment period. The value of the bonus already awarded during a given bonus award period is deducted from the new base value. The amount resulting from that calculation is split into equal parts, the number of which corresponds to the number of calendar years during the deferral period for which no deferred annual bonus was paid during a given bonus award period (i.e. the current year and the consecutive deferral years). The lower bonus base value applies to the current year and to the consecutive years of the deferral period.
- 6) A Management Board Member who does not have the right to acquire the deferred Annual Bonus will not acquire the right to that part of the bonus until the end of a given deferral period.
3. Enclosure 3 herewith presents the number of awarded or offered financial instruments.

## VIII. RETURN OF VARIABLE REMUNERATION COMPONENTS

*Pursuant to Article 90g Section 2 Item 7 of the Act, we provide information on the use of the possibility to demand the return of the variable remuneration components*

1. The remuneration policy does not envisage a mechanism for the return of the variable remuneration components. In accordance with the effective regulations, there is a mechanism in place so that the deferred bonus is not paid out at all or it is paid out at a lower amount.
2. The Bank uses to that effect advanced measurement methods to estimate the capital base. It also applies the stress-testing policy which ensures an adequate risk management and a proper assessment of current and future capital requirements. The information on that measurement is communicated to the Committee and to the Supervisory Board by the Finance Division of ING Bank Śląski S.A.



3. Upon the end of each calendar year during the deferral period, the Supervisory Board verifies, based on the Committee's recommendation, the assessment of target completion during the assessment period. Such a verification is conducted by 30 April. The Supervisory Board may decide to reduce, or not to pay, the annual bonus during a given bonus award period if:
  - 1) there are circumstances justifying an adjustment (as described in Section IV item 5 hereof)
  - 2) the Management Board Member fails to submit a written statement to confirm that s/he does not apply hedging strategies or insurance
  - 3) there are other material circumstances that would make the annual bonus payment unacceptable under the principles of common sense and fairness.

#### IX. EXCEPTIONS

*Pursuant to Article 90g Section 2 Item 8 of the Act, we provide information concerning exceptions to the procedure for implementing the remuneration policy and exceptions applied in accordance with Article 90f, including an explanation of the premises and the mode, and indication of elements to which exceptions were applied.*

During the period covered by this report, there were no deviations from the remuneration policy or implementation procedure.



## Enclosure 1

## Management Board

## Remuneration due and awarded to the members of the Management Board of ING Bank Śląski S.A. for 2021

Name and last name	Period from – to	Base salary	Cash benefits <sup>1</sup>	In kind benefits <sup>2</sup>	Fixed Remuneration	Uplifted variable remuneration - cash	Uplifted variable remuneration - phantom shares		Deferred variable remuneration - cash	Deferred variable remuneration - phantom shares		Variable remuneration granted for the year 2021 <sup>3</sup>	Variable to fixed remuneration ratio	Total variable remuneration - deferred cash as at 31.12.2021 <sup>4</sup>
							value	number		value	number			
<b>Brunon Bartkiewicz</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A. (Chair of the Supervisory Board until 30.06.2021)</i>	01.01.2021 - 31.12.2021	2 514 000	430 656	13 977	2 958 633	452 479	452 782	1 642	678 719	678 621	2 461	2 262 600	76%	2 007 427
<b>Joanna Erdman</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A., ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	01.01.2021 - 31.12.2021	1 348 800	202 320	33 086	1 584 206	355 953	356 269	1 292	237 302	237 421	861	1 186 944	75%	797 245
<b>Marcin Giżycki</b> <i>Deputy Chair of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	01.01.2021 - 31.12.2021	1 327 200	199 080	51 846	1 578 126	390 097	390 462	1 416	260 065	260 032	943	1 300 656	82%	818 771
<b>Bożena Graczyk</b> <i>Chair of the Supervisory Board of ING Bank Hipoteczny S.A., Member of of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o., Member of the Audit and Risk Committee of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	01.01.2021 - 31.12.2021	1 320 000	228 566	14 115	1 562 681	388 014	388 256	1 408	258 676	258 654	938	1 293 600	83%	825 045
<b>Ewa Łuniewska</b> <i>Chair of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	01.01.2021 - 31.12.2021	952 200	142 830	44 226	1 139 256	251 278	251 484	912	167 518	167 656	608	837 936	74%	167 518
<b>Michał Mrozek</b>	01.01.2021 - 31.12.2021	1 245 000	186 750	44 351	1 476 101	328 611	328 970	1 193	219 074	218 946	794	1 095 600	74%	76 775
<b>Stawomir Soszyński</b>	01.01.2021 - 31.12.2021	1 110 556	182 274	14 115	1 306 945	290 909	291 192	1 056	193 939	193 852	703	969 892	74%	181 304
<b>Lorenzo Tassan-Bassut<sup>5</sup></b>	01.01.2021 - 31.01.2021	99 389	-	61 333	160 722	15 940	16 269	59	10 626	10 479	38	53 314	33%	182 189
<b>Alicja Żyła</b>	01.09.2021 - 31.12.2021	310 423	43 164	8 458	362 045	75 830	76 107	276	50 554	50 738	184	253 229	70%	50 554
<b>Total</b>		10 227 568	1 615 640	285 506	12 128 714	2 549 110	2 551 791	9 254	2 076 473	2 076 398	7 530	9 253 770		5 106 827

<sup>1</sup>Cash benefits include contributions to the investment fund (15% of the monthly base salary net of the Management Member and equivalent of the life insurance premium in case resignation from the life insurance in-kind benefit)

<sup>2</sup>In-kind benefits include medical care (incl. family members), life insurance, usage of the company car for private purposes, benefits pursuant to an international assignment contract (incl. housing, medical insurance and benefits for family members such as schooling) and other benefits granted by the Supervisory Board

<sup>3</sup>Variable remuneration for the year 2021 rok, determined by the Supervisory Board on the basis of the assessment of individual targets accomplishment is subject to payment as from the year 2022 according to the deferral scheme described in the Report.

Variable remuneration paid in 2021 granted for previous years amounted to: Brunon Bartkiewicz - PLN 1,1 million, Joanna Erdman - PLN 0,8 million, Marcin Giżycki - PLN 0,7 million, Bożena Graczyk - PLN 0,7 million, Michał Mrozek - PLN 0,1 million, Stawomir Soszyński - PLN 0,3 million, Lorenzo Tassan-Bassut - PLN 0,2 million.

<sup>4</sup>The amount of deferred remuneration includes the deferred parts of the remuneration from 2017-2021, which will be paid after December 31, 2021

<sup>5</sup>Management Board Member on international assignment. The variable remuneration granted in EUR. In the table the value thereof in PLN was calculated based on the exchange rate EUR 1 = PLN 4,5091

**Supervisor Board****Remuneration due and awarded to members of the Supervisory Board of ING Bank Śląski S.A. for 2021**

<b>Name and last name</b>	<b>Period from - to</b>	<b>Fixed remuneration</b>	<b>Other benefits<sup>6</sup></b>
Aleksander Galos <i>Independent member</i>	01.01.2021 - 31.12.2021	271 343	-
Aleksander Kutela (until 29.11.2021) <i>Independent member</i>	01.01.2021 - 31.12.2021	205 367	-
Antoni Reczek (until 29.11.2021) <i>Independent member</i>	01.01.2021 - 31.12.2021	317 988	5 168
Dorota Dobija <i>Independent member</i>	29.11.2021 - 31.12.2021	20 631	-
Monika Marcinkowska <i>Independent member</i>	29.11.2021 - 31.12.2022	18 634	-
Małgorzata Kotakowska <i>Member having ties with ING Group</i>	01.01.2021 - 31.12.2021	-	-
Michał Szczurek <i>Member having ties with ING Group</i>	01.01.2021 - 31.12.2021	-	-
Susan Poot (until 30.09.2021) <i>Member having ties with ING Group</i>	01.01.2021 - 30.09.2021	-	-
Remco Nieland <i>Member having ties with ING Group</i>	01.01.2021 - 31.12.2021	-	-
<b>Total</b>		<b>833 962</b>	<b>5 168</b>

<sup>6</sup>Reimbursement of ZUS contributions due to exceeding the annual basis for retirement and disability contributions based on the decision of the Social Insurance Institution



## Enclosure 2

Changes in the salaries of employees over the period of 5 years												
Bank performance and remuneration data	2016		2017		2018		2019		2020		2021	
	amount	amount	change	amount	change	amount	change	amount	change	amount	change	
Gross profit (in mln PLN) - solo ING Bank Śląski S.A.	1 578	1 859	18%	2 010	8%	2 217	10%	1 883	-15%	2 971	58%	
Gross profit (in mln PLN) - total Grupa kapitałowa ING Banku Śląskiego S.A.	1 645	1 882	14%	2 031	8%	2 258	11%	1 912	-15%	3 015	58%	
Gross profit (in mln PLN) - solo ING Bank Śląski S.A.	1 209	1 403	16%	1 524	9%	1 659	9%	1 338	-19%	2 308	73%	
Gross profit (in mln PLN) - total Grupa kapitałowa ING Banku Śląskiego S.A.	1 253	1 403	12%	1 524	9%	1 659	9%	1 338	-19%	2 308	73%	
C/I <sup>1</sup> - solo ING Bank Śląski S.A.	48,6%	44,2%	-9%	43,6%	-1%	42,4%	-3%	44,0%	4%	43,3%	-2%	
C/I <sup>1</sup> - total Capital Group of ING Bank Śląski S.A.	48,5%	44,8%	-8%	44,5%	-1%	43,1%	-3%	44,3%	3%	43,2%	-3%	
ROE <sup>2</sup> - solo ING Bank Śląski S.A.	11,5%	12,6%	10%	12,4%	-2%	11,7%	-6%	7,7%	-34%	13,8%	79%	
ROE <sup>2</sup> - total Capital Group of ING Bank Śląski S.A.	11,7%	12,7%	9%	12,5%	-2%	11,6%	-7%	7,6%	-34%	13,6%	79%	
Average annual monthly base salary of employees of ING Bank Śląski S.A. who are not members of the management board or the supervisory board	6 685	6 990	5%	7 565	8%	7 882	4%	8 409	7%	8 677	3%	
Average monthly base and variable remuneration granted for a given year to the Management Board members of ING Bank Śląski S.A. for the period of performing the function / without additional benefits/												
Kotakowska Małgorzata (until 31.03.2016)	275 415	-	-	-	-	-	-	-	-	-	-	
Bartkiewicz Brunon (from 19.04.2016)	392 700	353 296	-10%	277 803	-21%	377 494	36%	343 580	-9%	398 050	16%	
Bolesławski Michał (until 31.12.2020)	208 894	188 460	-10%	187 135	-1%	212 026	13%	190 361	-10%	-	-	
Boda Mirosław (until 31.05.2017)	189 520	172 051	-9%	-	-	-	-	-	-	-	-	
Kesler Justyna (until 31.12.2018)	191 520	174 717	-9%	159 708	-9%	-	-	-	-	-	-	
Erdman Joanna (from 01.04.2013)	176 558	181 276	3%	181 700	0%	202 320	11%	184 336	-9%	211 312	15%	
Juliá Vilar Ignacio (until 30.04.2016)	194 361	-	-	-	-	-	-	-	-	-	-	
Giżycki Marcin (from 01.08.2016) <sup>3</sup>	197 860	150 461	-24%	149 372	-1%	191 568	28%	190 423	-1%	218 988	15%	
Roesink Patrick (from 01.07.2015 to 31.03.2020)	132 605	125 587	-5%	117 888	-6%	131 558	12%	127 838	-3%	-	-	
Graczyk Bożena (from 01.06.2017)	-	185 613	-	184 498	-1%	205 370	11%	186 296	-9%	217 800	17%	
Tassan-Bassut Lorenzo (from 01.01.2019 to 31.01.2021)	-	-	-	-	-	130 159	-	127 964	-2%	152 703	19%	
Soszyński Sławomir (from 01.09.2019)	-	-	-	-	-	162 000	-	147 600	-9%	173 371	17%	
Mrozek Michał (from 01.07.2020)	-	-	-	-	-	-	-	164 000	0%	195 050	19%	
Łuniewska Ewa (from 01.01.2021)	-	-	-	-	-	-	-	-	-	149 178	-	
Żyła Alicja (from 01.09.2021)	-	-	-	-	-	-	-	-	-	140 913	-	
Average monthly remuneration of Supervisory Board members ING Bank Śląski S.A. for the period of performing the function												
Antoni Reczek (from 10.04.2014 until 29.11.2021) <i>Independent member</i>	24 719	26 555	7%	27 120	2%	28 560	5%	29 040	2%	28 908	0%	
Aleksander Galos (from 10.04.2014) <i>Independent member</i>	14 119	16 385	16%	19 610	20%	21 420	9%	21 780	2%	22 612	4%	
Aleksander Kutela (from 10.04.2014 until 29.11.2021) <i>Independent member</i>	14 119	14 523	3%	17 077	18%	18 445	8%	18 755	2%	18 670	0%	
Dorota Dobija (from 29.11.2021) <i>Independent member</i>	-	-	-	-	-	-	-	-	-	18 755	-	
Monika Marcinkowska (from 29.11.2021) <i>Independent member</i>	-	-	-	-	-	-	-	-	-	16 940	-	
Diederik van Vassenaer (from 31.03.2015 to 31.03.2016) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Brunon Bartkiewicz (until 04.03.2016) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Roland Boekhout (until 15.03.2017) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Christopher Steane (from 31.03.2016 until 05.04.2018) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Małgorzata Kotakowska (from 01.04.2016) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Michał Szczurek (from 05.04.2018) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Ad Kas (until 02.04.2020) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Norman Tambach (until 02.04.2020) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Susan Poot (from 01.05.2020 until 30.09.2021) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	
Remco Nieland (from 01.05.2020) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-	

<sup>1</sup> C/I - (ang. Cost to Income ratio) cost share ratio calculated as the relation of operating costs to the result on basic activity

<sup>2</sup> ROE - (ang. Return On Equity) return on equity calculated as the ratio of net profit attributable to shareholders of ING Bank Śląski S.A. from 4 consecutive quarters to the average level of equity for 5 consecutive quarters

<sup>3</sup> including remuneration due to function in the Management Board of ING Securities S.A.

**Note:** There is a presentation discrepancy in relation to the individualized data presented in the Annual Report, namely this statement takes into account the variable remuneration awarded for a given financial year without any other benefits, while the Annual Report includes:

- in the part concerning remuneration due for a given year - the amount of a provision for variable remuneration for the Bank's Management Board for a given year,
- in the part concerning remuneration paid in a given year - variable remuneration paid in a given financial year for previous years.

The Annual Report also includes data on the value of other benefits.

## Enclosure 3

Number of granted or determined financial instruments						
Name and last name	Number of phantom shares as at 01.01.2021 (deferred rights) <sup>1</sup>	Number of phantom shares vested based on the assessment verification and ex post risk adjustment for previous years, i.e. 2017-2018 and 2020 (upfront part)	Number of phantom shares granted for the year 2021		Number of phantom shares subject to vesting after 31 December 2021 <sup>2</sup>	
			Number of upfront phantom shares	Number of deferred phantom shares		
<b>Brunon Bartkiewicz</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A.(Chair of the Supervisory Board until 30.06.2021)</i>	9 814	2 950	1 642	2 461	10 967	
<b>Joanna Erdman</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A., ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	4 995	2 072	1 292	861	5 076	
<b>Marcin Giżycki</b> <i>Deputy Chair of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	5 129	2 196	1 416	943	5 292	
<b>Bożena Graczyk</b> <i>Chair of the Supervisory Board of ING Bank Hipoteczny S.A., Member of of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o., Member of the Audit and Risk Committee of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	5 043	2 070	1 408	938	5 319	
<b>Ewa Łuniewska</b> (from 01.01.2021) <i>Chair of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	-	-	912	608	1 520	
<b>Michał Mrozek</b>	1 116	670	1 193	794	2 433	
<b>Sławomir Soszyński</b>	2 221	1 205	1 056	703	2 775	
<b>Lorenzo Tassan-Bassut</b> (until 31.01.2021)	1 344	486	59	38	955	
<b>Alicja Żyła</b> (from 01.09.2021)	-	-	276	184	460	
<b>Total</b>	<b>29 662</b>	<b>11 649</b>	<b>9 254</b>	<b>7 530</b>	<b>34 797</b>	

<sup>1</sup>Number of phantom shares includes upfront phantom shares and deferred phantom shares determined as part of the variable remuneration for the year 2020

<sup>2</sup>Number of phantom shares includes upfront phantom shares and deferred phantom shares determined as part of the variable remuneration for the year 2021

## TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company.

In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

# Independent registered auditor's report on the assurance engagement in relation to the assessment of the Remuneration Report

To the General Shareholders' Meeting, the Supervisory Board and the Management Board of ING Bank Śląski S.A.

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## Introduction

We have been engaged by the Management Board of ING Bank Śląski S.A. (the "Bank" ) on the basis of an agreement to conduct a reasonable assurance engagement for the verification of completeness and compliance with applicable requirements of the attached Remuneration Report for the year ended 31 December 2021 (the "Remuneration Report").

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## Description of the subject matter and applicable criteria

The Remuneration Report was prepared by the Supervisory Board to comply with the requirements in Art. 90g paragraph 1 of the Act of 29 July, 2005 on public offering, conditions for introducing financial instruments to an organized trading system and on public companies (Journal of Laws of 2021, item 1983, as amended - hereinafter the "Public Offering Act"). The applicable requirements regarding the Remuneration Report are contained in the Public Offering Act.

The requirements referred to in the preceding sentence determine the basis for preparation of the Remuneration Report (hereinafter the "Basis for Preparation") and, in our view, constitute appropriate criteria to form the reasonable assurance conclusion.

According to the requirements of Art. 90g paragraph 10 of the Public Offering Act, the Remuneration Report is subject to assessment by a registered auditor in terms of it including the information required under Art. 90g paragraph 1-5 and 8 of the Public Offering Act. This report fulfills this requirement.

By the registered auditor's assessment referred to above, we mean the assessment whether, in all material respects, the scope of information presented in the Remuneration Report is complete and has been disclosed with the level of detail required by the Public Offering Act. Additionally, our assessment includes verification that the information presented in the Remuneration Report is consistent, in all material respects, with the actual state of affairs, does not ignore significant facts and does not contain material distortions.

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## Responsibility of the Supervisory Board

The Supervisory Board is responsible for the preparation and completeness of the Remuneration Report. The Supervisory Board is responsible for the selection and application of the appropriate methods for preparation of financial data and non-financial information as well as for the design, implementation and maintenance of systems and processes of internal control and accounting records, that are necessary to enable preparation of a Remuneration Report that is free of material misstatements and complies with the applicable requirements.

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*PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., ul. Polna 11, 00-633 Warszawa, Polska; T: +48 (22) 746 4000, F: +48 (22) 742 4040, [www.pwc.com](http://www.pwc.com)*

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. wpisana jest do Krajowego Rejestru Sądowego prowadzonego przez Sąd Rejonowy dla m. st. Warszawy, pod numerem KRS 0000750050, NIP 526-021-02-28. Siedzibą Spółki jest Warszawa, ul. Polna 11.



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## Our responsibility

Our responsibility was to assess the completeness and compliance with the applicable requirements of the information contained in the attached Remuneration Report and to express, based on the evidence obtained, an independent conclusion from the assurance service performed, providing reasonable assurance.

We conducted our engagement in accordance with National Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits and Reviews of Historical Financial Information, in the wording of the International Standard on Assurance Engagements 3000 (Revised) (“ISAE 3000 (R)”). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Remuneration Report is prepared, in all material aspects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement.

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## Quality control requirements

We apply the provisions of the International Standard on Quality Control 1 (IAASB) and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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## Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance whether the Remuneration Report was prepared, in all material aspects, in accordance with the applicable requirements, is complete and free from material misstatements and omissions. Our procedures included, in particular:

- analysis of the Remuneration Report and comparing the information contained therein with the applicable requirements;
- analysis of the resolutions of the General Shareholders’ Meeting of the Bank regarding the remuneration policy for members of the Management Board and the Supervisory Board as well as any supplementary resolutions of the Supervisory Board and other documents regulating the remuneration policy subject to the disclosure requirement in the Remuneration Report;
- understanding the procedures adopted by the Supervisory Board to meet requirements of the preparation of the Remuneration Report, including understanding the relevant internal control procedures to the extent necessary to assess the risk of material misstatement or the omission of significant information;
- identifying, by comparing with corporate documents, a list of persons for whom there is a requirement to include information in the Remuneration Report and verifying, through inquiries of persons responsible for preparing the report, and, where we consider it appropriate, also directly with persons subject to the requirement provide information on, whether all information covered by the criteria for the preparation of the Remuneration Report are disclosed in the Remuneration Report;



- where we consider it appropriate to assess the compliance of the Remuneration Report with applicable regulations, reconciliation of the financial data regarding remuneration presented in the Remuneration Report to the Bank accounting books and other relevant source documents;
- where we consider it appropriate to assess the completeness of the Remuneration Report with the applicable regulations, reconcile with the relevant source documents whether the non-financial information required for disclosure in the Remuneration is accurate and does not omit material facts.

The Remuneration Report was not subject to audit as defined in National Standards on Auditing. In the course of performing the assurance procedures, we have not conducted an audit or review of the historical financial information used in the process of preparation of the Remuneration Report and therefore we do not accept any responsibility for the issuance or update of any reports or opinions on historical financial information of the Bank.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion expressed below.

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### Conclusion (assessment)

In our opinion, the Remuneration Report is complete and complies, in all material aspects, with the applicable requirements contained in the Basis for Preparation.

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### Restrictions of use

This report has been prepared by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. for the General Shareholders' Meeting, the Supervisory Board and the Management Board of the Bank and is intended solely to fulfil the purpose described in the section "Description of the subject matter and applicable criteria". It should not be used for any other purpose.

In connection with this report, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. does not accept any liability resulting from contractual and non-contractual relationships (including for negligence) with entities other than the Bank in the context of this report. The above does not relieve us of liability where such release is excluded by law.

The Management Board of the Bank is responsible for publishing the Remuneration Report on the Bank website and for providing access to it free of charge for at least 10 years from the date of the general meeting at which the resolution evaluating the Remuneration Report was adopted, and for the reliability of information on the Bank website. The scope of our work does not include an assessment of these matters. Accordingly, we are not responsible for any changes that may have been made to the information which is the subject of our assessment or for differences, if any, between the information covered by our report and the information provided on the Bank website.



Acting on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of entities authorised to audit financial statements under number 144:

Konrad Hołyst

Statutory Auditor  
License no 13709

Warsaw, 11 March 2022 r.

Enclosure with the Supervisory Board Resolution  
of 11 March 2022

**Assessment of the Bank's application of the principles of corporate governance and of the Bank's compliance with disclosure duties as to their application, as laid down in the WSE Rules and regulations on current and interim information provided by securities issuers.**

The assessment of the Bank's application of the principles of corporate governance and the Bank's compliance with disclosure duties as to their application, is performed pursuant to Principle 2.11.4. of the Best Practice of GPW Listed Companies 2021 (hereinafter "Best Practice 2021") that was introduced by way of WSE Supervisory Board Resolution No. 13/1834/2021 of 29 March 2021 and came into force as of 1 July 2021. Previously, that is until 30 June 2021, listed companies were bound by the "Best Practice of GPW Listed Companies 2016" (hereinafter "Best Practice 2016"), as introduced by way of the WSE Supervisory Board Resolution No. 26/413/2015 of 13 October 2015.

The Best Practice 2016 was adopted by the ING Bank Śląski S.A. Management Board on 17 November 2015 and by the Supervisory Board on 27 November 2015 in the scope as defined in current report no. 1/2016 (EIB) published by the Bank on 5 January 2016. Since September 2016, the Bank has also been applying Principle I.Z.1.15 to the full extent.

The Best Practice 2021 was adopted by the ING Bank Śląski S.A. Management Board on 20 July 2021 and by the Supervisory Board on 22 July 2021 in the scope as defined in current report no. 1/2021 (EIB) published by the Bank on 30 July 2021, and also by the Bank Extraordinary General Meeting on 29 November 2021 – to the extent pertaining to the General Meeting and shareholders. Due to change to the composition of the Supervisory Board and their Committees, since 29 November 2021, the Bank has also been applying Principle 2.9 to the full extent.

In February 2022, the Bank reviewed how the corporate governance principles arising from Best Practice 2016 and Best Practice 2021 were applied in 2021; it was concluded that they had been applied within the above scope.

As far as the principles of corporate governance arising from the Best Practice 2016 and Best Practice 2021 are concerned, and in addition to the current report of 30 July 2021 filed in accordance with the *comply or explain* principle, the Bank also submits representations, in the form and within the timeframes required by law, on the application of the principles adopted and on the scope of their applicability and relevant procedure. By analogy to previous years, a corresponding representation is an element of the Report on the Bank operations in 2021.



Irrespective of the principles arising from the Code of Best Practice 2021, the Bank applies the *Principles of Corporate Governance for Supervised Institutions* published by the Polish Financial Supervision Authority. On 30 December 2014, the Bank Management Board presented a relevant Report on Observance of *Principles of Corporate Governance for Supervised Institutions* at ING Bank Śląski S.A. The Report is published on the Bank's website, along with an update on the *Principles* application. The information on the application of the *Principles of Corporate Governance for Supervised Institutions* is also an element of the Report on the Bank operations in 2021, and is subject to a separate assessment by the Supervisory Board which is presented to the General Meeting.

At the same time, it should be stressed that the Bank abides by the principles of corporate governance in its operations, in particular by ensuring proper access to the Bank's information to shareholders, investors, the media and all stakeholders.

The Bank uses General Meetings to keep an open line of communication with shareholders by:

- responding and providing explanations to shareholders' inquiries during the General Meeting by the members of the Bank's governing bodies,
- broadcasting the General Meeting session via the Internet, and
- enabling the media representatives to attend the General Meeting's sessions.

Since 2020, the Bank has held the General Meetings by means of electronic communication, i.e. through transmission of the General Meeting debates in real time, two-way real time communication enabling the shareholders to make statements during the debates of the General Meeting as well as to exercise their voting right in person or by a proxy.

Furthermore, the Bank publishes the information required by the principles of corporate governance adopted by it on the website: [www.ing.pl](http://www.ing.pl).

The Bank also uses the following channels to communicate with the stakeholders:

- face-to-face, individual or group meetings with investors and analysts,
- investor conferences,
- press releases,
- press conferences,
- information on the media,
- thematic conferences and seminars, and
- webinars.

Despite the pandemic which broke out in 2020, the Bank has maintained open communication with the market without any difficulty. Thanks to being digitally advanced, the Bank could communicate with stakeholders in a smooth and safe manner. In 2021, ING Bank Śląski S.A. communicated with stakeholders via remote tools, enabling them to participate in all major events and developments.





As part of its assessment, the Supervisory Board have concluded that the documents and information regarding the application of the corporate governance principles which are published by the Bank and posted, among other things, on a separate section of the website, are true, correct and consistent. Furthermore, the Supervisory Board have evaluated the explanations published by the company in regard to the application of the corporate governance principles, and confirmed that the comments regarding the scope of the principles application are exhaustive, and contain sufficient subject-related information concerning the application of the corporate governance principles.

Consequently, the Supervisory Board have assessed that the Bank has applied the corporate governance principles, and has properly fulfilled its disclosure duties as to their application, as laid down in the WSE Rules and regulations on current and interim disclosures made by securities issuers.



Enclosure with the Supervisory Board Resolution  
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Consequently, the Supervisory Board have assessed that the Bank has applied the corporate governance principles, and has properly fulfilled its disclosure duties as to their application, as laid down in the WSE Rules and regulations on current and interim disclosures made by securities issuers.



Enclosure with the Supervisory Board Resolution  
of 11 March 2022

**Assessment of ING Bank Śląski S.A.'s application of  
Principles of Corporate Governance for Supervised Institutions in 2021**

By Resolution No. 218/2014 of 22 July 2014 (PFSA Official Journal No. 17), the Polish Financial Supervision Authority adopted the *Principles of Corporate Governance for Supervised Institutions* (hereinafter referred to as: the "CG Principles").

The CG Principles were adopted by ING Bank Śląski S.A. (the "Bank") in the scope as laid down in the Management Board Report of 30 December 2014, published on the Bank's website at: <http://www.ing.pl/o-banku/lad-korporacyjny>.

Beforehand, on 28 November 2014, the draft Management Board Report received positive advice of the Supervisory Board who also on the same day accepted the *CG Principles* applicable to the Supervisory Board operation and its members.

Following the amendments to the Bank Charter implemented by way of Resolution No. 26 of the Ordinary General Meeting of the Bank of 31 March 2015, the Bank has applied any and all rules set out in the CG Principles. Since 2020, the Bank has held the General Meetings by means of electronic communication, i.e. through transmission of the General Meeting debates in real time, two-way real time communication enabling the shareholders to make statements during the debates of the General Meeting as well as to exercise their voting right in person or by a proxy. Therefore, since that time the Bank has also fully applied the principle arising from § 8.4 of the CG Principles.

Concurrently, with its Resolution No. 25 of 31 March 2015, the Ordinary General Meeting accepted the Bank Management Board Report of 30 December 2014 and declared readiness to apply the *CG Principles* in the part regarding shareholders and relations of the Bank as a supervised institution with its shareholders, on the terms and conditions set out in that Resolution. The Resolution is available on the Bank's website at: <http://www.ing.pl>.

The Supervisory Board have assessed that the actions taken resulted in adherence to the *CG Principles* being assured both in terms of compliance of in-house regulations therewith and their application by the Bank in the daily routine. Further, at the beginning of 2022, the Bank verified compliance with the *CG Principles*. During the verification exercise, validity of application of *CG Principles* as far as adopted by the Bank was confirmed with no instances of breach thereof in 2021 found.

The Bank governing bodies apply the *CG Principles*, particularly those referring to their affairs and mutual relations. The *CG Principles* are also followed by Bank employees and are mirrored in the day-to-day business of the Bank. The foregoing applies to the *CG Principles* concerning internal relations, the Bank's organisation



and key systems and functions, and also the CG Principles relating to external relations with shareholders, Bank clients and other entities concerned.

Hence, the Supervisory Board have assessed that in 2021 the Bank was applying the *Principles of Corporate Governance for Supervised Institutions* in a proper manner.



**Assessment of the rationality of ING Bank Śląski S.A.'s expenditure borne in connection with the policy concerning charitable and sponsorship initiatives in 2021.**

Based on the information provided by the Bank Management Board, the Supervisory Board conclude that in 2021 ING Bank Śląski S.A. was involved in the following charitable and social activities:

1. cooperation with partners for climate and financial education, entrepreneurship development, modern technologies, sustainability,
2. providing education and support for children and teenagers,
3. promoting Polish modern art and educating thereon.

The Bank carried out those actions on its own, in cooperation with social partners and courtesy of two corporate foundations: ING for Children Foundation and ING Polish Art Foundation.

**Cooperation with partners for climate and financial education, entrepreneurship development, modern technologies, sustainability.**

You Too Can Save The World. Green Tales from Pietruszkowa Wola.

The book written by Justyna Bednarek and illustrated by Joanna Czaplewska was published jointly by the bank and the ING for Children Foundation. It was released on 23 April 2021. It is a story for children but at the same time it sends a strong message for adults. The book brings up issues that are important today, such as climate changes, caring for the environment and responsible choices. It shows young readers that they can have impact on the world around them and that simple solutions can be applied every day. The 9 stories deal with topics such as plastics, consumerism and the treatment of animals. Each chapter ends with best practices for ecologists: how to give a second life to objects, the power of helping and sharing, and that the best gifts cannot be bought. For printing the book, we used paper made from cellulose that comes from trees grown in sustainable forestry areas. The ink used for printing contains no harmful substances and comes from renewable raw materials. The book is available free of charge to schools, libraries and community organisations. The publication is accompanied by free lesson plans. Instructions on how to order a free copy of the book and a link to the lesson plans can be found on the website of the ING for Children Foundation. Promotion of the book was accompanied by a competition organised on the Children's Day for employees' children, a competition in social media and a film as part of the #ingdlaeko series. In addition, as part of the 30th anniversary of the ING for Children Foundation, bank employees received copies of the book in their traditional Christmas gifts. In this way, more than 8,000 books were distributed to employees.

Save the World

“Save the World” is an educational programme that combines expanding students' ecological knowledge with shaping their character and pro-social attitudes and improving digital competence. The programme is



under the honorary patronage of the Ministry of Climate and Environment and the National Library. The programme was launched on 9 September 2021 online. In times of climate crisis and other environmental challenges, young people should know what to do to prevent a global climate catastrophe. The Save the World programme allows them to gain knowledge and experience in implementing their own green projects. ING Bank Śląski as a strategic partner, together with "ABCXXI - All of Poland Reads to Kids" Foundation, WWF Polska and VISA participates in the program for primary school children. For the purposes of the Save the World Programme, 30 short stories by Polish authors for children and teenagers on universal moral values in the context of ecological challenges are created. The programme also uses stories from the book "You too can save the world. Green Tales from Pietruszkowa Wola." They will be an inspiration for discussions and workshops, as well as green projects realised by pupils. The Save the World Programme will be complemented by digital toolkits which are helpful in designing and carrying out green projects by pupils for their community and their promotion.

### **ING Group's Global Grant Fund - ING Community Investment Global Found**

#### Zwolnieni z Teorii [Exempt from Theory] - Generation Lockdown programme

In 2021, Zwolnieni z Teorii Foundation implemented a project submitted and selected for the programme by ING Group - ING Coronavirus (COVID-19) Community Investment Funding Application Recovery Phase: Build Back Better. The "Generation Lockdown in the Labour Market" programme was designed to support students (of the age of 18-25) to find their way in the labour market. The generation of teenagers and students has been hit by a pandemic as they found it difficult to start their professional life, which can affect their future financial independence. The Generation Lockdown programme is designed to provide the right competences to build independence and financial resourcefulness. It was implemented in the first half of 2021 with funding from CI Global Found. 433 secondary schools participated in the programme, 551 teachers completed training, 3,824 students completed their own community projects, the programme reached over 3 million people. 598 students participated in recruitment interviews and 60 students were finally offered jobs.

#### THINK! Foundation

Launched in early 2021, the Financial Health project was a response to the financial problems and challenges faced by Poles as the COVID-19 pandemic progressed. The project was implemented as part of ING Group's programme - ING Coronavirus (COVID-19) Community Investment Funding Application Recovery Phase: Build Back Better. The aim of the "Financial Health" project was to support financial consumers to manage their personal finances effectively in a difficult economic situation caused by the pandemic. First and foremost, the Think! Foundation carried out informational and educational activities to increase knowledge and skills and to promote best practices in managing household budgets, coping with lowered income and taking care of finances in a conscious manner. The project included the launch of a dedicated website, social media, preparation of a qualitative and quantitative study, development of webinars, interviews with experts and #Human Stories videos. Examples of programme implementation data: reach on Facebook of the project: 1,666,043, views on Facebook of the project: 5,298,292, total reach of information on videos with experts - 528,222 viewers.





## **Support and education of children and teenagers**

### Zwolnieni z Teorii - Social Projects Contest

Zwolnieni z Teorii is the largest Social Projects Contest in Poland. During the Contest, high school students organize their own social projects. In 2021, most projects were carried out on-line. As a partner in the Contest, ING Bank Śląski S.A. prepared ING Challenge for teenagers. In the first half of the year (school year 2020/2021) the challenge was linked to the #zdalnidpomocy campaign in order to address the need to develop digital skills and to help the elderly. In the school year 2021/2022, the challenge is being implemented together with the ING for Children Foundation under the name "A Step Ahead" [Krok do przodu]. Its aim is to help children and teenagers to level their chances with their peers. ING Challenge participants benefited from the mentoring of bank employees. 68 teams and 33 ING mentors from all over Poland signed up for the ING Challenge for the school year 2021/22. The projects being a part of that Challenge are being implemented by 30 teams supported by mentors. In addition, ING Bank Śląski recorded educational videos and organised a webinar on e-volunteering.

### ING CoderDojo

ING CoderDojo continued online classes for children (of ING employees as well as for other children) in the robotics and Minecraft groups. ING CoderDojo mentors organised two courses in 3D programming for children of employees. 38 young participants from all over Poland showed interest in them. Additionally, classes under the auspices of ING CoderDojo were held by the CoderDojo Foundation at summer camps for employees' children in Krynica, Chłapowo and Niedzica.

### Lesław Paga Foundation

In 2021 ING Bank Śląski S.A. was a partner of the 16th edition of the Capital Market Leaders Academy. It is an extensive training programme on financial market knowledge for university students and graduates up to the age of 27 interested in the financial market. The main theme was "The economy in the time of global challenges of the third decade of the 21st century - ESG and digitalisation." The course sessions started in July and continued until December.

The Bank was also a partner of the 4th edition of the Academy of Business Women Leaders. This is a programme for building the personal maturity of young women by combining marketing, communication and image-building activities with personal and professional development. The objective is to educate young women up to the age of 27, develop their professional and social competencies, develop their potential stemming from their gender, knowledge and attitudes that will guide them in their adult life. A meeting of the participants with Joanna Erdman, CRO of the bank, was a part of the programme.

### Not Irresponsible

The Not Irresponsible project brings together companies that declare their conscious role in relation to customers, employees, society and nature, putting into practice the idea of sustainability and corporate social responsibility. ING Bank Śląski joined once again as the "Supporting Partner of the Not Irresponsible 2021". The 9th edition of the Conference was devoted to Impurity understood in the context of business,



climate and society. The organisers were looking for answers to the questions whether "success in business justifies victims", "what is greenwashing", the conference also focused on environmental degradation and pollution, climate change, fake news, disinformation and manipulation. The conference was held in a hybrid format in the Conference Centre of the POLIN Museum of the History of Polish Jews, and the entire event could be watched live on Facebook and YouTube.

#### Responsible Business Forum

In 2021, ING Bank Śląski continued its partnership in the Responsible Business Forum as an institution which is committed to social responsibility and sustainability as well as diversity and inclusion initiatives as a signatory of the Diversity Charter. ING Bank Śląski is one of the most advanced employers in terms of diversity and inclusion management in Poland. The list was created on the basis of Diversity IN Check survey conducted by Responsible Business Forum.

#### United Nations Global Compact Network Poland (UNGC)

As a continuation of its cooperation with the UN Global Compact in 2021, ING Bank Śląski was a partner of the programme "Ethics Standard in Poland - Equal business opportunities" and the Climate Positive programme, which included initiatives related to the European Green Deal, promotion of clean energy technologies (e.g. hydrogen), improvement of air quality or sustainable financial instruments. Representatives of ING Bank Śląski (Leszek Kąsek and Michał Szalast-Dao Quy) regularly and actively participated in the work of the Steering Committee of the programme. In 2021, ING economists (Rafał Benecki and Leszek Kąsek) co-authored the article "Has the pandemic weakened motivation of the companies for green transformation? Conclusions from ING's global survey in the corporate sector" in a collective publication coordinated by GCNP - Green Finance in Poland 2021. At the UN Day Gala in October 2021, ING Bank Śląski received three honourable mentions from the UNGC for: (1) taking ambitious actions on climate protection and sustainability for the sake of future generations, (2) setting ambitious corporate goals in terms of promoting women's leadership and gender equality in business and (3) taking ambitious actions to respect labour, human rights and ethical standards. Additionally, a representative of ING Bank Śląski - Joanna Warmuz took part in the works of the Round Table for Climate Education in Poland. The goal of the group comprising the representatives of business, schools and NGOs is to develop recommendations for introducing comprehensive climate education in Polish schools.

#### Poland 2.0 Summit

ING Bank Śląski was a partner of the Poland 2.0 Summit conference held on 30 October 2021 in Warsaw. This year's edition of Poland 2.0 Summit focused on the future of the technology, financial, and medical industries in the time of globalisation. The conference, held in hybrid form, was the first offline event of its kind for Polish students of foreign universities in the United Kingdom and the European Union. The conference was complemented by such activities as #Nomad Podcast or Edu 2.0. At the conference, ING presented itself as an employer as part of its employer branding activities. During the conference, the Bank was represented on a panel about the future of AI in cyber security by Maciej Ogórkiewicz, Chief Information Security Officer at ING Bank Śląski.



## **ING for Children Foundation**

ING for Children Foundation is one of the oldest corporate foundations in Poland. It implements the social mission of ING, by supporting the development, education and independence of children and teenagers. Through its original programmes the Foundation aims at levelling life opportunities of young people, whose start in adulthood is difficult due to various reasons.

### Publications

In 2021, the Foundation, published two books "You Too Can Save The World. Green Tales from Pietruszkowa Wola" and "Smile Camps, or how to successfully conceive, prepare and organise educational trips for children". The first one, published together with ING Bank Śląski, is a modern handbook on climate written by Justyna Bednarek - one of the most popular authors writing for children. "Smile Camps, or how to successfully conceive, prepare and organise educational trips for children" is addressed to institutions and organisations working for the benefit of children. The book helps to get prepared for the Smile Camps organised by the Foundation or any other trip organised for children. Both publications are available in electronic form on the Foundation's website. Additionally, paper copies of the book "You Too Can Save The World. Green Tales from Pietruszkowa Wola" are donated free of charge by the Foundation to schools, libraries and organisations. Since its first release, over 1,400 free copies of the book have been handed over to schools and libraries, where they were used to start ecological educational programmes. On its website, the Foundation provides workshop plans developed on the basis of the book by Justyna Bednarek and Julia Łapińska.

In June, the ING for Children Foundation and the ING Polish Art Foundation announced an art competition entitled FROM COVER TO COVER, in which children were requested to create their own book. A part of the competition was an online workshop with Joanna Czaplewska, an illustrator of the book "You Too Can Save The World. Green Tales from Pietruszkowa Wola" and Joanna Porębska, ecological paper expert. 40 works prepared in a variety of techniques were submitted to the competition.

In autumn, the Foundation took part in two events promoting the publications, namely the NGO Festival and the Silesian Book Fair in Katowice, where it handed over 1,200 books: Green Tales, "Lucjan, the Lion One of Its Kind", "The Alien". On 14 November, Justyna Bednarek, author of "You Too Can Save The World. Green Tales from Pietruszkowa Wola" was a guest at the Silesian Book Fair. Readers could get the writer's autograph and listen to a talk about the book on one of the fair stages. The author was interviewed by Aldona Radomska-Paluchowska, the Foundation's Communication Specialist.

The Foundation also donates bibliotherapeutic publications published in previous years. In 2021, the Foundation donated the total of 1,108 free copies of the books "The Alien" and "Lucjan, the Lion One of Its Kind".

### 30 years of the ING for Children Foundation

In its jubilee year, the Foundation changed its graphic sign. The new logo was created by children from three orphanages in Golanka Dolna, Wojślawice and Wrocław. The logo was created during workshops led by



Jakub de Barbaro. Children participating in the workshops painted what they see thinking about ING for Children Foundation.

The foundation's jubilee was marked by a meeting with Brunon Bartkiewicz and the publication of a photo album containing pictures showing the foundation's most important activities and information that provides an overview of the range of initiatives and programmes.

#### Voluntary service

Since 2006, ING employees have participated in the Good Idea volunteering competition. In 2021, the ING for Children Foundation granted funding for 62 projects for a total amount of PLN 315,299,93. In 2021, ING volunteers carried out 65 projects for the benefit of local communities, foundations and schools for a total of PLN 291,299,93. Keeping in mind the health of both ING volunteers and children, all projects were carried out in the e-volunteering formula. As part of this form of cooperation, online meetings were held. In addition, ING volunteers prepared audio/video recordings, multimedia presentations, instructions, crosswords, word puzzles, organised virtual walks and wrote traditional paper letters. In the implementation of 65 Good Ideas, 304 ING volunteers were involved and 3162 children participated in the projects. In addition to the Good Idea competition, in 2021 e-volunteers also held dozens of online meetings with children and teenagers from all over Poland. At the meetings they talked about their passions and travels, and educated the participants about finances, online safety and ecology. During the school year, 28 ING employees were involved in regular e-tutoring for children from orphanages in Katowice and foreign children supported by the Polish Migration Forum. Thanks to the activities of 39 e-volunteers, 253 children in total received support.

In 2021, the ING for Children Foundation organised 12 training sessions for volunteers in which 321 ING employees participated. The trainings covered topics such as how to minimise the environmental footprint of volunteer projects, how to talk to children about finance, or how to run a good online meeting. ING for Children Foundation also organises trainings before the Good Idea competition and after announcing the winning projects in order to better prepare everyone to submit an application/implement the project.

In 2021, the Foundation, together with the Bank, created a new programme "My Environment", in which ING volunteers can win a grant for ecological activities with a social partner of their choice. The grant can be used to create, for example, a flower meadow for wild pollinators, create an air-purifying mural or a sensory garden.

#### Orange Power

Orange Power is a programme designed to activate children and teenagers with disabilities. In the Olympic edition of the programme, the Foundation provided support to special and inclusive schools. Orange Power - the Olympic edition started in 2019. The first stage was organised in online formula and took the form of competitions, joint training with athletes or videos encouraging people to be active. Programme in this formula was joined by 225 students from 22 institutions which received from the foundation, inter alia, 410 balls, 264 rackets, 220 resistance bands, 88 skipping ropes. The grand finale of the programme took place in 2021, when the foundation organised five sports events with the participation of the programme ambassadors - Paralympic athletes Alicja Jeromin and Marcin Ryszka, and the press attaché of the Polish Paralympic athletes Michał Pol.



### Smile Camps

Smile Camps in Wisła are 12-day free-of-charge stays for groups of children with pedagogical and educational staff. In 2021 there were 12 camps, of which 9 therapeutic camps and 3 summer camps. The centre hosted 278 children from all over Poland.

### Virtual Run Warsaw

In 2021, just like last year, Run Warsaw was organised in a slightly different format. Keeping in mind the safety and health of employees and their loved ones, only a run event was organised in October, without marching, and the so-called virtual run event. 639 ING employees took part in it. Thanks to their commitment, the amount of PLN 63,900 was collected, which ING Bank Śląski donated to the foundation for its activities in 2022.

### Collections for children's oncology treatment

In 2021, the Foundation launched collections for children's oncology treatment. The collection programme was established so that our community could help each other in the hardest time, namely when a child is sick. Thanks to the support of ING employees and an additional amount from the foundation, a total of PLN 148,272.59 was collected to help children fight cancer.

### Training for teachers at the Foundation's centre in Wisła

The ING for Children Foundation together with the Polish Foundation for Children and Teenagers organised a few-day training sessions for teachers from all over Poland. The aim of the training sessions was to support school personnel before they return to teaching at schools and to equip teachers with tools to help students cope with the psychological effects of the pandemic and the resulting therefrom isolation. Teachers participated in a few-hour workshop sessions where they were learning to use the "Life Skills - Back to School" tool. It is a method of building social skills that strengthens the ability to work as a team, to name one's strengths, to solve problems, to set goals and to deal with conflicts. 35 teachers as well as consultants from teacher training centres and employees of psychological and pedagogical counselling centres took part in the training organised in Wisła.

### **ING Polish Art Foundation**

The ING Polish Art Foundation was established to support Polish artists and showcase current phenomena in art. The foundation builds a collection of contemporary art and carries out artistic and educational projects. In the consecutive year of the pandemic, the Foundation carried out an extensive programme of online activities consisting of an educational project called Artist - Professional, courses for employees and interviews with artists. At the same time, the current statutory activities relating to adding new works of art



to the collection, promotion of the artists whose works are included in the collection and the publishing programme were continued. Last year, 22 new works of art by 6 artists (of which 4 female and 2 male) and one artist collective were added. The development of the collection and the operations of the Foundation are financed by annual donations from ING Group companies in Poland and are part of its worldwide art patronage programme, which plays an important role in creating the organisation's culture.

### Collection

The Foundation's collection includes works created after 1990 by Polish living artists. Now, the collection comprises over 249 works, of which 86 paintings, 67 photographs, 42 works on paper, 30 objects (sculptures, ceramics, textiles, etc.), 8 videos and 16 installations - both by recognised artists as well as artists of the younger generation, born in the 1980s and 1990s. The collection includes works by 40 female and 71 male artists. In recent years, the foundation was actively working to have a more equal gender representation in its collection. The foundation's collection remains one of few corporate collections in Poland. In 2021, the following works were added to the collection: paintings by Zuzanna Bartoszek, photographs by Mariola Przyjemaska, Łukasz Rusznica, video and object by Ali Savashevich, collages and a neon by Sergey Shabohin, gouaches by Aleksandra Waliszewska and fabric by the Slavs and Tatars group. Works from the collection can be admired every day in the Founders' office spaces, mainly in the bank's headquarters in Warsaw and Katowice and in the offices of ING Lease and ING Commercial Finance. In 2021, new exhibitions were created in the offices of ING Wealth Management and ING Business Shared Services.

The foundation also shows its collection online. You can see images of works from the collection on the foundation's [website](#) under a Creative Commons 3.0 licence (Attribution, Non-commercial Use, No Derivative Works). The images can be download in high resolution.

### Exhibitions

Due to pandemic constraints, the Foundation did not hold a collection exhibition in 2021. As part of the programme of lending the collection works to others, the works were exhibited at the following events:

- *Solarium of the New Theatre* in the New Theatre in Warsaw, 11-15 May 2021
- *...give us today* in the Arsenal Gallery in Bialystok, 11 June 2021 - 25 July 2021
- *They call me Gypsy, though that's not my name* at the Gdansk City Gallery, 16 July 2021 - 26 September 2021
- *Manifesto for a Better Life* at the Academy Salon Gallery in Warsaw, 1 October 2021 - 19 November 2021

### Foundation Award

Since 2017, works by artists of both genders or an artistic group presented during Warsaw Gallery Weekend have been added to the foundation's collection by way of a competition. From 30 September to 1 October 2021, the jury (consisting of: Weronika Szwarc-Bronikowska - collector of contemporary art, Marek Pokorný - art curator, director of the Plato gallery in Ostrava, Hanna Wróblewska - director of the Zachęta National Gallery of Art, Kamila Bondar and Marcin Kryszewski - members of the Management Board of the ING Polish Art Foundation) visited 29 exhibitions by artists exhibiting as part of Warsaw Gallery Weekend.



This year, the ING Polish Art Foundation's First Prize went ex-aequo to Zuzanna Bartoszek and Ali Savashevich. The jury decided that the Foundation will purchase the following works: Zuzanna Bartoszek "Ukośny spacer przez pendolino" [A diagonal walk through pendolino] and "Przepraszam" [Sorry], Ala Savashevich: "Poza. Pozycja. Sposób" [Pose. Position. Method]. Furthermore, a Special Prize was awarded to the Asymmetry Gallery for the preparation of the exhibition "Pokaz zamknięty [Show behind closed doors]/ Jerzy Lewczyński, Zdzisław Beksiński, Bronisław Schlabs z udziałem [with the participation of] Zbigniew Libera".

#### Artist: The Professional

In 2021, the Artist: The Professional project, addressed to students and novice artists, took place for the fifth time. The aim of the project is to prepare students for the difficult moment of graduating from university and starting a professional career. Being in the professional art world requires not only talent and hard work, but also knowledge about how it operates. During the classes, you can learn about the tools and practices which can help you to be a professional artist. Lectures, workshops and portfolio consultations will be conducted by people working as curators, artists and activists, exhibition producers and art market specialists. They will talk about, among other things, how to introduce yourself properly to art curators and gallerists, how and where to organise your first exhibitions, where to get insurance and how to take care of your rights.

In 2020, the project was moved online due to pandemic constraints and it was continued in the same formula in 2021. 2012 participants attended 12 live lectures and over 225 people benefited from individual portfolio consultations. Recordings of the classes are made available by the foundation on the programme's website. They were viewed by several thousand people in total last year. The classes were attended not only by students from most Polish cities, but also those studying at universities across Europe. With this in mind, in the 2021 edition we offered two lectures in English. All classes were simultaneously interpreted in sign language, which allowed 5 deaf artists fully participate in them.

This year, for the first time, a new element was added to the project - the Summer School. The first edition of the Summer School took place in an exceptional formula - its participants took part in the Contexts Festival in Sokołowsko. It was an opportunity to "learn through practice", which is so important in artistic education - instead of a laboratory training, the participants became a part of one of the most important cyclical artistic events in Poland. The mentors of our group were Ewa Tatar and Agnieszka Tarasiuk - art curators and theoreticians, who also actively participate in the Contexts programme.

Information about the operations of the ING for Children Foundation and ING Polish Art Foundation is available in the *Management Board Report on Operations of ING Bank Śląski S.A. Group for 2021, including the Report on Operations of ING Bank Śląski S.A.* Additionally, the ING for Children Foundation and ING Polish Art Foundation publish all information on their websites. Information about current events is published on Facebook profiles of both Foundations which are open to the public, on the intranet and in *Baska* magazine. It is also published as press releases.



### Charitable donations

In 2021, ING Bank Śląski S.A. made financial and in-kind charity donations. The Bank made 31 financial charitable donations.

Financial and in-kind charity donations were granted pursuant to the *ING Bank Śląski S.A. Donation Policy*, which was updated as of 1 June 2021. The Policy sets out the purposes to be supported by the Bank donations, in selected community investment areas:

- 1) operations centred around children and youth, including holidays for children and youth – the Bank made 5 donations worth PLN 48,000,
- 2) science, education and upbringing – especially in the area of financial and climate education – the Bank made 9 donations totalling PLN 2,009,201 (of which PLN 1,293,600 came from the ING Group Grant),
- 3) health care and prevention – the Bank made 12 donations totalling PLN 259,500,
- 4) environmental protection, combating climate change – 1 donation PLN 29,975,
- 5) financial assistance in special circumstances, where an employee or his/her family member (members) suffered damage – the Bank made 4 donations totalling PLN 385,000.

Among activities supporting science, education and upbringing, especially in the area of financial and climate education, there were donations to the Zwolnieni z Teorii Foundation, the "THINK"! Knowledge Society Foundation and the Warsaw Banking Institute for the Bakcyl programme. In the area of health care, donations were awarded to foundations which for years have been engaged in socially valuable activity to improve health, e.g. to the Professor Zbigniew Religa Foundation for the Development of Cardiac Surgery in Zabrze and the Polish Foundation of Gastroenterology.

ING Bank Śląski S.A. continued to support regional and local charitable organisations, including but not limited to, the Dr Piotr Janaszek PASS IT ON Foundation, the Western Pomeranian Hospice Foundation for Children and Adults in Szczecin, the Family Rehabilitation Home for Children with Cerebral Palsy Foundation, and the Małopolskie Hospice for Children in Krakow.

In 2021, the bank also made in-kind donations of decommissioned IT equipment (in good state of repair) and office furniture, mostly to schools, welfare institutions and charity organisations. The IT equipment donated to foundations, associations and care institutions was worth PLN 248,551.46. The Bank donated 700 PCs, 745 monitors, 130 laptops and 119 printers. In-kind donations were made following the *Procedure for the sale/donation/ reprocessing of assets at ING Bank Śląski S.A.*

### SPONSORSHIP

In 2021, ING Bank Śląski S.A. continued to be involved in sponsorship activities targeted at entrepreneurs and young people, green activities as well as the activities for SME and mid-corporate owners and managers. They were designed to empower people to stay a step ahead in life and in business.

The most important sponsored events were:

- 1) European Economic Congress in Katowice,
- 2) Open Eyes Economy in Cracow, and
- 3) Run Warsaw event,





#### 4) Business Insider Trends

As every year, the Bank became a sponsor of the **European Economic Congress** in Katowice. In the difficult time of the pandemic, when the need to meet and discuss was curbed by numerous restrictions, the Congress started to make use of electronic forms of contact and communication, and the event was held in a hybrid mode, which most probably will become a new permanent norm for the EEC programme. As in the 2020 edition, this time too we used the title of the "Main Sponsor of the Online Transmission". ING Bank Śląski experts took part in numerous panel discussions, during which they discussed the future of the Polish and European economies in the context of accelerated digitalisation, green transformation, or global supply chains.

- Brunon Bartkiewicz, President of the Management Board; participation in the session: "An economic plan for Poland".
- Ewa Łuniewska, Vice-President of the Management Board; participation in the sessions: "Financial market and the economy" and "Towards a circular economy?"
- Michał H. Mrożek, Vice President of the Management Board; participation in the sessions: "International trade and economic relations in post-pandemic times", "ESG" and "Companies that renew the world's resources", as well as the presentation of awards in the project "Investor without Borders" and "Ranking of Decarbonization Initiatives"
- Sławomir Soszyński, Vice-President of the Management Board; participation in the session: "Cloud Time"
- Rafał Benecki, Director of the Bureau of Macroeconomic Analysis; participation in the session: "Towards a circular economy?"
- Przemysław Lewicki, Operational Digital Transformation Tribe Lead, Head of Robotics; participation in session: "Intelligent automation of business processes" and "BPO shared service centres".

Once again the Bank became a strategic sponsor of the **Open Eyes Economy Summit** congress. Due to the pandemic, the Congress took place in a hybrid form: physically on 16-17 November 2021 in ICE in Krakow and online for the audience gathered at smartphones and computers. The 5th edition of the Open Eyes Economy Summit was a great success. Despite the pandemic, the Congress attracted 3,000 people from 27 countries who watched the transmission from the ICE Congress Centre for a total of almost 3,500 hours. This year, the extremely important topic of equal opportunities and diversity management was addressed. Panel discussions and speeches also covered topics such as ecology and business in the age of Covid-19, etc. ING experts could not be missing among the speakers from 27 countries:

- Brunon Bartkiewicz, President of the Management Board, presented: Business lessons learned from COVID
- Maja Chabińska-Rossakowska; HR; topic: Where to look for sources of diversity in an organisation and how to prioritise dimensions of diversity?
- Anna Golka, Director of Facility Management & Services Department; topic "Entirely new energy"
- Maciej Ogórkiewicz, Chief Information Security Officer - Digital trust - new currency or utopia?

This was another year when ING Bank Śląski S.A. became a Strategic Partner of the **Run Warsaw** event. Similarly to last year, the Bank's involvement in this event was slightly different, adjusted to the special



circumstances caused by the prevailing pandemic. Therefore, for the sake of safety and health of employees and their families, this year the Bank did not organise the "I march, I support" event, and at the same time encouraged runners to face the 10-kilometre challenge in a virtual run. In the end, the distance was covered by 925 members of the Orange Team, including 639 employees. Together with accompanying people, a total of 9,250 kilometres were covered in the stationary run in Warsaw and in virtual runs on favourite running routes all over Poland.

**Business Insider Trends** is a communication platform showing the latest information on business and technology trends important to entrepreneurs and managers. The platform includes, inter alia, an editorial section gathering analyses, reports and interviews with leaders of change as well as special editions of BI Magazine. Business Insider Trends stand also for online debates that were organised from May to October 2021, to discuss key trends and their impact on the economy, company operations and market behaviour. The series of meetings was concluded with a hybrid conference held in November 2021.

In 2021 ING Bank Śląski spent over PLN 3.5 million gross on all sponsorship activities (of which charges for sponsorship contracts totalled over PLN 2.7 million, and promotion of sponsorship events over PLN 750,000).

### Summary of the assessment

ING Bank Śląski S.A. conducted community service, charitable and sponsoring activities in the top priority areas, as per the Sustainability Strategy of ING Bank Śląski S.A. for 2020-2022.

The bank has *ING Bank Śląski S.A. Donations Policy* which applies to all charitable financial donations. Whereas *the Procedure for the sale/ donation/ reprocessing of assets of ING Bank Śląski S.A.* regulates the in-kind donations. These regulations ensure a process-oriented approach to donations and their effective use within charitable and social activities.

The Bank communicated its charitable actions in a transparent manner by publishing information on the current events and annual summaries in the annual report and the Integrated Report of ING Bank Śląski S.A. Multiple communication tools were used to provide internal and external stakeholders with information in an accessible form.

The above information allows us to conclude that ING Bank Śląski S.A.'s charitable and social activities policy was conducted in a rational manner keeping in mind social needs. The Supervisory Board assess that the expenses borne by the Bank for that purpose were justified and rational.

In 2021, ING Bank Śląski took the third place in the general classification of the Ranking of Responsible Companies. Thus, it was one of the leading Polish companies that are most advanced in applying the best CSR practices.



ING Bank Śląski was awarded the Golden Leaf for the third time for sustainability activities. Additionally, our best practice - Counteracting the effects of the COVID-19 pandemic - was distinguished for its actions in 2020.

16 CSR best practices of the Bank were included in the Responsible Business Forum report. The "Responsible Business in Poland 2019. Best practices" report is the largest CSR review in Poland, with a record number of responsible business activities.

The Bank was honoured with the title of the Laureate in the Business Ethics Leader category at the 7th Sustainable Economy Summit and Sustainable Economy Diamonds gala.

The Bank operates a transparent and effective information policy; details of social, charitable and sponsorship activities launched by the Bank are published in the Management Board's annual report. Thus, the Bank satisfies recommendation 1.5. of the Code of Best Practice for WSE Listed Companies.



Enclosure with the Resolution of the Supervisory Board  
of 11 March 2022

**Update on Implementation status of the diversity policy  
for the ING Bank Śląski S.A. Management Board and Supervisory Board in 2021**

The update on implementation of the diversity policy for ING Bank Śląski S.A. Management Board and Supervisory Board in 2021 is based on Guideline 2.11.6 of the Code of Best Practice for WSE Listed Companies 2021.

Since September 2018, the *Diversity Policy for ING Bank Śląski S.A. Management Board and Supervisory Board Members* has been in force at ING Bank Śląski S.A. The Policy was implemented with the Bank Supervisory Board resolution no. 60/X/2018 of 20 September 2018, after a positive recommendation of the Remuneration and Nomination Committee of the Supervisory Board of ING Bank Śląski S.A. The Policy was updated with ING Bank Śląski S.A. Supervisory Board Resolution No. 57/VII/2019 of 6 June 2019.

**I. OBJECTIVES OF THE DIVERSITY POLICY**

1. The Policy is intended to:
  - 1) achieve a wide range of competences when nominating Supervisory Board and Management Board members, in order to obtain various points of view and experience and to enable giving independent opinions and making reasonable decisions in these bodies;
  - 2) ensure high quality of task performance by the managing bodies, by selecting competent persons to perform functions in the Supervisory Board and Management Board by applying, first and foremost, objective subject-related criteria and considering the benefits of diversity.
2. As regards the subject-related criteria, the diversity strategy ensures selection of persons, who have diversified knowledge, skills and experience, adequate to their functions and responsibilities, which complement each other on the level of the Management Board and Supervisory Board composition. These criteria are subject to verification in the process of suitability assessment, defined in the *Policy for the Assessment of the Suitability of the Members of the Supervisory Board, Management Board and Key Function Holders at ING Bank Śląski S.A.* Furthermore, in order to achieve the best results, except for knowledge, skills and professional experience, the diversity policy includes and uses differences stemming from gender and age.
3. When taking decisions regarding appointment of the managing body members, the Bank takes into account the fact that more diverse management bodies foster constructive challenge and discussion based on different points of view. The policy assumes striving to ensure that there are representatives of both genders in the processes of selection and succession planning. At the same time, the Policy provides for a principle that the Bank will not nominate the members of the managing bodies only to increase their diversity to the detriment of functioning and suitability of the body as a whole or suitability of its individual members.



## II. DELIVERY OF THE DIVERSITY POLICY OBJECTIVES

1. With a view to deliver on the assumptions of the Policy, the Remuneration and Nomination Committee of the Supervisory Board determines the target representation ratio for the gender, which is insufficiently represented in the Bank Management Board and Supervisory Board and adopts the plan to achieve the target ratio.

This ratio is determined for the length of the term of the Bank Management Board and Supervisory Board, i.e. once in four full financial years calculated as of the beginning of the term of the given body. It is reviewed annually, based on reports developed by HR units and presented to the Committee by 30 June of each calendar year. If the target ratio is not achieved, the Bank will document the reasons therefor, measures, which will be taken in order to achieve the target ratio and their deadlines.

2. In 2020, the target diversity ratio in the Bank managing bodies was determined at 30% of women versus 70% of men (with possible diversion of +/- 2%). This value is verified separately for the Bank Supervisory Board and Supervisory Board. The measure specified by the Committee in order to achieve the target ratio, was verification of talents and update of the successor database, while considering the Policy objectives.

## III. INFORMATION ON THE IMPLEMENTATION OF DIVERSITY POLICY IN 2021

1. Pursuant to the *Diversity Policy for ING Bank Śląski S.A Management Board and Supervisory Board Members*, HR units updated the Remuneration and Nomination Committee on the gender representation status in ING Bank Śląski S.A. Management Board and Supervisory Board at its meeting on 11 June 2021. According to the presented data, the diversity ratio was as follows:

Management Board Composition			Supervisory Board Composition		
Number of members	Number of women	% of women	Number of members	Number of women	% of women
7	3	43%	7	2	29%

Additionally, as part of the presented information, the Committee familiarised itself with benchmarks concerning diversity ratios in ING Bank N.V. and in the biggest banks in Poland. Furthermore, the Committee was provided with a benchmark on diversity, published by EBA – EBA Report on the Benchmarking of Diversity Practices, ref.: EBA/REP/2020/05.

2. Implementation of the Policy in the Management Board

- 1) In 2021, the composition of the Management Board changed, which had impact on the diversity ratio. On 1 September 2021, a Vice-President responsible for the COO Division was appointed, which changed the % participation of women in the Management Board.

Matrix by gender

Number of members	Number of women	% of women
8	4	50%

Matrix by age

Number	Age of the members	
	from 30 to 50 years old	above 50 years old
8	3	5



- 2) Management Board Members are nominated and recalled by the Supervisory Board, considering the requirements set out in the Banking Law Act. The President of the Management Board and the Vice-President in charge of management of the risk material to Bank's business are appointed upon the approval of the Polish Financial Supervision Authority.

The Supervisory Board appoints the Management Board Members from candidates selected with the use of succession plans, or if necessary, from external candidates, who underwent the suitability assessment procedure and were positively recommended by the Remuneration and Nomination Committee.

The process of succession planning and selection of adequate candidates is detailed in the *Policy of Appointment, Induction and Recall of ING Bank Śląski S.A. Management Board Members*.

- 3) The Bank implemented processes aimed at ensuring a Management Board Composition, which enables achieving a wide range of competences when nominating its members, in order to obtain various points of view and to enable giving independent opinions and making reasonable decisions in the Management Board. In order to ensure high quality of Management Board performance by selecting competent persons, objective material criteria are primarily used, taking account of the diversity benefits.
- 4) For functions in the Bank Management Board, job profiles were developed, specifying the scope of responsibilities and requirements for knowledge, skills and anticipated engagement in terms of dedicated time, indispensable to perform the given functions. The current composition of the Management Board represents a broad range of knowledge, skills and experience, verified in line with the *Policy for the assessment of the suitability of the members of the Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.* Suitability of the Management Board members is verified periodically as part of the primary and secondary individual suitability assessment, as well as collective suitability of the Management Board as a managing body.

Highly qualified persons are appointed to the Management Board. All members have adequate experience and knowledge enabling bank management in their areas of responsibility.

Matrix by education

Education				
economy	finance and statistics	banking and finance	international trade	technology
3	1	1	2	1

Education of the Management Board Members is supplemented by additional qualifications and certificates obtained by studying additional faculties, post graduate studies and completing expert trainings, mainly in the area of business management, as well as qualifications, e.g. of a statutory auditor. Each member of the Management Board has extensive professional experience.

### 3. Implementation of the Policy in the Supervisory Board

- 1) In 2021, the composition of the Supervisory Board changed, which had impact on the diversity ratio. On 29 November 2021, the composition of the Supervisory Board changed, which had impact on its gender composition.

Matrix by gender

Number of members	Number of women	Share of women in %
7	3	43%



Matrix by age

Number	Age of the members	
	from 30 to 50 years old	above 50 years old
7	2	5

- 2) Members of the Supervisory Board are appointed by the General Meeting in a secret ballot, taking into account the requirements set out in the Banking Law Act and the *Policy of Appointment and Recall of ING Bank Śląski S.A. Supervisory Board Members*, including satisfaction of requirements for the Supervisory Board Members, provided in the description of responsibilities and skills.
- 3) For functions in the Bank Supervisory Board, job profiles were developed, specifying the scope of responsibilities and requirements for knowledge, skills and anticipated engagement in terms of dedicated time, indispensable to perform the given functions. The current composition of the Supervisory Board represents a broad range of knowledge, skills and experience, verified in line with the *Policy for the assessment of the suitability of the members of the Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A.* Suitability of the Supervisory Board members is verified periodically as part of the primary and secondary individual suitability assessment, as well as collective suitability of the Supervisory Board as a managing body.

Highly qualified persons are appointed to the Supervisory Board. All members have adequate experience and knowledge enabling their adequate supervision of the Bank.

Matrix by education

Education		
economy	banking and finance	law
5	1	1

Education of the Supervisory Board Members is supplemented by additional qualifications and certifications obtained by studying additional faculties, post graduate studies and completing expert trainings, mainly in the area of management, accounting, law, IT, as well as certificates and licences, e.g. of a legal counsel, certified accountant or statutory controller. Each member of the Supervisory Board has extensive professional experience.

**The Supervisory Board are of the view that in 2021 the Bank respected the principles of its diversity policy.**



### **Update on amendments to the ING Bank Śląski S.A. Supervisory Board Bylaw**

This update is presented to the General Meeting as part of agenda item 7 of the ING Bank Śląski S.A. General Meeting: *Presenting the update on amendments to the Supervisory Board Bylaw*, to be held on 7 April 2022.

The duty to update the General Meeting on amendments to the Bank Supervisory Board Bylaw derives from recommendation no. 9 set out in Recommendation Z of the Polish Financial Supervision Authority (hereinafter: the PFSA) on corporate governance principles at banks, which has been in effect since 1 January 2022.

Most significantly, pursuant to recommendation no. 9, where the Supervisory Board Bylaw is enacted by the Supervisory Board rather than by the General Meeting, the General Meeting shall be updated on the Bylaw enacted or approve it, depending on the solution adopted at the bank.

ING Bank Śląski S.A. has adopted a solution, whereby the Supervisory Board enact their own bylaw (§24.4 of the Bank Charter). Therefore, the relevant information on the applicable Supervisory Board Bylaw and amendments thereto will be presented to the General Meeting.

In 2021, the Supervisory Board Bylaw was updated following a periodic review conducted pursuant to §42.2 of the Supervisory Board Bylaw. The amendments which were adopted by way of Supervisory Board Resolution No. 90/XX/2021 of 15 December 2021 included in particular:

- the alignment of the Bylaw's provisions to the requirements of PFSA's Recommendation Z and Best Practice of GPW Listed Companies 2021, in relation to the following, among other things:
  - supervisory duties and documentation of the Supervisory Board and Board Committee work,
  - confirmation of the rule, applied since 29 November 2021, that the Supervisory Board Chairman should not combine his/her function with chairing the Audit Committee operating as part of the Supervisory Board,
- an update of document names and names of the Bank organisational units which are referenced in the Supervisory Board Bylaw.

To fulfil the duty envisaged under Recommendation No. 9, the current wording of the ING Bank Śląski S.A. Supervisory Board Bylaw is enclosed herewith to be presented to the General Meeting.





## ING BANK ŚLĄSKI S.A. SUPERVISORY BOARD BYLAW

### I. General Provisions.

#### § 1

The Supervisory Board of ING Bank Śląski S.A. (hereinafter referred to as the “**Supervisory Board**”) acts pursuant to the Banking Law, Commercial Companies Code, Bank Charter and this Bylaw.

#### § 2

1. The Supervisory Board supervises all areas of the Bank operation on a continuous basis.
2. The authority of the Supervisory Board is provided for by the Banking Law, Commercial Companies Code as well as other legal regulations and provisions of Bank Charter.

### II. Supervisory Board Composition, Mandate and Term.

#### § 3

1. The Supervisory Board is composed of members elected by the General Shareholders Meeting by secret ballot.
2. The number of the Supervisory Board members is determined by the General Shareholders Meeting; however it should be at least five (5) and not more than eleven (11). At least half of the Supervisory Board members, including the Supervisory Board Chair, should be the citizens of the Republic of Poland.
3. The Supervisory Board members should have specialist knowledge of and experience in each material area of operations pursued by the Bank and understand the nature and risk of Bank’s operations inside out.
4. At least two members of the Supervisory Board should be free from any relations with the Bank, its shareholders or employees, if those relations could significantly affect the ability of the said member to take impartial decisions (“**Independent Members**”).
5. The Independent Members should meet the following criteria in particular:
  - 1) they are not or have not been over last 5 years from the appointment date, members of the senior management, and they are not or they have not been members of the Bank Management Board or of the management board or other managing body of a related unit of the Bank,
  - 2) they are not or have not been over last 3 years from the appointment date, employees



- or persons employed under a different agreement of a similar nature at the Bank or its related unit,
- 3) they do not exercise control as defined in the Accounting Act or do not represent persons or entities that exercise control over the Bank,
  - 4) they do not receive or have not received any additional considerable remuneration from the Bank or its related unit, except for remuneration they received as members of the Supervisory Board or other supervisory or control body, including the Audit Committee,
  - 5) they do not maintain or did not maintain during last year from the appointment date any material business relations with the Bank or its related unit, directly or as an owner, partner, shareholder, member of the supervisory board or other supervisory or control body, or a senior management member such as a member of the management board or other managing body of the entity that maintains such relations,
  - 6) they are not or have not been over last 3 years from the appointment date:
    - a) owners, partners (including general partners) or shareholders of the existing or former auditing firm performing the audit of the Bank's financial statements or of its related unit, or
    - b) members of the supervisory board or other supervisory or control body of the existing or former auditing firm performing the audit of the Bank's financial statements, or
    - c) employees or senior management, including members of the management board or other management body of the existing or former auditing firm performing the audit of the Bank's financial statements or of its related unit, or
    - d) other natural persons whose services were used or that were supervised by the existing, or former auditing firm or statutory auditor acting on its behalf,
  - 7) they are not members of the management board or other managing body of the unit where the Management Board Member is a member of the supervisory board or other supervisory or control body,
  - 8) they have not been Supervisory Board Members for more than 12 years,
  - 9) they are not spouses, persons remaining in cohabitation, direct relatives or kinsmen and secondary relatives or kinsmen up to the fourth degree – of the Bank Management Board Member or persons referred to in items 1-8,
  - 10) they are not persons related due to adoption, custody or guardianship with the Bank Management Board Member or persons referred to in items 1-8,



- 11) they are not actually or materially connected with the shareholder having at least 5% of the total number of votes at the General Meeting of the Bank.
6. The persons being candidates for the Supervisory Board member should submit a statement, determining whether the candidate meets the criteria for being the Independent Member as indicated in section 5, and also whether there exist the circumstances causing the candidate to be dependent.
7. The Supervisory Board Member is required to inform the Bank immediately, however not later than before the following meeting of the Supervisory Board, about each a change to the status laid down in section 5 as well as about any new circumstances possible to affect the independence assessment.
8. Each Supervisory Board Member is required to submit at least once a year the statement referred to in section 6. The statement is made at the beginning of the calendar year.
9. The statements referred to in sections 6 and 8 shall be verified by the Bank, in particular during the suitability assessment of the candidate or suitability re-assessment of the Supervisory Board Member.
10. The Supervisory Board appoint a Supervisory Board Chair, Deputy Chair and Secretary from among members.
11. The Supervisory Board Chair shall be selected in particular on the basis of experience and team management skills, upon accounting for the independence criterion.
12. The Supervisory Board Chair should not combine this function with chairing the Audit Committee of the Supervisory Board.
13. In the absence of or if there is an impediment to performing the function of the Supervisory Board Chair, the Chair's rights and obligations are performed by the Deputy Chair.

#### **§ 4**

1. Supervisory Board members are appointed for a joint term of office which shall commence upon the appointment date and last for the four subsequent full accounting years.
2. Mandates of the Supervisory Board members expire as of the day of the General Shareholders Meeting approving the financial statements for the last full year of their office.
3. The mandates of the Supervisory Board members expire before the end of the term:
  - 1) in case of resignation of the Supervisory Board member from his/her office, as of the day of notifying the Bank thereof or as of the day specified in the resignation letter, which shall however not be earlier than the notification day,



- 2) in case of recalling the Supervisory Board Member by the General Shareholders Meeting, as of the day of adopting an appropriate resolution,
  - 3) in case of death of the Supervisory Board Member.
4. If, due to the expiry of a mandate, the number of the Supervisory Board members decreases below 5 members, the Supervisory Board Chair shall notify the Bank Management Board about the urgent need to convene the Extraordinary Shareholders Meeting in order to supplement the Supervisory Board composition to at least the statutory minimum.
5. The Supervisory Board Member should not resign from this function during the term of office, under the circumstances when the resignation could be to detriment of the Supervisory Board's functioning and, in particular, in the aspect of passing resolutions.

### III. Supervisory Board Members.

#### § 5

1. Subject to section 2 herein, the Supervisory Board members may perform their duties exclusively in person.
2. The Supervisory Board members may participate in adopting Supervisory Board resolutions by casting their votes in writing through the agency of another Supervisory Board Member. Casting the votes in writing cannot refer to the issues added to the agenda during the Supervisory Board meeting.
3. The Supervisory Board member should perform his/her function in an active manner, showing the necessary level of commitment and devoting the time as required to perform the tasks properly, notably by active participation in meetings and other works of the Supervisory Board and its Committees. In his/her actions, each Supervisory Board member shall consider interest of the Bank and the independence of opinions and judgements.
4. In case the Supervisory Board member cannot attend the meeting, s/he is obliged to inform the Supervisory Board Chair thereof, stating reasons for his/her absence.
5. The Supervisory Board member is obliged to inform the Supervisory Board Chair about any obstacles to execute his/her mandate that may last for more than 6 months. If the impediment referred to hereinabove relates to the Supervisory Board Chair, the Chair notifies the Deputy Chair accordingly. The notification should be made in writing or via means of electronic communication.
6. In the case of impediment referred to in section 5 , should a person concerned not submit his/her resignation, the Supervisory Board Chair may apply § 4 section 4 hereof. If the impediment to executing the mandate relates to the Supervisory Board Chair, the Deputy Chair shall be vested with



the said right.

7. In the event referred to in section 6, the Supervisory Board Chair or the Deputy Chair respectively notifies the Chair of the Remuneration and Nomination Committee about the ensuing situation in order to verify whether the suitability of the Supervisory Board needs to be assessed.

## § 6

1. The Supervisory Board performs their functions collectively. The Supervisory Board may delegate their members to perform specific supervisory activities on an individual basis, however, it shall define the principles for such supervision.
2. The Supervisory Board members delegated to a permanent and individual supervision shall receive remuneration determined by the General Shareholders Meeting, at the request of the Supervisory Board.

The above members shall observe the non-competition clause (Article 380 of the Commercial Companies Code).

3. Under their supervisory functions, the Supervisory Board shall have the right to control the entire scope of the Bank activities, and in particular to:
  - 1) check books, records and documentation,
  - 2) audit the Bank assets and carry out financial control,
  - 3) request that the Bank Management Board present all documents, materials and information related to the Company's operation,
  - 4) request that the Bank employees present relevant reports and explanations,
  - 5) participate in the meetings of the Bank Management Board.
4. The scope and mode of control and supervisory activities performed personally by the Supervisory Board member shall be determined every time by the Supervisory Board or by the Supervisory Board Chair authorised by the Supervisory Board.
5. The member of the Supervisory Board may be delegated temporarily to perform the functions of a Bank Management Board member who is unable to perform his/her duties.

## § 7

1. The member of the Supervisory Board is obliged to keep secret all information obtained while performing his/her supervisory duties.
2. The obligation to keep the information secret refers especially - pursuant to relevant legal regulations - to the State-, banking- and trade secrets, as well as to reports and information that the



Bank, as the issuer of publicly traded securities, is obliged to disclose to the Polish Financial Supervision Authority and Securities and Stock Exchange Commission, Stock Exchange and news agency before making them public.

3. The Supervisory Board member is also obliged not to disclose the subject and course of the Supervisory Board meetings, as well as resolutions and results of voting of the Supervisory Board; moreover, s/he is obliged to protect documents given to him/ her and being the subject of the Supervisory Board's works from the access of unauthorised persons.

## § 8

1. When performing an activity not related to his/ her function on the Supervisory Board, the Supervisory Board Member should refrain from taking up professional activity or non-professional activity, including non-profit activities, that could lead to a conflict of interest, otherwise adversely impact his/her reputation of the member of the Supervisory Body of the Bank or if the time devoted to such activity would prevent proper performance of duties at the Bank.
2. Immediately after taking up the mandate, each Supervisory Board member is obliged to place a written declaration to the Supervisory Board on:
  - 1) business activity carried out by him/her in person outside the enterprise of the Bank with the indication whether the said activity is competitive for the Bank, i.e. is even partially convergent with the Bank's business,
  - 2) being involved in a competitive company as a partner to a civil partnership or partnership or to any company or a member of another competitive legal entity,
  - 3) performing a function of a management or supervisory board member, other than set forth in item 2, of any company or other entity carrying out business activity, and about holding functions in other entities,
  - 4) holding shares or stakes in any company, if the said shares or stakes authorise the Supervisory Board member to execute at least 5% of votes at a general shareholders (partners) meeting,
  - 5) volume of Bank's shares held or rights to those shares (options),
  - 6) personal, business and organizational connections with the shareholder having at least 5% of the Bank's shares.

Personal connections are understood as of family character (1<sup>st</sup> degree next of kin relationship or family connection) with the shareholder or member of its bodies if the shareholder is a body corporate.

Business connections are understood as any business relations.



Organisational connections are understood as relations resulting from the employment contract or similar legal relation.

3. The declaration referred to in the foregoing section, made by the candidate for the Supervisory Board member, shall be deemed as the declaration made by the Supervisory Board member.
4. The Supervisory Board Member is obliged to communicate forthwith each change that took place during his/her term, in the scope set forth in section 2.
5. The Supervisory Board Member may be additionally obliged to submit other declarations, if the obligation of their submission results from the regulations in force or the Bank's internal regulations.

#### **§ 9**

1. Pursuant to § 7 hereof, subject to § 20 section 1 item 2 hereof, the Supervisory Board members should be moderate in contacts with mass media and prudent in relation to any external entrepreneurs, body corporates, individuals and organisational units, including in particular the Bank customers.
2. At the nearest Supervisory Board meeting, the Supervisory Board members should inform the Supervisory Board about any activities and events stipulated in the foregoing that have taken place between the Supervisory Board meetings, and at the Supervisory Board Chair's request, they should present a written report.

#### **§ 10**

The Supervisory Board members shall be responsible for any damage to the Company resulting from the activities contrary to the law or provisions of the Charter.

### **IV. Committees of the Supervisory Board.**

#### **§ 11**

1. In order to support the Supervisory Board in performing its functions, the Supervisory Board shall appoint out of members the Audit Committee, the Remuneration and Nomination Committee and the Risk Committee. If necessary, the Supervisory Board may also establish other Committees. The Committees perform consulting and advisory functions for the Supervisory Board and also deliver on other tasks under the law, instructions and recommendations of the regulator. When establishing a Committee, the Supervisory Board determines the tasks and rules of operation thereof.
2. The members of the Supervisory Board may be at the same time members of more than one

Committee, with the proviso that Committee compositions should not be identical.

3. The Supervisory Board shall select Committee members, including the Chair, at their first meeting in the new term of office. When selecting members, the Supervisory Board factors in that all the Committee members may rotate vis-à-vis the previous term of office. The Supervisory Board may rotate Committee members during the term of office as well. Committee members should be so selected as to cater to the need of adequate combination of knowledge, competence and experience in the area of a given Committee in order to ensure the broadest possible understanding of analysed matters, their objective assessment and taking of adequate decisions.
4. The Committees should cooperate with one another, whenever required.
5. Chairs of the Committees organise the works of the Committees and manage them; they represent the Committees in relations with other Committees and corporate bodies of the Bank and exercise other activities as set out in Committees Bylaws.

#### **§ 12**

1. The mission of the Audit Committee is to support the Supervisory Board in monitoring and supervising financial reporting, the internal and external audit and management system in the Bank and its related companies, especially the adequacy and effectiveness of the internal control system and risk management system, and the relationships between the Bank and the entity auditing the Bank's financial reports.
2. The Audit Committee is composed of at least three Supervisory Board members. The majority of the Audit Committee members, including the Chair, should meet the independence criteria of the Independent Members of the Supervisory Board. The Committee may choose for assistance some experts not being members of the Supervisory Board.
3. The detailed scope of operation and functioning of the Audit Committee is determined by the Bylaw passed by the Supervisory Board.

#### **§ 13**

1. The mission of the Remuneration and Nomination Committee is to support the Supervisory Board in monitoring and supervising the human resources and payroll area of the Bank, selection of Management Board members, the diversity policy, the assessment of suitability of Management Board members, the succession plans, employee rotation processes, Bank employees satisfaction survey and remuneration and bonus policy.
2. The Remuneration and Nomination Committee is composed of at least three members of the Supervisory Board. The majority of the Remuneration and Nomination Committee members,





including the Chair, should meet the independence criteria of the Independent Members of the Supervisory Board. The Committee may choose for assistance some experts not being members of the Supervisory Board.

3. The detailed scope of operation and functioning of the Remuneration and Nomination Committee is determined by the Bylaw passed by the Supervisory Board.

#### **§ 14**

1. The mission of the Risk Committee is to support the Supervisory Board in monitoring and supervising the risk management process, including the management of the operational risk, credit risk and market risk, as well as the process of internal capital quantification and the review of strategy and procedures of internal capital quantification and ongoing internal capital maintenance, capital management and capital planning, as well as the model risk.
2. The Risk Committee is composed of at least three members of the Supervisory Board. The majority of Committee members, including the Chair, should meet the independence criteria for the Supervisory Board Members. The Committee may choose for assistance some experts not being members of the Supervisory Board.
3. The detailed scope of operation and functioning of the Risk Committee is determined by the Bylaw passed by the Supervisory Board.

## **V. Organisation of the Supervisory Board Work.**

### **1. Preliminary Provisions.**

#### **§ 15**

1. Subject to the provisions §17, the Supervisory Board shall pass resolutions during meetings.
2. The Supervisory Board shall hold the meetings at least five times a year.

#### **§ 16**

1. The Supervisory Board's decisions, excluding the matters of routine, shall be made in the form of resolutions.
2. The Supervisory Board resolutions may cover in particular:
  - 1) formulating conclusions and recommendations stemming from the performed supervisory and control activities,
  - 2) granting permits and approvals,
  - 3) approval of strategies, policies and other documents,



- 4) providing opinions,
  - 5) reports and assessments submitted by the Supervisory Board to the General Meeting, including in particular:
    - a) the report on the results of the evaluation of the financial statements and the Management Board's reports on the operations of the Bank and its Group in the financial year, as well as the Management Board's motion regarding the distribution of the Bank's profit for the financial year,
    - b) the evaluation of the Bank's standing, including the assessment of the internal control system, risk management system, Centre of Expertise - Compliance and the internal audit function, and also the information derived from the parent company and subsidiaries as well as the findings arising from regulatory activities performed by the mandated institutions,
    - c) the reports on the operations of the Supervisory Board and its committees in the financial year along with an evaluation of the Supervisory Board's work during that period,
    - d) the report on the evaluation of the payroll policy at the Bank,
    - e) the evaluation of the Bank's fulfilment of its disclosure duties regarding the application of the corporate governance rules as set out in the WSE Rules and the regulations concerning current information and periodic information submitted by securities issuers,
    - f) the evaluation of the Bank's observance of the *Corporate Governance Rules for Regulated Institutions*,
    - g) the evaluation of the rationality of the Bank's sponsoring policy, charity policy or any other similar policy,
  - 6) other matters within the Supervisory Board authority.
3. The Supervisory Board resolutions are valid only if all the members of the Supervisory Board have been invited to the meeting, and more than a half of them, including the Supervisory Board Chair or Deputy Chair are present at the meeting.
  4. The Supervisory Board adopt resolutions by absolute majority of votes. The requirement of the absolute majority of votes is fulfilled when the number of votes in favour of a given resolution exceeds half of all the valid votes. When the number of votes in favour of a given resolution is equal to the sum of votes against and abstained votes - then, the vote of the Supervisory Board Chair is decisive.
  5. If the matters that may involve a potential conflict of interest between the Bank and Supervisory Board Member are to be subject of the Supervisory Board resolution, and in particular in situations



specified in § 8 section 1, such Supervisory Board Member is obliged to communicate the same to the other Board members and to refrain from participation in this item of the agenda; the said fact shall be recorded in the minutes.

#### **§ 17**

1. The resolutions of the Supervisory Board may be passed in writing, without summoning a meeting. A draft resolution should be submitted to all the Supervisory Board members so that they could get acquainted with it and to declare in writing the acceptance or rejection thereof. The Supervisory Chair may set a deadline for submitting declarations on accepting or rejecting the draft resolution.
2. The resolutions may also be passed through means of distance communication, including but not limited to outside of the meeting. In that case, the provision of §29.4 shall apply accordingly. All the Supervisory Board members should be notified about the contents of the draft resolution as well as about the date of passing the same.
3. The resolutions passed pursuant to sections 1 and 2 herein are signed by the Supervisory Board members who were taking part in adopting the said resolutions.
4. Information on the resolutions passed outside the meeting as provided for in sections 1 and 2, including their number, a voting list of the Supervisory Board members and voting results, a resolution date, subject matter of individual resolutions and any dissenting opinions is recorded in the minutes of the subsequent Supervisory Board meeting.

#### **§ 18**

1. The resolutions of the Supervisory Board are adopted in an open voting. For the matters laid down in the law, the Supervisory Board Chair orders the secret ballot. Amendments to the draft resolutions may be made during the meeting. Have any amendments been proposed, there should be a double voting: the former refers to the said amendments, and the latter to the amended draft resolution. Results of the voting are announced by the Supervisory Board Chair. Each member of the Supervisory Board present at the meeting is entitled to have his/her remarks or dissenting opinion included in the minutes prior to their validation, notably if he/ she recognises that the decision of the Supervisory Board contradicts interest of the Bank. The remarks not included and dissenting opinions are minuted along with the reasons for their non-inclusion.
2. The resolutions of the Supervisory Board are signed by all members of the Supervisory Board present at the meeting.
3. The resolutions of the Supervisory Board bear subsequent numbers, number of the minutes, and the date and procedure of their adoption.



### § 19

1. While performing their control and supervisory functions, the Supervisory Board may also issue recommendations.
2. The recommendations are made pursuant to the provisions hereof, stipulating the procedure of passing the Supervisory Board resolutions.

## 2. Duties of the Supervisory Board Chair.

### § 20

1. The Supervisory Board Chair:
  - 1) manages the work of the Supervisory Board,
  - 2) represents the Supervisory Board outside the Bank and before other Bank bodies, including individual members of the Bank Management Board,
  - 3) initiates the adoption of a resolution pursuant to § 17 hereof,
  - 4) sets in the motion initiatives, proposals and documents to be discussed by the Supervisory Board,
  - 5) determines principles for commissioning and executing any work, expertise, research and opinions for the Supervisory Board, upon obtaining advice from the Risk Committee,
  - 6) interprets the provisions hereof,
  - 7) determines the organisation and principles of office support for the Supervisory Board and supervises, with the support of the Secretary, execution of the same,
  - 8) takes up other actions resulting hereof.

## 3. Preparation of Meetings.

### § 21

Within their powers and duties, the Supervisory Board take up actions at their own initiative or at the initiative of individual members of the Supervisory Board, or on the grounds of motions and proposals presented by the Bank Management Board or any other authorised persons or bodies.

### § 22

An issue is submitted to the meeting upon being included in the agenda of the meeting.

### § 23

1. Prior to including a given issue in the agenda, the Supervisory Board Chair examines whether it



comes within the Supervisory Board's competencies and whether the mover is authorised to make such a motion, and whether the issue is duly prepared in the factual aspect.

2. The Supervisory Board Chair rejects or returns to the mover an issue that does not meet formal submission conditions or is unduly prepared in the factual aspect, indicating the way or scope of necessary supplements.
3. While including a given issue in the agenda of the meeting, the Supervisory Board Chair may designate its reporter out of the Supervisory Board members.
4. If necessary, the Supervisory Board Chair may order the work, research, opinions or expertise so that the Supervisory Board could review and resolve an issue. The provisions of §39 shall apply to the situation where the Supervisory Board intend to commission third parties to perform such works.

#### **§ 24**

1. The Supervisory Board Chair sets out the date of the Supervisory Board meeting and orders to send the information on the venue and date of the meeting, along with a draft agenda, to the Supervisory Board members.
2. If necessary, the Supervisory Board Chair orders to provide the Supervisory Board members with copies of materials submitted to the meeting as well as opinions and expertise, if any.
3. If necessary, the Supervisory Board Chair invites to the meeting the persons mentioned in §28, as well as advisors and experts.
4. The Supervisory Board Chair informs the President of the Bank Management Board about the date and venue of the Supervisory Board meeting.

#### **§ 25**

The information about the Supervisory Board meeting shall be sent to all Supervisory Board members and other persons invited at least a week before the date of the meeting. The Chair may shorten this period in justified cases.

### **4. Supervisory Board Meetings.**

#### **§ 26**

The first meeting of a newly appointed Supervisory Board is summoned and opened by the President of the Management Board or the eldest newly elected member of the Supervisory Board.



#### **§ 27**

1. The meetings of the Supervisory Board are summoned by the Supervisory Board Chair or upon his/her authorisation by the Deputy Chair or Secretary, in accordance with the accepted plan or depending on needs.
2. The Supervisory Board Chair is obliged to summon the meeting of the Supervisory Board at a written request of a member of the Bank Management Board or the Supervisory Board member, not later than within two weeks as of the receipt date. Where the number of the Management Board members drops below the minimum statutory level as a result of the expiry of the mandate, the Supervisory Board meeting shall be summoned immediately.
3. Should the Supervisory Board Chair not summon the meeting of the Supervisory Board pursuant to the provision of section 2 herein, the mover has the right to summon the said meeting on his/her own, stating the date, venue and agenda.

#### **§ 28**

1. The Supervisory Board meetings may be attended, without the right to participate in voting, by members of the Bank Management Board, and other Bank employees relevant for an issue discussed and invited by the Supervisory Board Chair, as well as other persons.
2. Irrespective of the right, as referred to in section 1, the persons managing the Internal Audit Department Director and the Centre of Expertise – Compliance or their deputies participate, without a voting right, at the Supervisory Board meetings.

#### **§ 29**

1. The meetings of the Supervisory Board are held in the seat of the Bank.
2. Upon consulting the Deputy Chair and Secretary, the Supervisory Board Chair may designate another venue for the Supervisory Board meeting other than the one mentioned in section 1.
3. Supervisory Board meetings can be attended also using means of distance communication.
4. The use of means of distance communication can take the form of use of means of telephone, audio-visual and electronic communication. The applied means should ensure identification of the person attending the meeting as well as ensure for that person to exercise his/her rights, and to speak and vote during the meeting in particular.

#### **§ 30**

1. The Supervisory Board meetings are chaired by the Supervisory Board Chair, and in case of his/her absence by the Deputy Chair.



2. The Supervisory Board Chair presents the suggested agenda and orders voting over the same agenda.
3. New items may be added to the agenda of the meeting at the request of a Supervisory Board member or the President of the Bank Management Board, if all members of the Supervisory Board are present and the absolute majority of them are in favour of adopting such a change.
4. Agenda of the Supervisory Board meeting may be also extended in the absence of all the Supervisory Board members when the Supervisory Board has to take actions necessary to protect the Bank against substantial losses and also in cases related to the conflict of interests between the Bank and Supervisory Board member. Substantial loss is understood as a potential situation when the Bank may incur irreparable loss or lose income the amount of which is material for the operation of the Bank.
5. The Supervisory Board inform the Polish Financial Supervision Authority of including in the Supervisory Board meeting agenda the items on recalling the President of the Management Board or on recalling the Management Board Member in charge of management of the risk material to Bank business or on entrusting their duties to other Management Board Member along with the rationale behind the proposed decision.
6. Upon the meeting agenda being accepted, the Supervisory Board Chair opens and chairs the discussion on individual items of the agenda.
7. Speakers take floor according to the sequence of their request.
8. The Supervisory Board Chair gives floor in formal issues off the sequence of the request.
9. Formal issues are motions referring to the way of chairing the meeting and voting, and especially to:
  - 1) changing the sequence of items in the agenda,
  - 2) deleting an item from the agenda,
  - 3) breaking off the discussion and closing the list of persons taking the floor,
  - 4) ordering a break that is not in the agenda,
  - 5) voting without a previous discussion,
  - 6) secret ballot,
  - 7) deferring or closing the meeting.
10. The Supervisory Board Chair orders an open voting on motions referring to formal issues. Such motions are accepted with the ordinary majority of votes.

### § 31

1. All the documents submitted to the Supervisory Board meeting should be prepared in Polish and translated into English.
2. The Supervisory Board meetings are held in Polish or in English, upon consent of all the Supervisory Board members present at the meeting.
3. The Supervisory Board member who does not speak the Polish language in which the meeting is held may use the assistance of a translator and if necessary - of a sworn translator. The Supervisory Board member intending to make use of the above right should notify the Supervisory Board Chair about this fact immediately upon receiving an invitation to the meeting.

### § 32

1. The Supervisory Board Chair postpones the meeting of the Supervisory Board if s/he perceives any irregularities in summoning the meeting, or if - despite the fact that the meeting was summoned properly - there are not enough members of the Supervisory Board present at the meeting to make the resolutions of the Supervisory Board valid.
2. The Supervisory Board Chair may postpone the meeting of the Supervisory Board or discussion on a given issue coming from the agenda if it is necessary to obtain additional information, explanations or expert's investigation, as well as when a given issue may be reviewed only in the presence of the members or representatives of the Bank Management Board.

### § 33

1. The meetings of the Supervisory Board are minuted. The minutes are prepared in Polish and English.
2. The minutes of the meeting should include a subsequent number of minutes, date and venue of the meeting, names and surnames of the Supervisory Board members present, agenda, course of the discussion, texts of resolutions or a list of noted updates and the results of voting over individual resolutions. The minutes should include dissenting opinions expressed in the course of the meeting and remarks not included along with the reasons for their non-inclusion.
3. In the course of the meeting the motions, declarations, amendments and corrections to the motions and declarations, as well as dissenting opinions expressed by the Supervisory Board members may be included in a written enclosure to the minutes signed by the submitting person.
4. The texts of motions, documents submitted and reports, information, drafts, and other materials considered by the Supervisory Board shall be enclosed to the minutes.
5. The minutes are approved at the next Supervisory Board meeting and presented to be signed by all





the Supervisory Board members present at the meeting covered by the minutes.

6. The minutes signed with no reservations by all the Supervisory Board members, mentioned in section 5 herein, are deemed approved.
7. The approved minutes from the Supervisory Board meetings are kept along with enclosures are stored in the Bank Management Board Bureau, hereinafter referred to as the "Bureau".

#### **§ 34**

At the request or with the consent of at least half of the Supervisory Board members present at the meeting, the Supervisory Board Chair may order recording the whole or a part of the Supervisory Board meeting with sound recording equipment. Relevant records shall be stored in the seat of the Bureau.

#### **§ 35**

The members of the Supervisory Board may review the minutes and request copies of the minutes certified by the Secretary of the Supervisory Board.

### **5. Implementation of Supervisory Board Resolutions and Recommendations.**

#### **§ 36**

1. The Supervisory Board Chair requests the execution of resolutions and recommendations of the Supervisory Board, and - unless the resolution or recommendation provides for that - defines the way and term of such an execution.
2. The Secretary supervises, with the assistance of the Bureau, the execution of resolutions and recommendations.

### **6. Submissions.**

#### **§ 37**

1. Motions, documents and other materials addressed to the Supervisory Board by the Bank Management Board are to be delivered at least a week before the planned date of the Supervisory Board meeting. In justified cases, the Supervisory Board Chair may agree to shorten the deadline for delivering the materials.
2. Notifications are to be delivered by registered mail, or by courier to address indicated by a member of the Supervisory Board or electronically to the address of electronic mail indicated therefor by the Supervisory Board member.
3. Any communication from the Supervisory Board to the Bank Management Board, its individual



members and Bank employees is delivered in the way described in section 2 herein to the address of the Bank Management Board via the President of the Bank Management Board.

4. The Supervisory Board Chair, at the request of a Supervisory Board member or the President of the Bank Management Board, may request the above documents to be delivered in another way.

## V. Office Support for the Supervisory Board.

### § 38

1. The Bureau performs technical and organisational tasks connected with the Supervisory Board's operation.
2. The Bureau prepares in particular the technical aspects of the Supervisory Board meetings by delivering notifications, invitations, documents and other materials connected with the Supervisory Board works to the members of the Supervisory Board and other persons invited.
3. A detailed range of activities of the Bureau, connected with the Supervisory Board service, is determined by the Supervisory Board Chair.

### § 39

1. Upon obtaining advice from the Risk Committee, the Supervisory Board may request, at the Company's expense, works, expertise, research and opinions related to issues that fall within its authority.

The agreements for the above are signed by the Bank Management Board, at the request of the Supervisory Board Chair.

2. While ordering the works defined in section 1 herein, the Supervisory Board Chair is obliged to obtain the contractors' written declaration of confidentiality, unless a relevant obligation derives from stipulations of the act pertaining to the profession of the contractor.

### § 40

1. The Bureau keeps and archives the documentation of the Supervisory Board works, observing the confidentiality clause hereof.
2. The way of keeping and archiving such documentation is determined by the relevant regulations in force at the Bank.



## VI. Final Provisions.

### § 41

1. Costs of the Supervisory Board operation are covered by the Bank in accordance with the budget defined in the Mid-term Plan (MTP).
2. The Bank Management Board ensures the administrative and technical support for the Supervisory Board by organising the Bureau and providing it with relevant work conditions.

### § 42

1. This Bylaw shall be approved by the Supervisory Board.
2. This Bylaw shall be subject to review and assessment by the Supervisory Board in terms of its adequacy at least once a year. Should the necessity to introduce amendments to the Bylaw arise, the Supervisory Board Chair shall submit a relevant motion to that effect.