

**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 Kotakowska</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)	2/2**
<b>Remco Nieland</b>	19/20
<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)	8/18*
<b>Aleksander Kutela</b> (Member until the EGM date, i.e. 29.11.2021)	18/18*
<b>Susan Poot</b> (Member until 30 September 2021)	16/17*

\* 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 dominated 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.

