

# REMUNERATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF BANK POLSKA KASA OPIEKI SPÓŁKA AKCYJNA

## § 1.

### GENERAL PROVISIONS AND MAIN ASSUMPTIONS

1. This Remuneration Policy for Members of the Supervisory Board and Management Board of Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter: "**Policy**") has been developed taking into account the relevant provisions of:
  - a) the Act of 29 August 1997 – *Banking Law* (hereinafter referred to as: "**Banking Law**") and implementing acts issued on its basis, in particular the implementing regulations issued on the basis of Article 9f of the Banking Law;
  - b) the Act of 29 July 2005 *on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies* (hereinafter: "**Act on Public Offering**"), in particular provisions laid down in Chapter 4a of that Act;
  - c) *Principles of Corporate Governance for Supervised Institutions* adopted under the Resolution of the Polish Financial Supervision Authority of 22 July 2014;
  - d) *Good Practices of GPW Listed Companies 2021* constituting an appendix to Resolution No. 13/1834/2021 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 29 March 2021.
2. Whenever this Policy refers to the Bank, it shall mean Bank Polska Kasa Opieki Spółka Akcyjna.
3. The Policy defines framework principles and rules governing the determination, monitoring and controlling remuneration principles and practices used by the Bank in regard to Members of its Supervisory Board and Management Board.
4. The policy supports:
  - a) correct and effective risk management and does not encourage taking excessive risk exceeding the acceptable general risk level approved by the Bank's Supervisory Board;
  - b) implementation of the Bank Management Strategy and Risk Management Strategy;
  - c) mechanisms for managing conflicts of interests existing in the Bank's operations and preventing them.
  - d) ensuring that remuneration and any associated terms and conditions of employment that affect remuneration, including conditions for awarding and paying remuneration, are gender-neutral, i.e. not differentiated in terms of gender.
5. Solutions adopted in this Policy contribute to the implementation of the business strategy, long-term interests and stability of the Bank as well as aim to support the sustainable growth of the Bank, including to ensure that the Policy is consistent with the strategy for the introduction of risks to sustainable growth in the investment decision-making process into the Bank's operations.
6. Purposes referred to in paragraphs 4 and 5 above are achieved primarily by:

- a) introducing variable components of remuneration of Members of the Management Board, the final value of which shall depend on the Bank's results;
  - b) making the payment of variable components of remuneration of Members of the Management Board conditional on the fulfilment of specific capital requirements by the Bank;
  - c) making it possible to award a portion of variable remuneration to Members of the Management Board of the Bank in the form of shares, phantom shares or other financial instruments implementation of which is deferred in time;
  - d) taking the strategy for the introduction of risks to sustainable growth in the investment decision-making process into the Bank's operations into consideration in Management Goals referred to in § 3 (3.5) below.
  - e) conditioning the amount and possibility of awarding the variable remuneration of Members of the Management Board on the results of the compliance and risk assessments carried out by the Supervisory Board as part of the assessment of the degree of achievement of management goals referred to in § 3 (3.5) below.
7. When applying the Policy, the Bank pays attention to ensuring equal treatment as regards remuneration and other benefits, regardless of age, race, culture, gender, disability, sexual orientation, religion, nationality, beliefs or political views, trade union membership, ethnic origin, creed or marital status.
8. Notwithstanding the next sentence, the Bank shall pay remuneration to Members of the Supervisory Board and Members of the Management Board in accordance with the Policy. In the case of discrepancies between any provision of the Policy and the provisions of the Banking Law or implementing regulations issued on the basis of the Banking Law, including in particular pursuant to Article 9f: 1 (1) and (2) of the Banking Law, these provisions shall apply.
9. The working and pay conditions of the Bank's employees other than Members of the Supervisory Board of the Bank and Members of the Management Board of the Bank were taken into account when establishing the Policy as follows:
- a) due to the special function and generally applicable regulations governing relations between members of corporate bodies and the company, the Bank does not conclude employment contracts with Members of the Supervisory Board of the Bank and Members of the Management Board of the Bank, whereas it concludes Contracts for management services with Members of its Management.
  - b) the remuneration of Bank employees other than Members of the Supervisory Board and Members of the Management Board is determined in such a way that the fixed monthly portion of remuneration of any employee does not exceed the amount of the fixed monthly remuneration payable to the Member of the Management Board who receives the lowest remuneration;
  - c) the maximum ratio calculated as the ratio of the average total gross remuneration of Members of the Management Board of the Bank in the annual period to the average total gross remuneration of other employees of the Bank in the annual period should not exceed 23, subject to subparagraph (d);
  - d) the indicator referred to in subpar. (c) above may not:
    - i. lead to the determination for any Member of the Management Board of the Bank of the basic monthly remuneration referred to in § 3 (3.1) below in the

amount exceeding the range specified in § 3 (3.2) below, or result in the loss of the right to all or part of such remuneration;

- ii. prevent the awarding or payment to a Member of the Management Board of the Bank of any benefit to which they will be entitled under this Policy or an agreement concluded with such a Member of the Management Board of the Bank for the provision of management services corresponding to the requirements set out in this Policy, and in particular prevent the granting to a Member of the Management Board of the Bank of a supplementary remuneration for the financial year of the Bank referred to in § 3 (3.1) below, provided that its amount does not exceed the limit set out in § 3 (3.5) below;
  - e) the indicator referred to in subpar. c, calculated for the last financial year, is published by the Bank by including it in the remuneration report referred to in Article 90g of the Act on Public Offering;
  - f) The Policy, as well as the Remuneration Policy of Bank Polska Kasa Opieki Spółka Akcyjna addressed to all employees of the Bank, is consistent with the objectives of the Bank's business strategy and strategy in terms of risk and organisational culture of the Bank and its corporate values;
  - g) the Variable Remuneration awarded is linked to the results achieved by the Bank, organisational unit and each employee, and the Bank applies the same principles of verification of compliance of conduct and operation with internal and external regulations, both in terms of behaviour of each employee and business goals pursued thereby;
  - h) The Bank complies with the requirements related to the determination of remuneration set out in applicable provisions of the Banking Law, including in implementing regulations issued pursuant to Article 9f: 1 (1) and (2) of the Banking Law and in recommendations of supervisory and audit authorities, to Members of the Supervisory Board, Members of the Management Board and other Bank employees identified as persons whose professional activity has a significant impact on the risk profile of the Bank.
10. Internal regulations concerning the management of conflicts of interests are adopted and applied at the Bank in the form of an appropriate policy or rules of procedure, and Members of the Supervisory Board and Members of the Management Board are obliged to observe them, including insofar as a conflict of interests could arise in connection with the implementation or application of the Policy. In addition, solutions adopted at the Bank ensure that conflicts of interests connected with the Policy are identified and appropriately managed, including without limitation by:
- a) ensuring that the management goals referred to in Article 3 (3.5) below are clarified by the Supervisory Board taking into account the risk of a potential conflict of interests,
  - b) introducing objective criteria (indicators) for assessing the degree of achievement of management goals referred to in § 3 (3.5) below, and
  - c) ensuring the independence of internal control unit employees.
11. The maximum ratio between variable and fixed components of remuneration that may be awarded to Members of the Management Board is determined by Resolution No. 29 of the Ordinary General Meeting of Bank Polska Kasa Opieki Spółka Akcyjna *on the approval of the maximum ratio between the variable and fixed components of remuneration for Management Positions at the Bank*, adopted on 16 June 2016.

**§ 2.**  
**MEMBERS OF THE SUPERVISORY BOARD**

1. Basis for the discharge of office

- 1.1. Each of the Members of the Supervisory Board discharges their office on the basis of an appointment by a resolution of the General Meeting, and the Bank does not enter into employment contracts, contracts of mandate, specific-task contracts, or any other contracts of a similar nature with Members of the Supervisory Board on account of their appointment.
- 1.2. Members of the Supervisory Board are appointed for a term of office the duration of which is set out in the Articles of Association of the Bank.
- 1.3. A Member of the Supervisory Board may be dismissed at any time by the General Meeting. The mandate of a Member of the Supervisory Board may also expire in other cases specified in the Articles of Association of the Bank and generally applicable provisions of law.

2. Terms and conditions of remuneration of Members of the Supervisory Board of the Bank

- 2.1. Members of the Supervisory Board are entitled to remuneration in a fixed monthly amount. Members of the Supervisory Board are not entitled to any variable remuneration.
- 2.2. Notwithstanding section 2.3 to 2.8 below, the monthly remuneration of Members of the Supervisory Board of the Bank is determined as the product of the base amount referred in Article 1 (3) (11) of the Act of 9 June 2016 *on the principles for the determination of remuneration of persons managing certain companies* (hereinafter: "**Act**") and the multiplier of 2.75.
- 2.3. For the Chair of the Supervisory Board, the monthly remuneration determined in accordance with section 2.2 above is raised by 10%.
- 2.4. For the Deputy Chair of the Supervisory Board, the monthly remuneration determined in accordance with section 2.2 above is raised by 9%.
- 2.5. Provided that the chair of a Committee operating within the Supervisory Board does not at the same time act as the Chair or Deputy Chair of the Supervisory Board, the monthly remuneration of the chair of a Committee operating within the Supervisory Board, determined in accordance with section 2.2 above, is raised by 9%.
- 2.6. Provided that the Secretary of the Supervisory Board does not at the same time act as the Chair or Deputy Chair of the Supervisory Board or the chair of a Committee operating within the Supervisory Board, the monthly remuneration of the Secretary of the Supervisory Board, determined in accordance with section 2.2 above, is raised by 8%.
- 2.7. Members of the Supervisory Board who are members of Committees operating within the Supervisory Board of the Bank and at the same time do not perform any of the functions referred to in section 2.3 to 2.6 above shall be granted an additional remuneration of 7% of their monthly remuneration determined in accordance with section 2.2 above.
- 2.8. Members of the Supervisory Board are entitled to remuneration determined in accordance with section 2.2 to 2.7 above, unless they act as Members of the Management Board at Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter: "**PZU SA**") or any enterprise controlled by PZU SA, within the meaning of Article 4 (4) of the Act of 16 February 2007 on *Competition and Consumer Protection* (hereinafter: "**ACCP**"), other than the Bank.

- 2.9. Irrespective of the remuneration referred to in section 2.2 above, Members of the Supervisory Board are entitled to a reimbursement of costs related to the participation in the works of the Supervisory Board, and in particularly justified cases other benefits referred to in § 3 (6) below.
- 2.10. Members of the Supervisory Board have the right to join the Employee Capital Plan functioning at the Bank (hereinafter: "ECP") on terms in force at the Bank.

### § 3.

#### MEMBERS OF THE MANAGEMENT BOARD

1. Basis for the discharge of office
  - 1.1. The President of the Management Board and other Members of the Management Board are appointed by the Supervisory Board according to the procedure and on terms and conditions set out in the Articles of Association of the Bank as well as generally applicable provisions of law.
  - 1.2. The term of office of Members of the Management Board is specified in the Articles of Association of the Bank. The mandate of a Member of the Management Board of the Bank shall expire in the cases specified in the Articles of Association of the Bank and generally applicable regulations.
2. Agreement concluded with Members of the Management Board of the Bank and the procedure and conditions for its termination
  - 2.1. A contract for management services shall be concluded with a Member of the Management Board for the duration of their term of office (hereinafter: "**Contract**"), with the obligation to personally discharge the office regardless of whether the Member operates within the scope of their business.
  - 2.2. The contents of the Contract shall be determined by the Supervisory Board of the Bank on the terms and conditions specified in the Act and in accordance with the provisions of the Policy.
  - 2.3. Should the mandate expire, especially due to death, dismissal, or resignation, the Contract shall be terminated as of the last day on which the office was discharged, without a notice period and the need to perform any additional activities.
  - 2.4. Should the Contract be terminated by mutual agreement of the parties, the agreed termination date of the Contract cannot fall later than within 3 (three) months.
  - 2.5. Each of the Parties has the right to terminate the Contract with immediate effect upon a gross breach of the provisions laid down therein by the other party.
  - 2.6. Each of the parties has the right to terminate the Contract for reasons other than specified in paragraph 2.5 above, with a maximum notice period of 3 (three) months, with the reservation that should an event referred to in section 2.3 above resulting in the termination of the Contract due to the fact that the office has ceased to be discharged occur during the notice period, the Contract shall be terminated pursuant to section 2.3 above.
  - 2.7. The Contract may provide for different notice periods depending on how long a Member of the Management Board has discharged their office, subject to section 2.3 above, and also provide that the notice period of the Contract expires as of the end of the calendar month.
  - 2.8. The Contract provides for an obligation that a Member of the Management Board must inform the Bank of the intention to discharge the office of a member of a corporate body of another commercial company, the acquisition of shares in such company, and may provide for a

prohibition to discharge an office in the corporate bodies of any other commercial company or introduce any other restrictions concerning the activity of a Member of the Management Board.

3. Conditions of remuneration of Members of the Management Board of the Bank - Fixed Remuneration and Variable Remuneration

- 3.1. The total remuneration of a Member of the Management Board consists of a fixed part constituting the basic monthly remuneration (hereinafter: "**Fixed Remuneration**") and a variable part constituting supplementary remuneration for the financial year of the Bank (hereinafter: "**Variable Remuneration**").
- 3.2. The Fixed Remuneration of individual Members of the Management Board ranges from seven times to fifteen times the base amount referred to in Article 1 (3.11) of the Act.
- 3.3. In a situation where a Member of the Management Board is simultaneously employed under an employment contract, contract of mandate, management service contract or other civil law contract of a similar nature by PZU SA or an entrepreneur other than the Bank who is controlled by PZU SA within the meaning of Article 4 (4) of the ACCP, the remuneration is payable under each legal relationship, whereas the total monthly basic monthly remuneration from all legal relationships may not exceed the upper limit of the reference range specified in section 3.2 above. This rule shall apply accordingly in the case of appointment of a Member of the Management Board to the management board of an enterprise controlled by PZU S.A. within the meaning of Article 4 (4) of the ACCP, if it is possible within the meaning of separate regulations to discharge the office of Member of the Management Board of the Bank and that enterprise at the same time.
- 3.4. The Supervisory Board is authorised to specify the Fixed Remuneration amount for individual Members of the Management Board of the Bank in accordance with the provisions of section 3.2 to 3.3 above.
- 3.5. Variable Remuneration of each Member of the Management Board of the Bank depends on the level of implementation of the established management objectives ("**Management Objectives**") and, without prejudice to § 1 (9) above, may not exceed 100% of the Fixed Remuneration of the Member of the Management Board of the Bank in the previous financial year for which the variable remuneration is calculated.
- 3.6. The general Management Objectives are as follows:
  - a) to increase the Bank's value,
  - b) to improve economic and financial indicators.
- 3.7. A separate Management Objective constituting a condition for the award of Variable Remuneration, consisting in the implementation of remuneration principles applicable to members of management and supervisory bodies and consistent with the provisions laid down in the Act in all subsidiaries of the Bank belonging to the capital group within the meaning of Article 4 (14) of the Act of 16 February 2007 - ACCP, is established.
- 3.8. A separate Management Objective constituting a condition for the award of Variable Remuneration, consisting in the performance of obligations referred to in Articles 17 to 20, Article 22 and Article 23 of the Act of 16 December 2016 *on the Principles of State Asset Management*.
- 3.9. Subject to section 3.10 to 3.11 and § 4 below, a Member of the Management Board of the Bank is entitled to Variable Remuneration after the approval of the statement of the Management Board on the operations of the Bank as well as the financial statements for the previous

financial year and after that Member of the Management Board is granted discharge from the performance of their duties by the General Meeting.

- 3.10. Subject to § 4 below, the payment of at least 40% of the Variable Remuneration is deferred. The expiry of the mandate during or after the lapse of the financial year under assessment in terms of achievement of management goals does not result in the loss of entitlement to variable remuneration.
  - 3.11. Subject to § 4 below, at least 50% of the Variable Remuneration is awarded in shares, phantom shares or other financial instruments of the Bank in order to contribute to the implementation of the business strategy, long-term interests and stability of the company, including by reducing incentives to make decisions oriented towards short-term growth of the value of the Bank and/or improvement of its economic and financial indicators at the expense of care for long-term interests and stability of the Bank.
  - 3.12. Subject to section 3.13 below, it is not possible for the Bank to demand that a Member of the Management Board of the Bank return a part of the Variable Remuneration that has already been acquired.
  - 3.13. In cases specified in generally applicable provisions of law, including in the case of negative results of compliance assessment or risk assessment, the amount of Variable Remuneration that will be awarded to a Member of the Management Board or the amount of individual deferred parts of Variable Remuneration may be reduced accordingly by the Supervisory Board, including to zero.
  - 3.14. A Member of the Management Board shall not collect any remuneration for the discharge of the office of member of a corporate body in subsidiaries of the Bank within the capital group within the meaning of Article 4 (14) of the ACCP.
  - 3.15. Within the limits set out in section 3.5 to 3.13, detailed principles governing the variable remuneration scheme applicable to the management staff and defining the rules, decision-making path and conditions for payment and deferral as well as criteria (indicators) as regards financial and non-financial results related to the award of Variable Remuneration are determined by the Supervisory Board in the form of an appendix to an individual Contract concluded with a Member of the Management Board of the Bank.
  - 3.16. Members of the Management Board are considered by the Bank as persons whose professional activity has a significant impact on the risk profile of the Bank and who, to the extent not regulated in the Policy, are subject to the requirements arising from separate internal regulations of the Bank and generally applicable provisions of law concerning the identification of such persons and rules governing their remuneration.
  - 3.17. All amounts referred to in this section 3 are increased by value added tax (VAT), if it is due.
4. Terms and conditions of remuneration of Members of the Management Board – Severance Pay and Non-compete Clause
    - 4.1. Should the Contract be dissolved or terminated by the Bank for reasons other than a breach of basic obligations, a Member of the Management Board may be awarded a severance pay in the amount not higher than three times the Fixed Remuneration, provided that they have discharged the office for at least twelve months prior to the termination of the Contract. The Contract should provide for the option to suspend, limit or refuse the payment of severance pay due to poor individual results, poor results of the subordinate unit, or poor results of the entire Bank.
    - 4.2. A Member of the Management Board shall not be entitled to severance pay referred to in section 4.1 if:

- a) the Contract is terminated, dissolved, or amended due to the change of function discharged in the Management Board;
  - b) the Contract is terminated, dissolved, or amended due to appointment for another term of office in the Management Board;
  - c) they take up the office of Member of the Management Board in a company from the capital group of the Bank;
  - d) they resign from the office.
- 4.3. The Supervisory Board may enter into a non-compete agreement with a Member of the Management Board which shall enter into force after that Member ceases to discharge their office, with the stipulation that it may be concluded only if the Member of the Management Board has discharged their office for a period of at least 3 (three) months.
- 4.4. Compliance with the non-compete clause after ceasing to discharge the office as referred to in section 4.3 above gives rise to entitlement to compensation in the amount equal to 100% of monthly Fixed Remuneration for each month during which the non-compete clause remains in effect.
- 4.5. It is not allowed to enter into a non-compete agreement after the Contract has been terminated, either with or without notice.
- 4.6. The duration of the non-compete clause cannot exceed 6 (six) months after the Member of the Management Board ceases to discharge their office.
- 4.7. Should a Member of the Management Board not perform or improperly perform a non-compete agreement, they shall pay the Bank a contractual penalty not lower than the amount of compensation due for the entire duration of the non-compete clause.
- 4.8. The non-compete obligation shall cease to be in effect prior to the expiry of the term for of the non-compete agreement, if a Member of the Management Board takes an office in another company within the meaning of Article 1 (3.7) of the Act.
5. Conditions of remuneration of Members of the Management Board of the Bank - ECP and additional Retirement and Disability Pension Schemes and Early Retirement Schemes
- 5.1. Members of the Management Board shall have the right to join the ECP on terms in force at the Bank.
- 5.2. Where Bank employees are covered by any Retirement or Disability Pension Scheme or Early Retirement Scheme, Members of the Management Board are entitled to participate in such a Scheme on terms applicable to employees classified by the Bank as senior management, and a resolution concerning the amendment of the Policy, supplementing it with a description of the main characteristics of such a scheme to the extent concerning Members of the Management Board shall be put to a vote at the next General Meeting after such Retirement or Disability Pension Scheme or Early Retirement Scheme is introduced. The draft resolution of the General Meeting referred to in the preceding sentence shall be drawn up by the Management Board and then approved by the Supervisory Board upon obtaining prior opinion of the Nomination and Remuneration Committee.
6. Terms and conditions of remuneration of Members of the Management Board - Other Benefits
- On terms and conditions set out in the Contract, Members of the Management Board may be entitled to other cash or non-cash benefits, in particular such as:
- a) the possibility of using technical devices and resources being the property of the Bank, necessary to discharge the office in the Management Board;



- b) training to raise professional qualifications necessary to perform a function at the Bank;
- c) medical care;
- d) insurance:
  - o directors and officers liability insurance (D&O),
  - o public offering of securities insurance,
  - o life and health insurance as well as insurance against loss of income due to illness or
  - o an accident.
- e) the right to an interruption in the performance of management services which does not reduce the Fixed Remuneration;
- f) access to technical devices and resources being the property of the Bank, necessary to discharge duties, and limits of costs borne by the Bank in connection with granting access to and use of devices and resources for business purposes and methods of their determination;
- g) coverage of expenses related to business trips, commute to and from the place where services are provided, or accommodation, including expenses related to renting a hotel room of an appropriate standard or an apartment.

#### **§ 4.**

#### **CLARIFICATION OF THE RULES LAID DOWN IN THE POLICY**

The Bank's Supervisory Board is authorised to clarify the rules set out in the Policy, including by adding appropriate provisions to Contracts concluded with individual Members of the Management Board, to the following extent and within the following limits:

- a) specification of the type and conditions for awarding other benefits referred to in § 3 (6) above and their description as well as specification when and on what terms it is possible to use the property of the Bank for private purposes;
- b) clarification of prohibitions and restrictions referred to in § 3 (2.8), (3.3) and (3.12), reporting obligations from the compliance with those prohibitions and restrictions, and sanctions for non-compliance;
- c) specification of detailed rules and deadlines for the payment of Fixed Remuneration to Members of the Management Board, with the stipulation that the specified rules and deadlines cannot change the nature of Fixed Remuneration as a monthly benefit;
- d) specification of detailed Management Goals for individual Members of the Management Board for the relevant financial year and determination of weights for those goals as well as objective, measurable, clear, complex and diverse financial and non-financial criteria (indicators) as regards the achievement and settlement of those goals, with the stipulation that:
  - o when clarifying the Management Goals for individual Members of the Management Board, the scope of competencies of each Member of the Management Board of the Bank, requirements arising from generally applicable provisions of law,

- recommendations of supervisory and audit authorities, and the risk of a potential conflict of interests should be taken into consideration,
- specified criteria (indicators) should take into account, to the extent consistent with the long-term strategy of the Bank, social interests and obligations of the Bank in the field of environmental protection and undertaking actions aimed at preventing and eliminating negative social effects of the Bank's operations, and a strategy for the introductions of risks to sustainable growth in the investment decision-making process into the Bank's operations,
  - specified criteria (indicators) should each time contribute to the implementation of the business strategy, long-term interests and stability of the company by properly accounting for the cost of risk of the Bank, the cost of capital and liquidity risk in the long-term perspective in the Bank's results under assessment, adopted for the purpose of determining the Variable Remuneration,
  - assessment of the extent to which the specified criteria (indicators) have been met may be carried out using both quantitative and qualitative method,
  - the final decision whether to award or confirm the acquisition of Variable Remuneration and its possible amount should each time depend on the results of the compliance and risk assessments carried out by the Supervisory Board,
  - the Supervisory Board shall determine whether conditions to award Variable Remuneration for the relevant financial year to individual Members of the Management Board have been met based on the financial statements verified by statutory auditors and other documents relevant to the assessment of the achievement of set Management Goals, with the stipulation that should the mandate of a Member of the Management Board expire during the relevant financial year, the amount of Variable Remuneration for that year is determined taking into account the period during which a Member of the Management Board discharged that office in the relevant financial year;
- e) determination of the part of the Variable Remuneration awarded to individual Members of the Management Board is subject to deferral, with the period of such deferral, time limits within which individual deferred parts of the Variable Remuneration are acquired and paid out, conditions which may result in the part of Variable Remuneration being reduced or not awarded, and the determination of cases in which it is possible to not apply the deferral period and grant the entire Variable Remuneration in advance, with the stipulation that:
- unless generally applicable provisions of law or recommendations of control and supervision bodies provide otherwise, the duration of the deferral period determined by the Supervisory Board of the Bank should not be shorter than 5 years,
  - if the deferral period is applied, the deferred portion of the Variable Remuneration shall be divided into equal parts in the number corresponding to the number of years of deferral. Deferred parts of the Variable Remuneration referred to in the previous sentence shall be acquired successively after each 12 months from the date of awarding the Variable Remuneration for a given financial year, unless circumstances prove that the conditions for the payment of the deferred part of the Variable Remuneration have been met, it shall not be allowed not to apply the deferral period and to award the entire Variable Remuneration in advance if the annual amount of Variable Remuneration exceeds the PLN equivalent of EUR 50,000 gross or one third of the total remuneration awarded for a given year;

- f) specification of the type of the Bank's financial instrument in which part of the Variable Remuneration is granted or determination that the Variable Remuneration will be granted in shares or phantom shares, periods in which the right to receive the Variable Remuneration in the form of shares, phantom shares or financial instruments is acquired, rules for the disposal of those shares, phantom shares or financial instruments, as well as determination of cases in which it is possible to award the entire Variable Remuneration in cash, however, it is not allowed to award the entire Variable Remuneration in cash if it is awarded in an amount exceeding the PLN equivalent of EUR 50,000 gross or one third of the total remuneration granted for a given year;

## **§ 5.**

### **DESCRIPTION OF THE DECISION-MAKING PROCESS CONDUCTED IN ORDER TO ESTABLISH, IMPLEMENT, AND REVIEW THE REMUNERATION POLICY**

1. The Policy was drawn up by the Management Board of the Bank and subsequently approved by the Supervisory Board of the Bank after prior opinion of the Nomination and Remuneration Committee and the Risk Committee.
2. The Policy is adopted by resolution of the General Meeting.
3. Members of the Management Board are responsible for information included in the Policy. Moreover, the Management Board is responsible for the implementation and application of the Policy after its adoption by the General Meeting.
4. The Nomination and Remuneration Committee is responsible for issuing opinions and monitoring the Policy and supporting other bodies of the Bank in shaping and implementing the Policy, and the role of the Risk Committee is to examine whether the incentives offered by the remuneration policy and practice take into account the risk, capital and liquidity of the institution and the likelihood and timing of obtaining profits.
5. The General Meeting adopts a resolution on the Policy at least every four years. A major amendment of the Policy requires its adoption, by way of a resolution, by the General Meeting.
6. Without prejudice to the obligations arising from generally applicable provisions of law or recommendations of supervisory and control bodies to draw up other reports and reports on the remuneration policy in force at the Bank, the Supervisory Board of the Bank shall draw up an annual remuneration report (hereinafter: "**Remuneration Report**") presenting a comprehensive review of remunerations, including all benefits regardless of their form, received by individual Members of the Management Board and of the Supervisory Board or due to individual Members of the Management Board and of the Supervisory Board in the last financial year pursuant to the Policy. The detailed scope of the Remuneration Report is defined in Article 90g of the Act on Public Offerings.
7. Responsibility for the information contained in the Remuneration Report rests with the Members of the Supervisory Board.
8. The General Meeting adopts a resolution expressing an opinion on the Remuneration Report. The resolution is of an advisory nature.
9. The Remuneration Report is subject to assessment by a statutory auditor insofar as set out in Article 90g (10) of the Act of 29 July 2005 on Public Offerings.

10. On the basis of a resolution adopted at the request of the General Meeting, the Management Board of the Bank, or on its own initiative, the Supervisory Board of the Bank may decide to temporarily waive, in whole or in part specified by the Supervisory Board, the application of § 3 or § 4 of the Policy, if it is necessary to pursue long-term interests and achieve financial stability of the Bank or to guarantee its profitability. A prerequisite that justifies waiving the application of elements of the Policy indicated in the preceding sentence may include, in particular, a decline in the capital adequacy ratios of the Bank below the levels required by the Polish Financial Supervision Authority, a decline in income resulting in a loss as at the end of the financial year or a significant restructuring or consolidation programme requiring a particularly large involvement of the Members of the Supervisory Board or Members of the Management Board. Depending on the circumstances that justify waiving the application of elements of the Policy indicated by the Supervisory Board pursuant to this paragraph, the waiving may result in the application of more or less strict solutions related to rules governing the remuneration of Members of the Management Board than those set out in the Policy, in particular Members of the Management Board may be awarded lower or higher Fixed Remuneration than specified pursuant to § 3 (3.2) above or an additional variable benefit dependent on the achievement of specified project goals.

## **§ 6.**

### **ENTRY INTO FORCE AND PUBLICATION**

1. Without prejudice to other obligations of the Bank arising from generally applicable provisions of law and recommendations of supervisory and audit authorities concerning the disclosure of information on the remuneration policy in effect at the Bank, the Bank shall make the Policy and resolution of the General Meeting on its adoption, along with the date of its adoption and voting results, and the Remuneration Report available on its website. The conditions on which documents referred to in the previous sentence are made available as well as the period for which they are made available is set out pursuant to the provisions laid down in the Act on Public Offerings.
2. The Policy shall enter into force as of the day specified in the resolution of the General Meeting.