



Bank Polski

RECOMMENDED MINIMUM LEVELS OF COMPETENCE AND OTHER REQUIREMENTS FOR ASSESSING THE SUITABILITY OF CANDIDATES FOR MEMBERS AND MEMBERS OF THE BANK'S SUPERVISORY BOARD AND GENDER DIVERSITY ON THE BANK'S SUPERVISORY BOARD

Chapter 1. Requirements for a candidate for a member/member of the Bank's Supervisory Board regarding educational background and command of the Polish language

§ 1.

The following requirements for a candidate for a member/member of the Bank's Supervisory Board with regard to educational background and command of the Polish language are recommended:

- 1) tertiary education or tertiary education obtained abroad, recognised in the Republic of Poland on the basis of separate external regulations, whereby it is expected to hold tertiary education in a field related to the financial services sector, in particular in banking and finance, economics, law, accounting, auditing, administration, financial regulation, information technology and quantitative methods, subject to Item 2,
- 2) where the educational profile is not directly applicable to the position held, the educational qualification may be supplemented by appropriate post-graduate studies and/or specialised courses, knowledge acquired, including that resulting from previous professional experience,
- 3) command of the Polish language, given its importance for the performance of duties in an effective and independent manner, including, in particular, independent study of information which may have a significant impact on the proper discharge of duties assigned in respect of the supervision of the Bank's activities.

Chapter 2. Requirements for a candidate for a member/member of the Bank's Supervisory Board regarding professional experience

§ 2.

The following requirements for a candidate for a member/member of the Bank's Supervisory Board in terms of professional experience are recommended:

- 1) having at least 5 years of service under an employment contract, appointment, election, nomination, cooperative employment contract or provision of services under any other agreement or self-employment,
- 2) experience gained in relevant academic or administrative positions, or from managing, supervising or controlling financial institutions or other companies, to be able to constructively challenge decisions of the management board and to exercise effective supervision of the management board's activities.

Chapter 3. Recommended minimum level of competence of a candidate for a member/member of the Bank's Supervisory Board with regard to the ability to supervise the Bank's activities

§ 3.

1. The following expected levels of competence are recommended for a candidate for a member/member of the Bank's Supervisory Board in terms of his/her ability to perform supervisory and control functions as well as managerial skills to enable him/her to perform his/her duties in a prudent and stable manner, as set out in the table below:

Expected competence in terms of ability to perform supervisory and control functions as well as managerial skills to perform duties in a prudent and stable manner	Recommended minimum level of competence (individual assessment)	Recommended minimum level of competence (collective assessment)
Knowledge of the market The candidate/member of the Bank's Supervisory Board knows the financial market in general, with particular focus on the sector in which the supervised entity operates and with particular emphasis on knowledge of the Polish market.	medium	at least 2 candidates/members of the Supervisory Board have

<p>Knowledge of legal requirements and regulatory framework The candidate/member of the Bank's Supervisory Board is familiar with the regulations, recommendations of supervisory authorities and codes of good practice governing activities in the financial market sector in which the supervised entity operates, including requirements regarding the implementation by banks of regulations on anti-money laundering and countering the financing of terrorism, which enable the exercise of supervisory functions in this area.</p>	Medium	competence at medium level (vice-leader) and high level (leader) in all subjects or the members/candidates jointly have competence at medium level (vice-leader) and high level (leader) in all subjects
<p>Strategic planning (possession of management skills) The candidate/member of the Bank's Supervisory Board understands the business strategy/business plan of the institution and is able to implement them.</p>	medium	
<p>Knowledge of the management system, including risk management The candidate/member of the Bank's Supervisory Board understands the risk management process - identification, measurement and assessment, control, monitoring, reporting and mitigating material risks to which the financial institutions are exposed.</p>	medium high (recommended for members of the Supervisory Board's Risk Committee)	
<p>Accounting and financial audit The candidate/member of the Bank's Supervisory Board has up-to-date knowledge of accounting, accounting standards and financial auditing.</p>	medium high (recommended for members of the Supervisory Board's Audit Committee)	
<p>Supervision, control and internal audit The candidate/member of the Bank's Supervisory Board understands the principles and standards of the audit and internal control system.</p>	medium high (recommended for members of the Supervisory Board's Audit Committee)	
<p>Interpretation of financial information (possession of financial and accounting skills) The candidate/member of the Bank's Supervisory Board is able to interpret financial and accounting data, is able to use the data presented to carry out an analysis and draw the necessary conclusions for the management of the entity while taking into account the market situation.</p>	medium high (recommended for members of the Supervisory Board's Audit Committee)	
<p>Command of the Polish language The candidate/member of the Bank's Supervisory Board has a proven command of the Polish language, communicates proficiently in Polish with employees (both on casual and professional topics), understands the topics discussed during the meeting of the body; is able to use Polish in presentations and speeches at conferences, workshops or key meetings.</p>	high	
<p>Ability to manage human resources The candidate/member of the Bank's Supervisory Board has the competence to take the actions necessary for the effective management of subordinate employees, including those related to the delegation of tasks, assessment of their competence, their acquisition, development and retention.</p>	medium	
<p>Knowledge of information and communication technology including cybersecurity The candidate/member of the Bank's Supervisory Board has knowledge of issues relating to technologies, methods, means and activities (IT, telecommunications) related to information processing and information security</p>	medium	
<p>Knowledge of the Group's structure and ability to manage national or international groups The candidate/member of the Bank's Supervisory Board is familiar with the structure of the Bank's Group and has knowledge of the issues necessary to understand the principles of group management (including, but not limited to, issues relating to group management methods, setting group objectives, analysis of the group's financial statements)</p>	medium	

- Without affecting collective suitability; the competences of the vice-leader for the purposes of collective suitability as set out in the table referred to in Item 1 may be supplemented in the course of serving on the Bank's Supervisory Board.

Chapter 4. Recommended minimum levels of competence of a candidate for a member/member of the Bank's Supervisory Board in terms of knowledge of the main areas of the Bank's activities in order to be able to supervise the Management Board's activities – resulting from his/her knowledge, experience and skills

§ 4.

- The following minimum levels of competence are recommended for a candidate for a member/member of the Bank's Supervisory Board in terms of knowledge of the Bank's main areas of activity enabling oversight of the Management Board's activities – resulting from his/her knowledge, experience and skills, as set out in the table below:

Expected competence in terms of knowledge of the main areas of the Bank's activity to be able to supervise the Management Board's activities – resulting from the knowledge, experience and skills	Recommended minimum level of competence (individual assessment)	Recommended minimum level of competence (collective assessment)
<p>Knowledge of each of the Bank's areas of activities¹,</p>	<p>basic (as regards the area of operations, administration, technology)</p> <p>medium (in other areas)</p>	<p>at least 2 candidates/members of the Supervisory Board have competence at medium level (vice-leader) and high level (leader) in all areas of the Bank's activities or the members/candidates jointly have competence at medium level (vice-leader) and high level (leader) in all areas of the Bank's activities</p>

- Without affecting collective suitability; the competences of the vice-leader for the purposes of collective suitability as set out in the table referred to in Item 1 may be supplemented in the course of serving on the Bank's Supervisory Board.

Chapter 5. Recommended minimum levels of competence of a candidate for a member/member of the Bank's Supervisory Board in terms of knowledge of the risks present in the main areas of the Bank's activities –enabling him/her to perform the supervisory function – resulting from his/her knowledge, experience and skills

§ 5.

- The following minimum levels of competence are recommended for a candidate for a member/member of the Bank's Supervisory Board with regard to the management of risks present in the Bank's activities – enabling him/her to perform the supervisory function – resulting from his/her knowledge, experience and skills, in accordance with the table below:

¹ Excluding the knowledge of the individual risks specific to the areas whose recommended level of knowledge is indicated in § 5

Expected competence in terms of knowledge of the risks present in the Bank's activities enabling oversight of the Management Board's activities, resulting from the knowledge, experience and skills possessed	Recommended level of competence (individual assessment)	Recommended level of competence (collective assessment)
Knowledge of the risks present in the Bank's activities	basic medium (recommended for a member of the Supervisory Board's Risk Committee) high (recommended for the Chairman of the Supervisory Board's Risk Committee)	at least 2 candidates/members of the Supervisory Board have competence at medium level (vice-leader) and high level (leader) in all material risks or the members/candidates jointly have competence at medium level (vice-leader) and high level (leader) in all material risks

- Without affecting collective suitability; the competences of the vice-leader for the purposes of collective suitability as set out in the table referred to in Item 1 may be supplemented in the course of serving on the Bank's Supervisory Board.

Chapter 6. Recommended minimum levels of personal competences for a candidate for a member/member of the Bank's Supervisory Board

§ 6.

The following minimum levels of competences/requirements regarding personal competences for a candidate for a member/member of the Bank's Supervisory Board are recommended, as set out in the table below:

Expected personal competences	Recommended level of competence/requirement for the candidate for a member and member of the Bank's Supervisory Board to have the respective competence (individual assessment)
Authenticity Words and actions of the candidate/member of the Bank's Supervisory Board are consistent and his/her behaviour is in line with the values and beliefs he/she voices. The candidate openly communicates his/her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs his/her supervisor about the actual situation, thus acknowledging existing risks and problems.	he/she has the competence
Language The candidate/member of the Bank's Supervisory Board is able to communicate orally in a structured and conventional way and to write in his/her mother tongue or in the language used at work at the location of the institution.	high
Decisiveness The candidate/member of the Bank's Supervisory Board makes decisions on time on the basis of available information, acts swiftly or in accordance with prescribed procedures, for instance by expressing his/her opinions and without delaying decisions.	he/she has the competence
Communication The candidate/member of the Bank's Supervisory Board is capable of conveying a message in an understandable and socially acceptable manner and in an appropriate form. He/she focuses on communicating and obtaining clear and transparent information and encourages active feedback.	high

<p>Judgement The candidate/member of the Bank's Supervisory Board is able to correctly assess information and diverse courses of action and to draw logical conclusions. He/she examines, recognises and understands the significant issues. He/She has the skill of holistically evaluating the situation, reaching beyond the perspective of the position held, in particular when resolving problems which could pose a threat to the continuity of the business.</p>	high
<p>Stakeholder-centricity and high standards . A candidate for or member of the Bank's Supervisory Board focuses on ensuring high standards and, where possible, finding ways to raise them. In particular: they refuse to grant consent or approval for the introduction of policies, regulations, or capital expenditures in circumstances where they are unable to adequately assess the risks due to a lack of understanding of the structure, principles, or fundamental assumptions of the proposed solution. Identifies the expectations and needs of stakeholders and oversees the provision of accurate, complete, and understandable information to them. In particular, considers the value, adequacy, and relevance of the information.</p>	high
<p>Leadership skills The candidate/member of the Bank's Supervisory Board defines directions of activity and shows leadership, supports team work, motivates employees and ensures that they have professional competences adequate to their functions or necessary to achieve their targets. He/She is open to criticism and facilitates constructive debate.</p>	high
<p>Loyalty The candidate/member of the Bank's Supervisory Board identifies with the organisation and shows engagement. The candidate demonstrates that he/she can dedicate sufficient time to work and duly perform his/her obligations, defends the interests of the organisation, and acts objectively and critically. He/she identifies and anticipates potential conflicts of interest.</p>	he/she has the competence
<p>External awareness The candidate/member of the Bank's Supervisory Board monitors the status of the organisation on an on-going basis, the balance of powers in the organisation and the established operating methods. He/She has a good understanding of the economic situation locally and globally (including financial, economic and social development) which may impact the organisation and the interests of different entities. At the same time, the candidate is able to use such information efficiently.</p>	high
<p>Negotiating The candidate/member of the Bank's Supervisory Board identifies and discloses interests in a manner aiming to reach a consensus with a view to negotiating objectives.</p>	high
<p>Conviction The candidate/member of the Bank's Supervisory Board is able to influence others' opinions by using the skill of convincing others and his/her natural authority and tact. He/She has a strong personality and the ability to remain adamant.</p>	high
<p>Teamwork The candidate/member of the Bank's Supervisory Board is aware of the interests of the group and contributes to common goals; he/she is able to work as a part of the group.</p>	high
<p>Strategic skills The candidate/member of the Bank's Supervisory Board is able to create and develop viable plans and strategies for future development (among others, based on scenario analysis) which implies the skill of setting long-term goals. He/She appropriately considers risks to which the organisation is exposed and takes the right steps to supervise such risks.</p>	high
<p>Resilience to stress The candidate/member of the Bank's Supervisory Board is resilient to stress and able to act logically even under strong pressure and at times of uncertainty.</p>	high
<p>Sense of responsibility The candidate/member of the Bank's Supervisory Board understands internal and external conditions and motivations, evaluates them carefully and takes them into account. He/She is able to draw conclusions and is aware that his/her actions influence the interests of stakeholders.</p>	he/she has the competence
<p>Chairing meetings The candidate/member of the Bank's Supervisory Board is able to chair meetings efficiently and effectively, creating the atmosphere of openness and encouraging everyone to participate on equal terms; he/she understands the responsibilities and obligations of others.</p>	high
<p>Independence of judgement/Ability to ask the right questions of members of bodies of the supervised entity The candidate/member of the Bank's Supervisory Board has the ability to address problematic issues to other members of the body</p>	he/she has the competence
<p>Independence of judgement/Counteracting groupthink The candidate/member of the Bank's Supervisory Board has the ability to counteract group thinking.</p>	he/she has the competence

Chapter 7. Recommended minimum and expected time commitment of the candidate for member/ member of the Bank's Supervisory Board in the performance of his/her duties

§ 7.

The recommended minimum time commitment of the members of the Bank's Supervisory Board in the performance of their duties is determined by the number of meetings set for the calendar year in the schedule of meetings of the Supervisory Board and its committees and, in the absence of a meeting schedule, by the minimum number of meetings per calendar year set out in the Bank's Articles of Association and the bylaws of the Supervisory Board and Board committees, including:

- the time needed to prepare for the meetings, which is determined in relation to specific functions performed in the Supervisory Board or its committees and their number, and
- the time required to commute to the Bank's premises, in the case of on-site meetings.

§ 8.

The recommended time commitment expected of the members of the Bank's Supervisory Board in the performance of their duties represents:

- the time requisite to ensure the timely and proper execution of the assigned tasks, that is ample to enable the function holder to understand the institution's operations, its main risks, the impact of its operations and its risk strategy - to the extent enabling the performance of the supervisory function which is estimated at an average of 16 days per year,

and additionally

- the time needed to prepare for meetings, taking into account the functions performed in the Supervisory Board or its committees,
- the time required to commute to the Bank's premises, in the case of on-site meetings,
- in the periods requiring particularly increased activity of a member of the Bank's Supervisory Board, including, but not limited to, those resulting from restructurings, transfers of institutions, acquisitions, mergers, takeovers or crisis situations that require additional time commitment - time appropriate for the performance of additional duties, including those related to additional meetings of the Supervisory Board and its committees.

Chapter 8. Recommended requirements for a candidate for a member/member of the Bank's Supervisory Board with respect to undertaking additional professional activities and combining functions

§ 9.

The following requirements for a candidate for a member/member of the Bank's Supervisory Board to undertake additional professional activities are recommended:

- 1) a member of the supervisory authority should refrain from engaging in professional or non-professional activities which might give rise to a conflict of interest or otherwise have an adverse effect on his or her reputation as a member of the supervisory body of the supervised institution;
- 2) assuming additional roles in other entities, including entities within the Bank's Capital Group, must not adversely affect the proper and effective performance of duties at the Bank; in particular, it must not prevent the individual from devoting the necessary amount of time to performing their duties at the Bank or give rise to conflicts of interest, that undermine the independence of judgment regarding the role performed at the Bank.

§ 10.

1. In accordance with the requirements set out in Article 22aa(4) of the Banking Law, the requirements for a candidate for a member/member of the Bank's Supervisory Board with regard to the combination of functions are set out as follows:

- 1) subject to items 2 and 3, a member of the Bank's Supervisory Board may hold no more than:
 - a. One function as a member of the management board and two functions as a member of the supervisory board, or
 - b. four functions as a member of the supervisory board,
- 2) whereby one function referred to in item 1 is considered to be that of a member of the management board or of the supervisory board held in:
 - a. entities belonging to the same group,
 - b. entities:
 - i. covered by the same institutional protection scheme that meets the conditions referred to in Article 113(7) of Regulation No. 575/2013,

- ii. in which the bank has a qualifying holding, as referred to in Article 4(1)(36) of Regulation No 575/2013, where qualifying holdings are defined as direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking,
 - 3) the limitations on the number of functions held do not apply to functions held by a member of the Supervisory Board in entities not engaged in business activities, as well as to representatives of the State Treasury.
2. Upon a request of the supervisory board, the Polish Financial Supervision Authority may grant permission for a supervisory board member of a significant bank to perform one additional function as a supervisory board member over and above the limitations provided for in paragraph 1(1), if this does not jeopardise the proper performance by the supervisory board member of the duties entrusted to him/her.

Chapter 9. Recommended requirements for a candidate for a member/member of the Bank's Supervisory Board for possible service on the Audit Committee

§ 11.

In accordance with the provisions of the Act of 11 May 2017 on Statutory auditors, audit firms and public oversight:

- 1) at least one member of the audit committee shall have knowledge and skills in accounting or auditing²,
- 2) the majority of the Audit Committee members (including the Chairman of the Audit Committee) must meet the independence criterion,
- 3) members of the audit committee have knowledge and skills in banking³.

Chapter 10. Recommended requirements with regard to the independence requirement within the meaning of the Best Practice for WSE Listed Companies 2021 and gender diversity

§ 12.

In accordance with the requirements of the Best Practice for WSE Listed Companies 2021 adopted for use by the Bank, the independence criterion consists in the cumulative fulfilment of the following requirements:

- 1) the criterion of independence of a member of the Supervisory Board referred to in Article 129 of the Act of 11 May 2017 on Statutory auditors, audit firms and public oversight; and
- 2) the absence of real and significant relations with a shareholder holding at least 5% of the total number of votes in the Bank

should be met by at least two members of the Bank's Supervisory Board.

§ 13.

Taking into account the provisions of Directive (EU) 2022/2381 of the European Parliament and of the Council (EU) 2022/2381 of 23 November 2022, on improving the gender balance among directors of listed companies and related measures (the Directive), for the purpose of ensuring gender diversity on the Bank's Supervisory Board, the following gender diversity target is set for the Bank's Supervisory Board:

- 1) at a level as close as possible to 33% for the Bank's Supervisory Board, or
- 2) at the level and in the manner required by generally applicable laws for the Bank's Supervisory Board and Management Board,
(minimum level of gender diversity).

² Requirement regarding knowledge and skills in the area of accounting or auditing – means the entire knowledge acquired by a member of the audit committee int. al. through his/her education that is directly related to accounting or auditing, as evidenced by a university degree, licenses or certificates held and/or diplomas and attestations, as well as skills acquired through professional experience in accounting or auditing, in particular those acquired in connection with work at e.g. accounting, finance-accounting, controlling and/or actuarial departments or at an audit firm.

³This condition is considered met if at least one member of the audit committee has knowledge of and skills associated with that industry, or if individual members within specific areas have knowledge of and skills associated with that industry.