



## Chapter 1. General provisions

### § 1.

1. The aim of the policy concerning the assessment of the suitability of candidates for membership and the members of the Supervisory Board of the Bank (hereinafter called the “**Policy**”) shall be to ensure a coherent suitability assessment system, taking into account the principle of proportionality, setting out the principles and criteria for making such assessment, selecting and ensuring a coherent system of familiarizing the members of the Bank’s Supervisory Board (hereinafter called: the “**Board**”) with their duties and managing their succession.
2. The suitability of a candidate for membership of the Board and of a Board member shall mean that the said person has an unblemished reputation and that he or she has, independently or together with other persons, an appropriate level of knowledge of the Bank’s activities and the risks related to those activities, as well as the skills and experience which allow him or her to perform their duties. Such suitability shall also encompass the integrity, ethicality and independence of judgement of each person referred to in the first sentence and the ability to devote sufficient time to performing his or her duties.
3. The Policy shall define the main trends in the Bank’s activities as regards the assessment of the suitability of candidates for membership of the Board and the Board members, including:
  - 1) setting out the principles and criteria for assessing suitability;
  - 2) supervising the assessment of suitability and monitoring its current status;
  - 3) familiarization with duties and succession planning.
4. The assessment of suitability referred to in section 2 shall be carried out on the basis of the analysis of requirements arising from the generally applicable laws, including, in particular, the requirements referred to in Article 22aa of the Act of 29 August 1997 – the Banking Law, taking into account EBA Guidelines on assessing the suitability of members of management bodies and key function holders (hereinafter called the “**Guidelines**”), the principles of this Policy and on the basis of the documents provided by a candidate for membership of the Board or a Board member and the declarations made.

### § 2.

1. In recognition of section 3, the Bank’s Management Board shall be responsible for implementing the Policy, as well as amendments to the Policy – if recommendations are made in this regard.
2. The Policy and amendments thereto shall be approved by the General Meeting of the Bank (hereinafter called: the “**GN**”).
3. The Board, in recognition of sections 4 and 5, shall be responsible for:
  - 1) reviewing the preparation and implementation of the Policy;
  - 2) monitoring the effectiveness of the Policy applied by the Bank, in particular the assumed objectives of the Policy, including those relating to the principle of diversification and its adequacy to the overall framework of corporate governance, corporate culture and risk appetite;
  - 3) recommending the need to amend and the scope of amendments to the Policy to the GM.
4. When analysing information concerning the impact of the Policy on the Bank’s observance of the generally applicable laws, supervisory recommendations, the market standards adopted at the Bank and the Bank’s internal regulations, the Bank’s compliance unit should report all compliance risks identified and cases of non-compliance to the Board.
5. The Board, in recommending amendments to the Policy to the GM, shall take into account the recommendations of the Appointments and Remuneration Committee and the comments (if any) of the units responsible for: human resources, risk management, compliance and internal audit recommendations.
6. The Bank’s unit responsible for human resources management shall participate in carrying out the tasks referred to in sections 1 and 2 in cooperation with other technically relevant units of the Bank, as well as – if need be – with the participation of independent, external consultants.

## **Chapter 2. Implementation of the Policy**

### **Subchapter 2.1. Selecting Board members and succession planning**

#### **§ 3.**

1. Board members shall be appointed and dismissed by the GM, taking into account the assessment of whether candidates meet the requirements set out in Article 22aa of the Act of 29 August 1997 – the Banking Law.
2. Board members shall be selected in such a manner as to ensure that competent persons are selected, who guarantee their suitability and the proper performance of the duties imposed on them.
3. Without violating the GM's competencies to appoint Board members, including replacing all of its members at the same time, in deciding on selecting new Board members, the GM shall bear in mind:
  - 1) the objective, which is to ensure the continuity of decision-making with regard to supervision over the Bank's activities and, thereby, if possible, the need to avoid situations in which too many Board members are being replaced at the same time;
  - 2) the need to ensure the pursuit of the Bank's strategic objectives;
  - 3) the principle of diversifying the composition of the Board.
4. Selecting Board members shall take into account the obligation that the Bank should have an appropriate number of independent members on the Board, who meet the independence criteria for an audit committee member, set out in the Act on Registered Auditors, Registered Audit Companies and Public Oversight as well as the independence criteria indicated in the Best Practice of GPW Listed Companies 2016.

### **Subchapter 2.2 Assumptions for diversification of the composition of the Board**

#### **§ 4.**

1. The Policy of suitability shall be pursued at the Bank, taking into account the principle of diversification of the composition of the Board.
2. The principle of diversification is to ensure that Board members are selected appropriately, in a manner that makes it possible to reach a broad range of competencies, knowledge and skills, adequate to a position, which guarantee that the Board members issue – individually and as a body – independent opinions and decisions concerning all of the Bank's activities.
3. The principle of diversification in selecting Board members shall be based on objective technical criteria relating to educational and professional background.
4. The objectives concerning the diversification of the composition of the Board shall be taken into account in selecting only insofar as this does not have a negative impact on the operations and suitability of the Board, with a good practice consisting of striving to ensure that the Board members have an appropriate command of Polish.
5. The GM, in assessing suitability, shall strive to achieve a balance as regards the representation of genders on the Board.

### **Subchapter 2.3 Principles for the assessment of suitability**

#### **§ 5.**

1. The assessment of suitability of candidates for membership of the Board and the Board members shall take the form of an assessment of individual and collective suitability.
2. Individual suitability shall be assessed by the GM as part of:
  - 1) a preliminary assessment – carried out in connection with appointing a Board member;
  - 2) a periodical assessment – made once a year.
3. In assessing individual suitability, a person's qualifications shall be taken into account, understood as knowledge, experience and skills as regards their suitability for the positions held and duties entrusted, as well as, accordingly, as regards the principles of supervising the Bank's activities and potential conflicts of interests which it may entail as well as reputation understood as a sufficiently unblemished reputation. In addition, an assessment of integrity and ethicality of conduct, an ability to formulate an independent judgement, the fulfilment of the independence criteria, and the possibility of devoting sufficient time to performing the duties entrusted, including the limitations on taking up other activities, shall be taken into account.
4. Collective suitability shall be assessed as part of:
  - 1) a preliminary assessment – carried out in connection with designating a new body or new Board members, in particular in the event of appointing:

- a) a new Board;
- b) a new Board member to the Board;
- 2) a periodical assessment of the Board members made once a year;
- 3) an additional assessment, made in other justified cases, in particular those relating to significant changes in the organization of the Bank, which affect the requirements set for the Board and its individual members, in connection with which the assessment of a Board member's individual suitability in terms of newly undertaken tasks and the necessary requirements, shall also be taken into account.
- 5. In assessing collective suitability, the criteria arising from the guidelines of a domestic or European supervisory authority issued in this regard, the requirements set out in the generally applicable laws shall be taken into account, focusing primarily on ensuring an appropriate level of knowledge, skills and experience in the context of the nature and range of the Bank's activities and the material risks relating to those activities and in terms of the ability of the Board as a body to perform supervisory functions at the Bank.
- 6. The individual aspects of suitability shall be assessed taking into account the principle of proportionality which covers, depending on the criterion, elements such as: the scale, nature and complexity of the Bank's activities, the number of members of the management and supervisory bodies, the need to ensure the proper performance of tasks relating to management and supervision, limits concerning combining positions for important banks.

#### **Subchapter 2.4 Suitability assessment procedure**

##### § 6.

1. The GM shall be competent to assess both the individual and collective suitability of candidates for membership of the Board and the Board members.
2. The suitability of a candidate for membership of the Board, in recognition of sections 10 and 11, shall be assessed by the GM based on the declarations and documents provided by the candidate for membership of the Board or it shall decide that the GM be adjourned in the absence of the documents and information required for making the assessment so that they can be complemented.
3. Once the candidates for membership of the Board have been appointed or the composition of the Board has been changed, the GM shall assess the collective suitability of the Board.
4. The Board members (individually) and the Board (collectively) as a body shall be subject to an annual assessment of suitability made by the GM at which resolutions shall be adopted on acknowledging the performance of duties by the Board members, taking into account the procedure laid down in section 2.
5. A Board member shall be appointed for another term of office after taking into account the result of the assessment concerning the activities of that Board member in the previous terms of office, including the previous suitability assessments.
6. The GM may carry out an additional suitability assessment in justified cases other than those specified above, affecting the requirements set for the Board or its individual members. The additional suitability assessment referred to in the first sentence shall be initiated by the Bank.
7. Where the GM, as part of an individual suitability assessment, has identified easy-to-eliminate deficiencies in aspects other than the assessment of the guarantee (i.e. reputation, integrity and ethicality) of a candidate for membership of the Board or a Board member or has determined the collective unsuitability of the Board, it shall be possible to take measures to eliminate the deficiencies within the set deadline, taking into account all of the circumstances and the type of diagnosed deficiencies of a given candidate for membership of the Board or a Board member or the Board as a body.
8. The determination of the unsuitability of a candidate for membership of the Board or a Board member as part of the reassessment of the guarantee (i.e. reputation, integrity and ethicality) may result in the candidate for membership of the Board not being appointed or measures being taken to dismiss the Board member from his or her position.
9. The Bank shall inform the PFSA of the results of its suitability assessments, in particular the negative results of a suitability assessment and the measures taken in connection with that assessment.
10. The Bank shall provide support in the process of assessing the suitability of candidates for membership of and the members of the Supervisory Board. The unit coordinating the process of preparing and compiling the documentation required in the suitability assessment process shall be the human resources unit with the support of the Bank's units engaged in the process of assessing the Board's suitability, including, among other things, the Bank's unit responsible for: legal services, compliance and investor relations and – if need be – with the participation of independent, external consultants.

11. The Bank shall provide the GM with information and documents for assessing the suitability of candidates for membership of the Board and Board members in particular, the Bank presents the General Meeting a summary of the collective suitability of candidates for members and members of the Supervisory Board in order for the General Meeting to assess the collective suitability of candidates for members and members of the Supervisory Board.
12. The templates of the documents and declarations necessary for assessing suitability shall be placed on the Bank's website, and they should be enclosed with the announcement of a candidacy by a shareholder, which shall be made in accordance with the provisions of the Bank's Articles of Association.

### Subchapter 2.5 Criteria for assessing individual suitability

#### § 7.

1. In assessing the level of knowledge, skills and experience of a candidate for membership of the Board and a Board member, the following shall be taken into account:
  - 1) adequacy of knowledge to the scale and profile of the Bank's activities as well as the scope of the position and duties being entrusted;
  - 2) the adequacy of the skills to the scope thereof required for the position being entrusted, its role and the duties arising from it, including behavioural skills in managing an institution;
  - 3) the practical and professional dimensions of the experience gained in the previous positions and the confirmed, professional activities of a candidate for membership of the Board or a Board member;
  - 4) the theoretical and practical experience gained, relating to:
    - a) banking markets and financial markets;
    - b) legal requirements and the regulatory framework;
    - c) strategic planning, understanding the operating strategy or business plan of an institution and the implementation thereof;
    - d) risk management (identification, measurement and assessment, controlling, monitoring, reporting and minimizing the significant types of the risk relating to financial institutions);
    - e) the operations of an effective internal control system, including internal audit, in financial institutions;
    - f) accounting and external audit;
    - g) the policies in place at financial institutions, which ensure effective management and supervision;
    - h) interpretation of the financial information of financial institutions, identification of the key issues based on that information, and appropriate controls and measures.
  - 5) his or her skills in:
    - a) questioning the decisions of the management body which performs a managerial function in a constructive manner;
    - b) supervising the management body in an effective manner.
2. In assessing the guarantee, the following criteria shall be taken into account, in particular:
  - 1) criminal record;
  - 2) reputation (which also includes the proceedings pending and other sanctions and measures taken against a candidate for membership of the Board and a Board member by a regulatory or professional body as well as good reputation, integrity, ethicality and carrying out the responsibilities arising from the managerial or supervisory position entrusted to date);
  - 3) the financial position of the person being assessed (which affects his or her susceptibility to pressure, if any, or which increases his or her tendency to accept excessive risk) as well as the financial position of the entities he or she has been managing or supervising so far;
  - 4) independence of judgement, including behavioural characteristics and conflict of interests;
  - 5) independence in terms of the absence of relationships which might affect an objective and balanced assessment of the situation by a Board member and which would limit the member's ability to make decisions in an independent manner.
3. In assessing the ability of a candidate for membership of the Board or a Board member to devote sufficient time to performing the function entrusted, the following shall be taken into account, in particular:
  - 1) the number of the managerial and supervisory positions held at the same time and the duties performed, as well as the restrictions on combining positions arising from the generally applicable laws;
  - 2) the size, nature, range and degree of complexity of the Bank's activities;
  - 3) the geographical area of the Bank's activities;
  - 4) the number of the planned meetings of the Board and all the necessary meetings convened in addition to those scheduled;
  - 5) other significant duties of a candidate for membership of the Board or a Board member that may be relevant to the assessment;
  - 6) requisite familiarization with duties and training;

- 7) the expected amount of time which the person being assessed is required to devote to performing the duties entrusted.

### **Subchapter 2.6 Criteria for assessing collective suitability**

#### **§ 8.**

As far as collective suitability is concerned, the Board members must meet the requirements for individual suitability and, in aggregate, meet the requirements:

1. for knowledge, experience and skills with regard to:
  - 1) the main areas of the Bank's activities specified in the Articles of Association and internal regulations of the Bank and other areas necessary for supervising the Bank's activities, including with regard to: financial and capital markets, solvency and models, financial accounting and reporting, information technology and security, local, regional and global markets, the legal and regulatory environment, strategic planning, managing domestic and international groups;
  - 2) the material risks in the Bank's activities, referred to in the Bank's internal regulations concerning risk management, enabling supervisory functions to be performed in this regard;
  - 3) in terms of the ability to perform supervisory and control functions, as well as managerial skills enabling duties to be performed in a prudent and stable manner.
2. concerning the guarantee of the proper performance of duties, including those relating to the independence of judgement, being independent and the possibility of devoting sufficient time to performing their functions;
3. arising from the generally applicable laws, in particular: the Commercial Companies Code, the Banking Law, the Act on Registered Auditors, Registered Audit Companies and Public Oversight.

### **Subchapter 2.7 Familiarization with duties and succession planning**

#### **§ 9.**

1. The aim of familiarizing the Board members with their duties shall be to ensure the suitability of a Board member and to make it easier to gain an understanding of the Bank's structure, its business model, risk profile and the principles of supervision over the Bank's operations, as well as the Board member's role in the organization, allowing for the effective performance of the assigned duties.
2. All newly appointed Board members shall receive key information relating to their positions, including, among other things, information concerning the organization of the Bank, the Board, the Board's committees, the Bank's Management Board no later than within 1 month of the date of appointment, and they shall be familiarized with their duties within 6 months from the date of taking up their positions.
3. Where necessary to ensure the proper performance of the tasks assigned or the identified competence gaps as regards individual or collective suitability, measures shall be taken to enable the Board members to acquire the expected competencies.