

31 March 2023

The KNF's guidance addressed to banks operating as joint stock companies on compliance with requirements for assessing the adequacy of internal regulations concerning their supervisory boards operations and its effectiveness arising from the KNF's Recommendation Z on internal governance in banks

The KNF's Recommendation Z on internal governance in banks no. 8.9 reads as follows: *“The adequacy of internal regulations on supervisory and management board operations as well as effectiveness of these bodies should be subject to regular self-assessment and assessment by the supervisory board in relation to the management board and by the general meeting in relation to the supervisory board. (...) The assessment can be made with the support of external advisors.”*

Bearing in mind:

- 1) that the KNF Office has observed different approach employed by banks to discharging the obligations arising from Recommendation Z no. 8.9 by their general meetings with regard to assessing the adequacy of internal regulations on supervisory board's operations and its effectiveness,
- 2) queries that the KNF has received with regard to proper discharge of these obligations, in particular the fact that shareholders might have no access to all internal regulations concerning the supervisory board's operations and its effectiveness given the trade secrecy arising from Article 428(2) of the Commercial Companies Code,

the KNF's presents hereby the following guidance with regard to proper discharge of the requirements laid down in Recommendation Z no. 8.9.

In accordance with the said recommendation:

- 1) the bank's supervisory board should self-assess the adequacy of the internal regulations concerning its operations and effectiveness,
- 2) then the general meeting should assess the adequacy of the internal regulations concerning the supervisory board's operations and its effectiveness.

The self-assessment made by the supervisory board does not replace the assessment made by the general meeting, whilst the assessment made by the general meeting does not waive the supervisory board's obligation to make the self-assessment.

The self-assessment made by the supervisory board and the assessment made by the general meeting should be reflected in relevant resolutions of these bodies with regard to making the self-assessment and assessment, respectively.

The fact that the general meeting considers or approves the report on the supervisory board

activities (even if relevant resolutions are adopted) or acknowledges (even in the form of a resolution) the results of the self-assessment made by the supervisory board does not mean that the said requirement of Recommendation Z is met as it does not provide evidence that the general meeting assessed the adequacy of internal regulations on the supervisory board's operations and its effectiveness.

The KNF is aware that bank shareholders may happen to have no access to all internal regulations and documents concerning the supervisory board operations and its effectiveness given, e.g. limited access to such documents in view of the trade secrecy arising from Article 428(2) of the Commercial Companies Code. This, however, cannot be a reason for the general meeting for not assessing the adequacy of the internal regulations concerning the supervisory board's operations and effectiveness. This assessment should be made based on all information and documents that can be disclosed to the general meeting, including in particular:

- 1) resolution of the supervisory board with regard to self-assessment of the adequacy of the internal regulations concerning the supervisory board's operations and its effectiveness;
- 2) list of the bank's internal regulations concerning the supervisory board's operations;
- 3) texts of the bank's internal regulations concerning the supervisory board's operations which in the management board's opinion can be disclosed to the general meeting;
- 4) expert judgements, audit reports or opinions on internal regulations concerning the supervisory board's operations produced by external advisors in compliance with all confidentiality requirements at the bank's request for the needs of making the assessment by the general meeting.

It is the responsibility of the bank's management board to gather all documents required for making the assessment and make them available to the general meeting. The use of expert judgements, audit reports or opinions referred to in item 4 above should be a standard best practice applied in cases when the bank does not disclose to the general meeting all the internal regulations or other documents concerning the supervisory board's operations.

The general meeting's resolution with regard to assessing the adequacy of the internal regulations concerning the supervisory board's operations and its effectiveness should clearly indicate the information on the basis of which the assessment was made by the general meeting.

This guidance should also apply accordingly to the assessments made in co-operative banks. The KNF would appreciate if the associating banks circulated this letter to individual co-operative banks within their associations.

**Self-Assessment of Adequacy of Internal Regulations concerning Operations of
the ING Bank Śląski S.A. Supervisory Board**

The ING Bank Śląski S.A. Supervisory Board operates on the basis of the following internal regulations in particular:

- *Charter of ING Bank Śląski S.A.,*
- *ING Bank Śląski S.A. Supervisory Board Bylaw,*
- *ING Bank Śląski S.A. Supervisory Board Audit Committee Bylaw,*
- *ING Bank Śląski S.A. Supervisory Board Remuneration and Nomination Committee Bylaw,*
- *ING Bank Śląski S.A. Supervisory Board Risk Committee Bylaw.*

The regulations are available on the ING Bank Śląski S.A.'s website: [Legal documents | ING Bank Śląski](#).

The above-referred regulations are regularly reviewed, at least once a year. During the reviews, they are analysed for the need to make amendments thereto, notably in order to adapt their provisions to the changes in the regulatory landscape of the Bank or facilitate the operations of the Supervisory Board.

Draft amendments to the Bank Charter are submitted by the Management Board to the General Meeting, upon earlier opinion of the Supervisory Board. The current draft amendments submitted to the General Meeting provide inter alia for clarification of the tasks of the Supervisory Board Chair and Deputy Chairs, following the amendments to the Commercial Companies and Partnerships Code. The amendment reflects the existing provisions of the Supervisory Board Bylaw.

The Supervisory Board Bylaw and the bylaws of its committees were also reviewed and updated in 2022. Separate update on amendments to the Supervisory Board Bylaw is presented to the General Meeting in line with recommendation 9 of Polish Financial Supervision Authority Recommendation Z on the internal governance principles at banks.

Having regard to the above, based on the reviews of regulations and considering the amendments made thereto, the ING Bank Śląski S.A. Supervisory Board assess that the internal regulations concerning its operation are adequate and enable proper, efficient and effective operations of the Board.

ING Bank Śląski S.A. Supervisory Board



Resolution No.
of the Ordinary General Meeting
of ING Bank Śląski Spółka Akcyjna of 26 April 2023

on accepting ING Bank Śląski S.A. Supervisory Board Report for 2022.

Under Article 382 §3 item 3) and Article 395 §5 of the Commercial Companies and Partnerships Code Act of 15 September 2000 and §18 item 3) of the Charter of ING Bank Śląski S.A., the General Meeting of ING Bank Śląski S.A. hereby accepts the Supervisory Board Report for 2022 covering:

- 1) a summary on the operations of the Supervisory Board and its committees in the financial year 2022, including information on the composition of the Supervisory Board and its committees,
- 2) the results of assessment of:
 - the annual financial statements of ING Bank Śląski S.A. for 2022,
 - the annual consolidated financial statements of the ING Bank Śląski S.A. Group for 2022,
 - the Management Board Report on Operations of ING Bank Śląski S.A. Group in 2022 covering the Management Board Report on Operations of ING Bank Śląski S.A.,
 - the report on non-financial information of ING Bank Śląski S.A. Group for 2022, including non-financial information of ING Bank Śląski S.A.,
 - the motion of the Management Board on distribution of 2022 profit,
- 3) assessment of the Bank's consolidated standing in 2022, including an assessment of the internal control-, risk management- and compliance systems and the internal audit function,
- 4) assessment of the Bank's application of the principles of corporate governance and of the Bank's compliance with disclosure duties as to their application, as laid down in the WSE Rules and regulations on current and interim information provided by securities issuers,
- 5) assessment of ING Bank Śląski S.A.'s application of "Principles of Corporate Governance for Supervised Institutions" in 2022,
- 6) assessment of the rationality of ING Bank Śląski S.A.'s expenditure borne in connection with the policy concerning charitable and sponsorship initiatives in 2022,
- 7) update on the implementation status of the diversity policy for the ING Bank Śląski S.A. Management Board and Supervisory Board in 2022,
- 8) assessment of the performance by the Management Board of its disclosure duties towards the Supervisory Board,
- 9) update on total remuneration due from the Bank on account of all audits ordered by the Supervisory Board throughout 2022.

At the same time, pursuant to §18 item 3) of the Charter of ING Bank Śląski S.A., in conjunction with item 8.9. of the Polish Financial Supervision Authority Recommendation Z on internal governance principles at banks, based on:

- information provided in the abovementioned Supervisory Board report, including the self-assessment of the Supervisory Board work in 2022,
- the update on amendments to the ING Bank Śląski S.A. Supervisory Board Bylaw and the published version of this Bylaw, as well as the content of the Bylaws of the Supervisory Board committees published at the Bank's website,



- self-assessment of adequacy of internal regulations concerning operations of the ING Bank Śląski S.A. Supervisory Board adopted by the Supervisory Board, the General Meeting of ING Bank Śląski S.A. assesses that internal regulations concerning operations of the Supervisory Board are adequate and that operations of the Supervisory Board are effective and efficient.

