



Policy of selection of candidates for the function of a member of the Management Board and Key Function Holders and assessment of the suitability of the proposed and appointed members of the Management Board, Supervisory Board and Key Function Holders at Bank Polska Kasa Opieki Spółka Akcyjna

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Table of contents

SECTION I POLICY SCOPE AND DEFINITIONS	3
SECTION II MAIN ASSUMPTIONS OF THE SELECTION OF CANDIDATES	7
SECTION III PERSONS SUBJECT TO THE SUITABILITY ASSESSMENT	8
SECTION IV CRITERIA FOR ASSESSING SUITABILITY	9
Chapter 1 Suitability Assessment related to professional qualifications of Persons Subject to the Suitability Assessment	9
Chapter 2 Suitability Assessment in terms of warranty, time commitment and combining positions and functions.....	10
Chapter 3 Induction and supplementation of professional qualifications.....	16
SECTION V SUITABILITY ASSESSMENT OF THE BANK'S STATUTORY BODIES.....	17
Chapter 1 Circumstances of carrying out the Suitability Assessment	17
Chapter 2 Collective Suitability Assessment of the Bank's Statutory Body	19
Chapter 3 Suitability Assessment Procedure.....	20
Chapter 4 Effects of the Assessment.....	24
SECTION VI SUITABILITY ASSESSMENT OF THE BANK'S KEY FUNCTION HOLDERS	25
Chapter 1 Circumstances of carrying out the Suitability Assessment	25
Chapter 2 Suitability Assessment Procedure.....	26
Chapter 3 Corrective Measures	27
SECTION VII FINAL PROVISIONS	28

SECTION I

POLICY SCOPE AND DEFINITIONS

- § 1. 1. The Policy is aimed at ensuring an optimal and uniform process of selecting candidates for the position of a member of the Management Board and Key Function Holders so as to ensure the performance of tasks related to the implementation of plans and business strategy of the Bank by persons who have the necessary knowledge, experience, and skills, and enjoy good reputation.
2. The Policy also specifies the criteria for Assessing the Individual and Collective Suitability of Candidates and members of the Management Board, the Supervisory Board, and Key Function Holders at the stage of appointment and in the course of performance of the function, as well as events resulting in the need to Assess the Suitability, the course of the Suitability Assessment process, including roles and tasks in the process and the effects of the Suitability Assessment, including corrective measures applicable to members of the Management Board, Supervisory Board and Key Function Holders, respectively, in order to ensure compliance with the Suitability Requirements.

§ 2. The terms and phrases used in this Policy shall have the following meanings:

- 1) **Shareholder** – any shareholder of the Bank;
- 2) **Bank** – Bank Polska Kasa Opieki Spółka Akcyjna;
- 3) **Immediate Superior** – in the case of an employee performing the Key Function at the Bank – a person indicated in the Organisational Regulations as a person defining the scope of tasks, rights and duties imposed on such employee, while in the case of candidates for a member of the Management Board and members of the Management Board – the Supervisory Board;
- 4) **Selection** – recruitment and selection process, aimed to adjust the Candidate's profile to the scope of responsibilities to be performed by them so as to ensure that the Candidate meets the requirements necessary to perform the duties of a Member of the Management Board / Key Function Holder, respectively;
- 5) **Non-Banking Activity** – activity defined in the Bank's internal regulations with regard to managing conflicts of interest, understood as running a business, remaining in a commission contract relationship or other legal relationship of a similar nature or performing work under an employment relationship or on a different basis for other entities;
- 6) **Competitive Activity** – an activity manifested in the same or within the same scope and addressed to the same group of recipients, at least partially overlapping with the scope of the Bank's core or side activities, both actually conducted by the Bank as well as its planned activities, whereas the following activities shall be considered as conducting Competitive Activity by an Employee of the Bank, a Member of the Management Board or the Supervisory Board:
 - a) running a sole competitive proprietorship on one's own or someone else's account,
 - b) participating in a competitive company, as a partner in a civil partnership or partnership,
 - c) participating in a competitive company by holding shares or stocks (convertible bonds), except for the possession of securities admitted to public trading representing not more than 5% of the share capital or by having the right to appoint at least one member of the management board,

- d) participating in bodies of a competitive company or a competitive legal person (excluding participation in bodies of entities belonging to the Pekao Group which, for the purposes of this Policy, are not deemed competitive against the Bank),
 - e) remaining with a person or a competitive entity in an employment, commission contract or other legal relationship of a similar nature,
 - f) dealing with competitive interests in another form, e.g., by providing consultancy services;
- 7) **Business Day** – a day (each day, excluding statutory holidays and Saturdays) on which the Bank conducts normal business activity;
 - 8) **Pekao Group** – Bank Pekao S.A. Group;
 - 9) **Organisational Unit of the Bank** – organisational units that make up the organisational structure of the Bank, pursuant to the Organisational Regulations of the Bank;
 - 10) **Candidate** – a person appointed by the Shareholder to take up the function of a Supervisory Board member or selected in the Selection process to qualify as a member of the Management Board or the Key Function Holder, respectively;
 - 11) **Client** – a natural or legal person or an organisational unit that has entered into or intends to enter into an agreement with the Bank for the provision of services;
 - 12) **Key Function in the Bank** – position of a Bank Employee who, due to holding it, has a significant impact on the management of the Bank, in particular, on the Bank's risk profile within the meaning of Article 3 of Commission Delegated Regulation (EU) No. 604/2014 of 4 March 2014, excluding members of the Bank's Management Board and Supervisory Board, members of the authorities of Biuro Maklerskie [*Brokerage House*] Pekao being an organisational unit within the Bank's structure, as well as persons identified as having significant impact on the Bank's risk profile solely on the basis of quantitative criteria;
 - 13) **PFSA** – Polish Financial Supervision Authority;
 - 14) **Audit Committee** – a committee operating within the Supervisory Board, responsible for supporting the Supervisory Board, inter alia, in the area of internal inspection and financial reporting;
 - 15) **Nomination and Remuneration Committee** – a committee operating within the Supervisory Board, responsible for supporting the Supervisory Board, inter alia, in the area of Suitability Assessment;
 - 16) **Risk Committee** – a committee operating within the Supervisory Board, responsible for supporting the Supervisory Board, inter alia, in fulfilling its obligations regarding the supervision over the risk management system and the assessment of adequacy and effectiveness of that system;
 - 17) **Conflict of Interests** – any circumstances, known at the Bank, potentially leading to discrepancies between the interest of the Bank, the person related to the Bank, and the Bank's obligation to act in a reliable manner, taking into account the best interest of the Bank's client, as well as any circumstances, known at the Bank, potentially leading to discrepancies between various interests of several Bank's clients; Conflict of interest may take place even if there is no unethical or inaccurate action, if the conflict gives an impression of irregularities that may undermine trust in the Bank, other entities belonging to the Pekao Group or a person or entity in conflict. Detailed criteria for qualifying a given situation as a Conflict of Interest are specified in separate internal regulations of the Bank;

- 18) **Counterparty** – a natural or legal person or an organisational unit that carries out even incidental gainful employment or professional activity, provides goods and provides certain services to the Bank;
- 19) **CCC** – the Commercial Companies Code of 15 September 2000;
- 20) **Assessment Questionnaire** – a form completed by the HRD (or an organisational unit or external adviser appointed by the HRD) as part of the Suitability Assessment, constituting, Appendices 2A, 2B and 2C to the Policy, respectively;
- 21) **Self-Assessment Questionnaire** – a questionnaire completed by the Person Subject to the Suitability Assessment, constituting, Appendices 1A and 1B to the Policy, respectively;
- 22) **Competences Model** – a list of competences expected from Persons Subject to the Suitability Assessment along with the assessment scale, constituting Appendices 4A and 4B, respectively. The Person Subject to the Suitability Assessment may present evidence of competences other than those described in the Competences Model, which may be included in the Suitability Assessment process. The Competences Model has been developed taking into account the guidelines of the European Banking Authority and the PFSA and it takes into account, inter alia, the following requirements with regard to knowledge, skills and experience:
- a) the activities of the institution and main risks related to it,
 - b) each of the material activities of the institution,
 - c) relevant areas of sectoral/financial competences, including financial and capital markets, solvency and models;
 - d) financial accounting and reporting,
 - e) risk management, compliance and internal audit,
 - f) information technology and security,
 - g) local, regional and global markets,
 - h) the legal and regulatory environment,
 - i) managerial skills and experience, including HR management,
 - j) the ability to plan strategically,
 - k) the management of (inter)national groups and risks related to group structures, where applicable.
- 23) **Suitability Assessment** – an assessment of Individual or Collective Suitability of Persons Subject to the Suitability Assessment carried out hereunder;
- 24) **Individual Suitability** – compliance with the Suitability Requirements by each Person Subject to the Suitability Assessment;
- 25) **Collective Suitability** – compliance with the Suitability Requirements by the entire composition of the Supervisory Board or the Management Board, respectively, which means, in particular, that:
- a) individual qualifications of the individual Supervisory Board members should be of complementary nature, so as to ensure an appropriate level of collective supervision over the Bank,
 - b) individual qualifications of the individual Management Board members should be of complementary nature, so as to ensure an appropriate level of collective management over the Bank.

- 26) **Bank's Statutory Body** – a body subject to the Suitability Assessment, i.e., the Supervisory Board or the Management Board of the Bank, respectively;
- 27) **Person Subject to the Suitability Assessment** – a Candidate to act as a Member of the Management Board, a Member of the Supervisory Board or a Key Position Holder at the Bank, whereas in situations specified in this Policy, also a Member of the Supervisory Board, a Member of the Management Board or a Key Function Holder;
- 28) **Succession Plan** – a plan to ensure management continuity in respective Organisational Units of the Bank in the event of vacancy or long-term absence of persons, in particular, Key Functions Holders at the Bank, governed in separate internal regulations of the Bank;
- 29) **Policy** – this Policy of selection of candidates for the function of a member of the Management Board and Key Function Holders and assessment of the suitability of the proposed and appointed members of the Management Board, Supervisory Board and Key Function Holders at Bank Polska Kasa Opieki Spółka Akcyjna;
- 30) **Bank Employee** – a person remaining in employment, commission contract or another legal relationship of similar nature with the Bank,
- 31) **Banking Law** – the Banking Act of 29 August 1997 – Banking Law;
- 32) **Selection Leader** – in the case of the process of the Selection of a Candidate for a Management Board member – the Nomination and Remuneration Committee, whereas in the case of the Selection of a Candidate for a Key Function Holder – HRD Director or another person designated by them. Upon the request of the Nomination and Remuneration Committee, the HRD Director or another person designated by them shall carry out the process of the Selection of a candidate for a Management Board member within the scope specified by the Nomination and Remuneration Committee;
- 33) **Senior Superior** – the Immediate Superior of a person indicated in the Organisational Regulations as a person defining the scope of tasks, rights and obligations for a Key Function Holder, provided that such a position is identifiable with respect to a respective Person Subject to the Suitability Assessment;
- 34) **Bank's internal regulations regarding the management of conflicts of interest** – the Bank's policies and regulations governing the management of conflicts of interest;
- 35) **HRD** – Human Resources Division, whereas its Director or another person designated by them acts on behalf of the HRD;
- 36) **Organisational Regulations** – Organisational Regulations in place at Bank Polska Kasa Opieki Spółka Akcyjna;
- 37) **Regulation No. 575/2013** – regulation of the European Parliament and of the Council (EU) of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012.
- 38) **Suitability Assessment Process Diagram** – a graphic illustration of individual stages and allocation of responsibilities in the Suitability Assessment process, constituting Appendices 6A to 6F to the Policy;
- 39) **Corrective Measures** – corrective measures taken by the Bank to ensure compliance with the Individual or Collective Suitability requirements by the Bank's Members of the Supervisory Board/Management Board/Key Function Holders, respectively, where the Suitability Assessment demonstrates that the above-mentioned persons or all Members of the Supervisory Board/Management Board do not meet the Suitability Assessment requirements;

- 40) **Act on Auditors** – the Act of 11 May 2017 on statutory auditors, audit companies, and public supervision;
- 41) **Accounting Act** – the Accounting Act of 29 September 1994;
- 42) **Act on the rules for obtaining information about the criminal record** – the Act of 12 April 2018 on the rules for obtaining information about the criminal record of persons applying for employment and persons working in the financial sector;
- 43) **Suitability Requirements** – requirements regarding the criteria set out in detail in this Policy, the fulfilment of which by the Person Subject to the Suitability Assessment is subject to the Individual and Collective Suitability Assessment.

SECTION II

MAIN ASSUMPTIONS OF THE SELECTION OF CANDIDATES

- § 3. The Selection of candidates should be based on uniform standards for Candidate acquisition and assessment, including the assurance that both genders are represented in the list of recommended Candidates, subject to equal treatment regulations in employment.
- § 4. The Selection process should identify and manage identified Conflicts of Interest and the risk of corruption in a manner specified in separate internal regulations of the Bank.
- § 5. After the Selection Manager has learnt information on the need to commence the Candidate Selection process to act as a member of the Management Board or a Key Function Holder, the Selection Manager shall define selection criteria and position-related requirements, taking into account the skills necessary to perform the entrusted function/take up the position defined by the Immediate Superior, Suitability Requirements and the Competences Model. Should separate position-related requirements not be specified, the Selection is based on the Suitability Requirements and the requirements stemming from the Competences Model.
- § 6. The acquisition of suitable Candidates complying with the selection criteria and position-related requirements, referred to in § 5, is carried out by the Selection Leader and takes place through:
 - 1) internal recruitment – using the Succession Plan, whereas the Selection Leader may decide, whenever justified, to conduct internal recruitment, disregarding the Succession Plan;
 - 2) external recruitment – with the use of:
 - a) direct search based on obtained references or databases of potential candidates either created, owned or used by the Bank,
 - b) support of an external entity specialised in the search for candidates for the highest positions (“Executive Search”),
 - c) publication of advertisements on the Bank’s website and external recruitment websites,
 - d) other recruitment tools, the use of which the Selection Leader deems reasonable in a respective case.
- § 7. 1. Should the Candidate participate in the Selection process, they must express their consent to the processing by the Bank of their personal data provided in the recruitment documents and collected during a possible job interview, for the purposes necessary to carry out the Selection process.

2. The Candidate's consent is voluntary, yet necessary to carry out the Selection process, of which the Bank shall notify the Candidate by providing them with relevant information of the data controller in the form and manner provided for in separate internal regulations of the Bank.

3. Should the Candidate fail to express their consent referred to in Clauses 1 and 2, recruitment documents of the Candidate are not taken into account in the Selection process, and their personal data and the documents provided are permanently deleted in the manner and on the terms set out in separate internal regulations of the Bank.

§ 8. Selection tools that can be used during the Selection process include, in particular:

- 1) analysis of the received CVs and other documents concerning the Candidates, including diplomas, certificates or attestations confirming their knowledge, experience, skills, education, qualifications or competences;
- 2) interviews with Candidates;
- 3) individual or group session aimed at examining their professional potential.

§ 9. 1. The result of the Selection process is the selection of Candidates who meet the selection criteria and position-related requirements specified in § 5.

2. The Selection Leader keep records regarding information about the Candidate(s) who meet(s) the selection criteria and position-related requirements referred to in § 5, using the template of the Self-Assessment Questionnaire attached as Appendices 1A and 1B to the Policy, respectively.

3. Upon the completion of the above-described activities, the Suitability Assessment of the selected Candidates is carried out on the terms and in the manner set out in this Policy, after which a decision on the selection of a Candidate, in accordance with separate internal regulations of the Bank, shall be made.

SECTION III

PERSONS SUBJECT TO THE SUITABILITY ASSESSMENT

§ 10. 1. The Suitability Assessment includes the Individual Suitability Assessment and the Collective Suitability Assessment.

2. The following entities shall be subject to the Individual Suitability Assessment:

- a) Candidates for functions in the Bank's Statutory Body or for positions which represent Key Functions at the Bank,
- b) members of the Bank's Statutory Body or persons holding Key Functions at the Bank – in the event of the circumstances indicated in the Policy.

3. The following entities shall be subject to the Collective Suitability Assessment:

- a) Management Board,
- b) Supervisory Board.

§ 11. Candidates/members of the Bank's Statutory Bodies are assessed based on the principles described in Sections IV and V of the Policy. Candidates/Key Functions Holders at the Bank are assessed based on the principles described in Sections IV and VI of the Policy, respectively.

SECTION IV

CRITERIA FOR ASSESSING SUITABILITY

Chapter 1

Suitability Assessment related to professional qualifications of Persons Subject to the Suitability Assessment

- § 12. The assessment of the professional qualifications of Persons Subject to the Suitability Assessment includes the assessment of knowledge, professional experience and skills necessary to perform a respective function. Whereby knowledge, professional experience and skills are examined cumulatively
- § 13. The knowledge referred to in § 12 shall be gained in the course of acquired education, training courses, obtained professional titles, as well as it shall be gained as a result of performing professional functions. Whereby, Candidates/members of the Bank's Statutory Bodies and Candidates/Key Functions Holders are expected to have higher education. Education should be acquired in a major related to the financial market sector, in particular, in the field of finance, economics, economic relations, banking or management, law, accounting, audit, administration, financial regulations, information technology and quantitative methods, or any major related to the specificity of positions that the Candidate could potentially hold, as well as related to that position's scope of tasks and responsibilities. In the case of persons whose education profile is not directly used in the position held, education should be completed with appropriate postgraduate studies or specialist courses or professional experience.
- § 14. The experience referred to in § 12 shall be acquired in the course of holding respective functions or occupying respective positions, taking into account: the specificity of a given entity's business, scope of competences, rights and obligations related to the position, as well as a position in relation to the entity's bodies, the number of direct and indirect subordinates.
- § 15. The scope of skills necessary to perform the entrusted function includes both technical skills resulting directly from the experience and education held as well as personal (behavioural) skills necessary to perform the managerial or supervisory function at the Bank.
- § 16. The assessment of knowledge, skills and professional experience, the requirements for which are described in the Competences Model, constituting Appendices 4A and 4B to the Policies, respectively (whereby, the Competences Model does not prejudice the possibility that the Person Subject to the Suitability Assessment shall demonstrate that they have the competences indicated in the respective position/function of the Competences Model at the required level based on evidence other than indicated in the Competences Model, e.g., by demonstrating competences during a structured interview or competency test) is carried out following the principle that the requirements in relation to their scope are adjusted properly to a respective function at the Bank, in accordance with the job description or scope of duties. The minimum required level of each competency described in the Competences Model is the average level. At the same time, together with the result of the Suitability Assessment, the Bank shall document the job description or the scope of duties of the position in relation to which the Assessment has been carried out.
- § 17. Notwithstanding other requirements specified in the Policy, Persons Subject to the Suitability Assessment should, in each case, meet the requirements related to a respective position/function with regard to the qualifications, knowledge, skills and professional experience stemming from generally applicable provisions of law, recommendations of supervisory and audit bodies or separate internal regulations of the Bank, and in particular, in the case of Candidates/members of the Bank's Statutory Bodies, the requirements stemming from the regulations of the relevant Bank's Statutory Bodies and the Bank's Articles of Association.

§ 18. In addition, the Person Subject to the Suitability Assessment, to the extent relevant for their position/function, should:

- 1) be familiar with regulations concerning the competence of the respective Statutory Organs of the Bank;
- 2) have up-to-date knowledge of the institution's activities and related risks at a level commensurate with their duties;
- 3) demonstrate a clear understanding of the principles of the Bank's management, their tasks and responsibilities as well as, if applicable, an understanding of the structure of the group and potential conflicts of interest that may arise therefrom;
- 4) demonstrate an ability to contribute to the introduction of an appropriate level of culture, corporate values and behaviour within a respective Statutory Body of the Bank/ in a given position.

Chapter 2

Suitability Assessment in terms of warranty, time commitment and combining positions and functions

§ 19. The Person subject to the Suitability Assessment should provide a warranty for the proper performance of the duties entrusted to them, which relates, in particular, to the reputation, honesty and integrity of a given person and the ability to conduct the Bank's affairs in a prudent and stable manner.

§ 20. The Suitability Assessment with regard to the warranty involves an assessment of professionalism, moral and ethical values of the Person Subject to the Suitability Assessment and whether their current behaviour allows to expect that they will perform the entrusted duties in a fair and reliable manner. The Suitability Assessment with regard to the warranty includes, in particular, the following detailed criteria: criminal record, reputation, financial standing, independence of mind, including behavioural traits and a conflict of interest.

§ 21. With regard to the criminal record assessment referred to in § 20, information on criminal and administrative proceedings shall be taken into account, including data on:

- 1) final convictions for a crime or a fiscal offence referred to in Article 3.1 of the Act on the rules for obtaining information about the criminal record;
- 2) final convictions for an intentional crime or a fiscal offence, except for crimes prosecuted on the basis of private prosecution, whereby the verification in this respect shall concern members of the Bank's Statutory Bodies referred to in Article 22(b)3.2 of the Banking Law and in other cases specified in generally applicable regulations;
- 3) pending criminal proceedings or proceedings in a case of a tax offence, in particular, in the field of crimes:
 - a) crimes under the laws governing banking, financial, securities, insurance activity, or concerning securities markets or securities or payment instruments, including laws on money laundering, corruption, market manipulation, or insider dealing and usury,
 - b) related to dishonesty, fraud, or financial crimes,
 - c) tax crimes,
 - d) crimes under legislation relating to companies, bankruptcy, insolvency, or consumer protection;
- 4) relevant pending or past investigations or enforcement actions relating to the Person Subject to the Suitability Assessment, or the imposition of administrative sanctions for

non-compliance with legislation governing banking, financial, securities, or insurance activities or those concerning securities markets, securities or payment instruments, or any financial services legislation;

- 5) relevant pending or past investigations or enforcement actions in relating to the Person Subject to the Suitability Assessment by any other regulatory or professional organisation with regard to the non-compliance with the relevant provisions governing banking, finance, securities or insurance activities.

- § 22. With regard to the Suitability Assessment in terms of criminal records, the Bank may take into account the available data from relevant registers, taking into account the type of crime decided in the sentence, the penalty imposed, the role played by a given person, the stage of the proceedings and the remedial actions taken. The Bank shall take into account attendant circumstances, including mitigating circumstances and the seriousness of any relevant crime or administrative or supervisory action, the time period and the conduct of the Person Subject to the Suitability Assessment since the offence, as well as the relevance of the crime or administrative or supervisory action to the proposed function or position held. Within the framework of the Suitability Assessment, depending on which an exact person is subject to such assessment, the HRD, the Nomination and Remuneration Committee or the General Meeting of Shareholders, respectively, and in the case of the Suitability Assessment of the Candidate for a member of the Supervisory Board, also the Shareholder proposing such a Candidate, may decide to verify the information with respect to the criminal record of the Person Subject to the Suitability Assessment in any registers or oblige a separate unit to make such verification, or oblige the Person Subject to the Suitability Assessment to provide certain extracts or certificates from selected records confirming no criminal record. The separate unit indicated above, obliged to verify the criminal record of the Person Subject to the Suitability Assessment, may be, in particular, the HR Strategy Department or the Bank's Security Department.
- § 23. The criminal record of the Person Subject to the Suitability Assessment in each case, i.e., also in cases where the scope of criminal record in accordance with sectoral regulations does not result in an automatic negative assessment, causes serious doubts as to the possibility of issuing positive suitability assessment. Expungement does not mean that the circumstances constituting the basis for the conviction will not affect the assessment.
- § 24. With regard to the reputation assessment referred to in § 20, what will be taken into account is the occurrence of factors concerning the conduct of the Person Subject to the Suitability Assessment in business contacts, in the professional sphere and in the private sphere, either currently or in the past, including data on:
- a) any evidence that the Person Subject to the Suitability Assessment has not been transparent, open, and cooperative in their contacts with supervisory or regulatory authorities,
 - b) refusal of any registration, authorisation, membership, or licence to a conduct an activity, including business, trade, or profession; or revocation, withdrawal, or termination of such registration, authorisation, membership, or licence; or expulsion by a regulatory or government body,
 - c) reasons for possible dismissal from employment or any position of trust, fiduciary relationship, or similar situation, or the inducement of the Person Subject to the Suitability Assessment to resign from employment in such a position,
 - d) causing of documented losses at the workplace or in connection with the performance of the function of a member of the body of a legal person,

- e) disqualification from conducting business on their own account and acting as a representative or attorney of an entrepreneur, member of the supervisory board or the audit committee in a joint stock company, limited liability company or a cooperative,
 - f) disqualification by any relevant competent authority from acting as a member of the management body, including persons who effectively direct the business of an entity,
 - g) cases of lack of openness, transparency and willingness to cooperate with supervisory authorities,
 - h) cases of prohibition to perform managerial functions in enterprises,
 - i) cases of bankruptcy and winding-up proceedings,
 - j) cases of non-compliance with the entrusted duties,
 - k) granted or not granted discharges,
 - l) supervisory measures or other administrative sanctions applied,
 - m) outcomes of minor incidents which do not impinge on the reputation of the candidate individually, but may exert a material impact collectively,
 - n) Non-Banking Activity that could adversely impact the reputation of the Person Subject to the Suitability Assessment,
 - o) any other evidence that suggests that the person acts in a manner that is not in line with high standards of conduct.
- § 25. The assessment shall take into account moral and ethical standards and personal traits of the Person Subject to the Suitability Assessment, enabling the candidate to reliably and correctly perform, in the future, their duties. The following should be taken into account: diligence, integrity, objective attitude, unbiased approach, responsibility, professional knowledge and professional acting standards.
- § 26. With regard to the financial standing assessment referred to in § 20, what will be taken into account is the occurrence of situations related to the past and current business activities and the financial standing of the Person Subject to the Suitability Assessment, including data on:
- a) material status and assets held,
 - b) inclusion on the list of unreliable debtors or any negative records on this kind of list conducted by recognised credit information bureau, if available;
 - c) financial and business performance of the entities owned or directed by the Person Subject to the Suitability Assessment or in which the Person Subject to the Suitability Assessment had or has significant share with special consideration to any rehabilitation, bankruptcy and winding-up proceedings and whether and how the Person Subject to the Suitability Assessment has contributed to the situation that has given rise to the proceedings,
 - d) declaration of personal bankruptcy,
 - e) civil or administrative proceedings, major investments or exposures, as well as loans or credits taken out – to the extent that they may have a significant impact on the financial standing of the Person Subject to the Suitability Assessment or entities owned or managed by that person.
- § 27. With regard to the financial standing assessment referred to in § 20, the following shall be taken into account:
- 1) Behavioural traits:

- a) courage, conviction and strength to effectively assess and challenge the proposed decisions of other members of the Bank's Statutory Body,
 - b) ability to ask the right questions to the members of the Bank's Statutory Body,
 - c) ability to resist "group-think".
- 2) Possibility of an actual or potential risk of a Conflict of Interest, which is assessed in line with the Bank's internal regulations on the management conflicts of interest. When carrying out the Suitability Assessment, account shall be taken of at least:
- a) economic interests, including stocks, other ownership rights and memberships, shares and other economic interests in commercial clients, intellectual property rights, loans granted by the Bank to a company owned or otherwise controlled entities by members of the management body,
 - b) personal or professional relationships with the owners of qualifying shares in the Bank,
 - c) personal or professional relationships with staff of the institution or entities included within the scope of prudential consolidation,
 - d) personal or professional relationships with relevant external stakeholders, (e.g., being associated with material suppliers, consultancies or other service providers),
 - e) membership in a body or ownership of a legal person or other entity with conflicting interests with the interest of the Bank,
 - f) political influence or political relationships.
- § 28. The Key Function Holder may not, and a Member of the Bank's Statutory Body may not without the consent of the Supervisory Board, conduct the Competitive Activity, subject to the provisions of agreements concluded between the Bank and a given member of the Bank's Statutory Body or the Key Function Holder and applicable laws and internal regulations.
- § 29. 1. A member of the Bank's Statutory Body may not, without the consent of the Supervisory Board, conduct or commence any Non-Banking Activity related in any way to an entity being the Bank's Client or Counterparty, subject to the provisions of agreements concluded between the Bank and a given member of the Bank's Statutory Body and applicable laws and internal regulations. The Key Function Holder should report to the Immediate Superior any Non-Banking Activity that may generate a conflict of interest and inform the Compliance Department about it in order to issue an appropriate opinion.
2. A member of the Management Board may not be on management boards or supervisory boards of companies outside the Pekao Group without the consent of the Supervisory Board.
- § 30. Should the situations outlined in § 28 and 29 occur, a member of the Bank's Statutory Body requesting consent to conduct the Competitive Activity and the Non-Banking Activity referred to in § 28 and 29 does not participate in the vote on consent to conduct such activities.
- § 31. The non-competition clause referred to in Article 380 of the CCC also applies to member of the Supervisory Board delegated to exercise supervision on a permanent and individual basis, in accordance with Article 390 § 3 of the CCC.
- § 32. Pursuant to Article 377 of the CCC, where there exists a conflict of interests of the Bank and those of a Management Board member, their spouse, relatives by blood or by marriage up to the second degree and those to whom they are personally related, the member of the Management Board should refrain from deciding such matters and may request that this be recorded in the minutes of the Management Board meeting.
- § 33. In the event of any factual Conflict of Interest or the possibility of a Conflict of Interest, a member of the Bank's Statutory Body should inform the Bank's Statutory Body about this fact

and refrain from participating in the discussion and voting on the adoption of a resolution on the matter in relation to which the Conflict of Interest or the possibility of the Conflict of Interests has arisen.

§ 34. The rules and conditions for conducting the Competitive Activity and the Non-Banking Activity, as well as the methods of managing Conflicts of Interest, are governed by the Bank's internal rules on the management of conflicts of interest.

§ 35. During the Suitability Assessment of the Candidate/member of the Bank's Statutory Body of the Bank, consideration shall also be given to the possibility of committing a time sufficient to perform the function of a member of the Bank's Statutory Body that will allow for the proper performance of the duties. The assessment shall take into account:

- 1) the number of functions in management boards and supervisory boards held at the same time, taking into account possible synergies in the event of performing these functions within the same capital group, including acting on behalf of a legal person or as a proxy/representative of a member of the management body;
- 2) the size, nature, scope and complexity of the business of the entity in which the Candidate/member of the Bank's Statutory Body performs the function and, in particular, whether that entity is an entity from outside the EU;
- 3) place of residence of the Candidate/member of the Bank's Statutory Body and the travel time required for this position, taking into account the solutions applied by the entity enabling the performance of some duties on a remote basis;
- 4) the location of the entity in which they perform an additional function;
- 5) the number of meetings scheduled for the Bank's Statutory Body and an estimated number of any other necessary meetings, in particular, with relevant bodies or other internal or external shareholders, and in the case of periodical assessment, also the attendance of a member of the Bank's Statutory Body in the meetings of the Body;
- 6) the functions in organisations that do not pursue mainly commercial goals, performed by the Candidate/member of the Bank's Statutory Body at the same time;
- 7) the nature of functions performed in other entities, including the scope of performed tasks and the need for the Person Subject to the Suitability Assessment to participate in meetings of the Bank's Statutory Body and bodies of other entities on which they are a member;
- 8) other external professional or political activities and other functions and relevant activities carried out in or outside the financial sector, both inside and outside the EU;
- 9) the necessary induction and training allowing to perform a specific function properly;
- 10) any other relevant duties of the Candidate/member of the Bank's Statutory Body that the Bank considers to be necessary to take into account when assessing sufficient time commitment of a member of the Bank's Statutory Body;
- 11) available at given time relevant benchmarking on time commitment, including a comparative analysis provided by the European Banking Authority;
- 12) functional and purposeful aspects regarding a combination of functions due to ensuring a management or supervision standard over entities belonging to the Bank's capital group.

§ 36. 1. A member of the Bank's Statutory Body should perform their function in an active manner, demonstrating the necessary level of commitment to the operation of the Bank's Statutory Body.

2. The necessary level of commitment shall be reflected in the commitment of time sufficient to enable proper performance of the tasks of the Body.

- 1) for members of the Management Board – not less than 8 hours a day on a Business Day.
 - 2) for members of the Supervisory Board – not less than 9 days per year. For the Chairperson of the Supervisory Board – not less than 14 days per year.
3. A member of the Bank's Statutory Body may perform at the same time no more than:
- 1) one function of a member of the management board and two functions of a member of the supervisory board, or
 - 2) four functions of a member of the supervisory board.
4. The following shall be considered as one of the functions referred to in Clause 3:
- 1) functions of a member of the management board or supervisory board held in entities belonging to the same capital group within the meaning of Article 3.1.44 of the Accounting Act;
 - 2) functions of a member of the management board or the supervisory board performed in:
 - a) entities covered by the same institutional protection system that meet the conditions referred to in Article 113.7 of Regulation No. 575/2013, or
 - b) entities in which the bank holds a significant portion of shares referred to in Article 4.1.36 of Regulation No. 575/2013.
5. Clause 3 shall not apply to functions held in entities not conducting business activity, as well as to representatives of the State Treasury.
6. In order to perform one additional function of a member of the supervisory board beyond the restrictions provided for in Clauses 3 and 4 above, it is required to obtain the consent of the PFSA. The request for consent referred to in the preceding sentence shall be submitted by the Supervisory Board.
- § 37. 1. Performing a function in the Management Board should be the main area of activity of a member of the Management Board.
2. The Non-Banking Activity of a member of the Management Board should not involve such time and effort as to adversely affect the proper performance of duties in the Management Board by that person.
3. A member of the Management Board should not be a member of bodies of other entities, if time committed to performing functions in other entities prevents them from the reliable performance of their duties at the Bank
- § 38. 1. The Bank keeps records of all external professional and political positions held by members of the Bank's Statutory Body. The Bank's Organisational Unit responsible for servicing corporate bodies updates the records referred to in the previous sentence.
2. The records of functions should be updated whenever a member notifies the Bank of a change of a member of the Bank's Statutory Body and when such changes come otherwise to the attention of the Bank.
3. The Bank assesses the ability of a member of the Bank's Statutory Body to commit the required amount of time to the current position, taking into account the significance of the new position, its nature and the possibility of reducing the amount of time to perform the current function.

Chapter 3

Induction and supplementation of professional qualifications

- § 39. 1. The Bank guarantees the induction of the Persons Subject to the Suitability Assessment, including, in particular, new members of the Bank's Statutory Bodies, to their duties in order to streamline a clear understanding of the Bank's organisational structure, business model, risk profile and Bank's management principles.
2. The purpose and objective scope of the induction to the duties referred to in Clause 1 are determined as appropriate for a respective case, taking into account the duties related to the performed function, whereas in the case of the Candidates/members of the Supervisory Board, additionally taking into account the involvement in the operations of a specific committee of the Supervisory Board.
3. All Persons Subject to the Suitability Assessment, including, in particular, the newly appointed members of the Bank's Statutory Bodies, will receive relevant information from the point of view of their functions in order to make the induction of these persons to their duties, no later than within 1 month of taking up the position, and their induction will be implemented within 6 months from the date of their appointment as a member of the Bank's Statutory Body.
4. The responsibility for introducing the members of the Bank's Statutory Bodies into the duties referred to in Clauses 1 and 3 lies within the Bank's Organisational Unit dealing with servicing corporate bodies in cooperation with other Bank's Organisational Units in the scope of their tasks, in particular the Internal Audit Department.
- § 40. 1. In order to supplement the identified deficiencies in the compliance of the members of the Bank's Statutory Bodies and Key Function Holders with the knowledge, skills or qualifications requirements, the Bank shall ensure an appropriate and, if necessary, personalised training programme and appropriate resources.
2. Supplementing knowledge, skills or professional qualifications in order to make the Person Subject to the Suitability Assessment compliant with all requirements in this regard, as a rule, should take place not later than within one year taking up the function by that person, whereas in the event of a deficiency identified when already performing the function – not later than within one year from the date of finding that deficiency.
- § 41. The responsibility for arranging the training programme referred to in § 40, in the case of the Candidates for members of the Bank's Statutory Bodies, lies within the responsibility of the Bank's Organisational Unit dealing with servicing corporate bodies together with the HR Strategy Department.
- § 42. The budget for the delivery of the training programme referred to in § 40 for the Person Subject to the Suitability Assessment will be provided as part of the Bank's training budget.
- § 43. The Persons Subject to the Suitability Assessment shall update and improve their knowledge and skills necessary to perform their duties.

SECTION V

SUITABILITY ASSESSMENT OF THE BANK'S STATUTORY BODIES

Chapter 1

Circumstances of carrying out the Suitability Assessment

- § 44. The Suitability Assessment covers both individual assessment and collective assessment of members of the Bank's Statutory Bodies as a whole.
- § 45. The following entities shall be subject to the Suitability Assessment:
- 1) Candidates for members of the Bank's Statutory Bodies prior to their appointment to the Body, in the situations described in § 46.1;
 - 2) members of the Bank's Statutory Bodies in the performance of their duties, in the situations described in § 46.2 and in § 47;
- on terms and conditions specified below.
- § 46. The initial Individual Suitability Assessment shall be carried out in relation to:
- 1) the Candidate for a member of the Bank's Statutory Body – before the appointment. Should a given person have been appointed to the Bank's Statutory Body and the Suitability Assessment have not been carried out, the Suitability Assessment is carried out immediately after their appointment, in line with the principles applicable to the Suitability Assessment of members of the Bank's Statutory Body;
 - 2) a member of the Bank's Statutory Body in the performance of their duties in the following cases:
 - a) before a temporary secondment of a member of the Supervisory Board to the Management Board of the Bank,
 - b) before the appointment of a member of the Supervisory Board to the composition of the Audit Committee, the Nomination and Remuneration Committee or the Risk Committee – in terms of meeting the criteria specific to these committees,
 - c) before communicating an intention to acquire a qualifying holding of a supervised entity or to become their parent entity (in the event of planned changes in the composition of the Bodies).
- § 47. The secondary Individual Suitability Assessment of a member of the Bank's Statutory Body in the performance of their duties is carried out in the following situations, whereby if more than one prerequisite for the assessment occurs simultaneously, the assessment may be carried out once:
- 1) annually – as part of the periodical Suitability Assessment;
 - 2) as part of inspection/review of the Principles of Corporate Governance;
 - 3) before the end of term of office (regardless of whether there are plans to re-appoint a given person to another term);
 - 4) in the event of a change in the scope of duties, competences or requirements for the position, and, in particular:
 - a) before it is planned to entrust a member of the Management Board with supervision over risk material to Bank's operations;
 - b) before it is planned to entrust a member of the Management Board holding appropriate qualifications with the function of the manager of the committee for ICT

environment security or of the committee for cooperation between the business area and the information technology area;

- 5) in the event of entrusting or taking up additional functions or commencing other activities (assessment in terms of time commitment and conflict of interest);
- 6) in the event where the Nomination and Remuneration Committee learns reliable information that may raise reasonable doubts as to the fulfilment of the Suitability Requirements by a member of the Bank's Statutory Body, after obtaining explanations from that person;
- 7) in the event of learning information on pressing charges against a member of the Bank's Statutory Body in penal proceedings or in a procedure concerning a fiscal offence or considerable property losses;
- 8) in the event where the Nomination and Remuneration Committee learns information from a member of the Bank's Statutory Body on changes in professional qualifications, reputation or additional management criteria affecting the Suitability Assessment carried out and the member fulfils the Suitability Requirements (Appendix 5D to the Policy);
- 9) in the event of new circumstances which may affect assessment, in particular, with regard to identified cases of a potential conflict of interests;
- 10) in the event of regular or gross cases of negative secondary Individual or Collective Assessment of the members of the Management Board – in terms of guarantee of the members of the Supervisory Board in the context of appointing or keeping such persons in the Management Board;
- 11) in the event of a change in generally applicable law, recommendations of supervisory authorities or the Bank's internal regulations specifying the scope of professional qualifications required to perform a respective function;
- 12) in the event of suspending any or all members of the Management Board from performance of their duties for important reasons;
- 13) in the event where significant breaches of the duties of the members of the Bank's Statutory Bodies are identified;
- 14) before a planned removal of a member of the Bank's Statutory Body;
- 15) in the event of the PFSA's request for a secondary Suitability Assessment.

§ 48. The Collective Suitability Assessment of the Bank's Statutory Body is carried out:

- 1) annually – as part of the periodical Suitability Assessment;
- 2) before appointing the composition of the Bank's Statutory Body to a new term of office, regardless of whether the composition of the Bank's Statutory Body has changed;
- 3) before communicating an intention to acquire a qualifying holding of the Bank or to become its parent entity (in the event of planned changes in the composition of the Bank's Statutory Bodies);
- 4) before introducing any changes in the composition of the Bank's Statutory Body, in particular, in terms of appointment, removal, resignation or suspension of members of the Bank's Statutory Body or directly after, where it was impossible, due to reasons beyond the control of the Bank, to carry out an assessment before – e.g., in the case of submission by a member of the Bank's Statutory Body of their resignation with immediate effect;
- 5) in the event of a material change in the division of competences within the Bank's Statutory Body, including with regard to ensuring an adequate overall composition of

committees at the Supervisory Board and each change in the Nomination and Remuneration Committee, the Risk Committee, the Audit Committee or when entrusting the Supervisory Board with the function of an audit committee.

- 6) in the event where there is a material change to the Bank's business model, risk appetite or strategy or structure at individual or Pekao Group level;
 - 7) in the event of new circumstances which may affect the Collective Suitability Assessment of the members of the Bank's Statutory Body;
 - 8) as part of inspection/review of the Principles of Corporate Governance;
 - 9) in the event of a major change of the Suitability Assessment of respective members of the Bank's Statutory Body;
 - 10) in the event of regular or gross cases of negative secondary Individual or Collective Assessment of the members of the Management Board.
- § 49. Members of the Bank's Statutory Body are required to notify the HRD Director of any material changes affecting their compliance with the relevant Suitability Requirements, immediately, no later than within 14 days from the change, in writing, in line with the template provided in Appendix 5D, as well as to notify the HRD Director annually by the end of January of each year of any changes affecting their compliance with the relevant Suitability Requirements.

Chapter 2

Collective Suitability Assessment of the Bank's Statutory Body

- § 50. The Collective Suitability Assessment of the Bank's Statutory Body is based on the results of the individual assessment of the members of the Bank's Statutory Body.
- § 51. Individual qualifications of the individual Bank's Statutory Body members should be of complementary nature, so as to ensure an appropriate level of supervising the Bank by the Supervisory Board, and collective management over the Bank.
- § 52. The Supervisory Board should be familiar with the fields for which the members are collectively responsible as well as with the skills specified in the Competences Model attached as Appendix 4A to the Policy.
- § 53. Requirements for the minimum levels of competences in managing the Bank, competences in managing the core areas of the Bank, competences in risk management and personal competences expected from members of the Bank's Statutory Bodies, including members performing specific functions in the Bank's Statutory Bodies, are described in Appendix 7 to the Policy.
- § 54. In the course of the Suitability Assessment of the Supervisory Board, compliance with the independence criterion is also taken into account. This criterion must be complied with by at least half of all Supervisory Board members. The Bank assesses which members may be considered independent in the sense that they do not currently have or have had any links with the Bank or its Management Board in the past, that would have affected the objective and balanced assessment of the situation by the member and would have limited the member's ability to make decisions singlehandedly.
- § 55. Moreover, in accordance with the "Diversity Policy with regard to members of the Supervisory Board, members of the Management Board and key functions holders at Bank Polska Kasa Opieki Spółka Akcyjna", the Bank carries out, as part of the annual Collective Suitability Assessment of the Bank's Statutory Bodies, the assessment of compliance with the bodies' diversification as to gender representation. Should the diversification targets not be met, the

Bank keeps records of the reasons why they are not met, the measures that are to be taken and the deadlines for such measures to ensure that the diversification targets are met.

- § 56. Additional criteria regarding the composition, independence and knowledge in the field of accounting or auditing financial statements and in the field of the banking industry, as set out in the Bank's Articles of Association, the Act on Auditors are taken into account in the course of the Suitability Assessment of the Audit Committee, whereby the majority of Supervisory Board members making up the Audit Committee, including its chairperson, should meet the conditions of independence within the meaning of Article 129.3 of the Act on Auditors.
- § 57. Additional criteria regarding composition, knowledge and experience to be met by the Nomination and Remuneration Committee or the Risk Committee are taken into account in the course of the Suitability Assessment of these committees as a whole.

Chapter 3

Suitability Assessment Procedure

- § 58. The Process of Individual Suitability Assessment of Candidates for Supervisory Board Members and the Collective Suitability Assessment carried out in the cases referred to in § 48.2 and 48.4 are carried out in the following stages, indicated in the Suitability Assessment Process Diagram, in line with Appendix 6A to the Policy:
- 1) Should it be necessary to appoint members of the Supervisory Board, the Bank prepares a list of information, documents and statements that should be presented by the Candidate for a member of the Supervisory Board and provides the Shareholders with such a list along with the templates of the Self-Assessment Questionnaire, the template of which is attached as Appendix 1A to the Policy, as well as with the Assessment Questionnaire, the template of which is attached as Appendix 2A to the Policy, as well as with possible templates of the required statements;
 - 2) A Shareholder who intends to nominate a Candidate for a Supervisory Board member shall ask such a Candidate to fill in the Self-Assessment Questionnaire as well as to provide other information, documents and statements necessary to carry out the Suitability Assessment;
 - 3) The Candidate for a member of the Supervisory Board shall fill in the Self-Assessment Questionnaire and the required declarations, and then submit them along with the other required documents to the Shareholder who intends to nominate their candidacy;
 - 4) The Shareholder who intends to nominate a given Candidate for a Supervisory Board member shall evaluate the documents and, in the event of identifying any incorrectness or deficiencies, submit them for correction or supplementation by such a Candidate for a Supervisory Board member.
 - 5) Upon receiving complete documents, the Shareholder who intends to nominate a given Candidate for a Supervisory Board member shall carry out the Individual Suitability Assessment and keep records of the Suitability Assessment process using the Assessment Questionnaire, the template of which has been provided by the Bank;
 - 6) Along with the nomination of a Candidate for a member of the Supervisory Board, the Shareholder shall notify the General Meeting of Shareholders of the results of the Individual Suitability Assessment of such a Candidate and provide the Bank with a set of documents related to such assessment, including the completed Assessment Questionnaire and Self-Assessment Questionnaire in order to make it possible to verify their completeness and archive them. Should it be found that the submitted set of documents has any deficiencies, the Bank or an external adviser selected by the Bank for this purpose shall immediately notify the Shareholder thereof and request to supplement

them, whereas in the event of failure to do so, inform the General Meeting of Shareholders of the deficiencies found;

- 7) The Bank, and the relevant organisational unit(s) on its behalf, or an external adviser selected by the Bank for this purpose, based on the information provided by Shareholders concerning the results of the Individual Suitability Assessment of the Candidates for Supervisory Board members nominated by them, shall notify the General Meeting of Shareholders thereof indicating the personal variants in which the Supervisory Board selected from among such Candidates for a member of the Supervisory Board is to meet the requirements of the Collective Suitability;
- 8) The General Meeting of Shareholders takes into account the results of the Suitability Assessment carried out by the Shareholder who has nominated a given Candidate for a Supervisory Board member and the information referred to in Item 7 above when adopting a resolution on appointing individual Candidates for Supervisory Board members to make up the Supervisory Board.

§ 59. The Process of Individual Suitability Assessment of Candidates for Supervisory Board Members is carried out in the following stages, indicated in the Suitability Assessment Process Diagram, in line with Appendix 6B to the Policy:

- 1) Should it be necessary to carry out the Individual Suitability Assessment of a Supervisory Board member, the Supervisory Board member shall self-assess themselves by completing the Self-Assessment Questionnaire properly, the template of which is attached as Appendix 1A to the Policy, and then submit it to the Nomination and Remuneration Committee and the Supervisory Board;
- 2) The Supervisory Board, upon getting familiar with the recommendation of the Nomination and Remuneration Committee presented with the use of a properly adapted Assessment Questionnaire, the template of which is attached as Appendix 2A to the Policy (whereby the Nomination and Remuneration Committee may use the support of the relevant unit or organisational unit of the Bank, or an external adviser) submits to the General Meeting of Shareholders the results of the self-assessment of individual members of the Supervisory Board, requesting their approval or recommending the use of one of the applicable Corrective Measures, whereas the results of the self-assessment and the request for their approval or recommendation to apply one of the Corrective Measures may be included in the report on the Supervisory Board's activities in a respective year;
- 3) The General Meeting of Shareholders carries out the Suitability Assessment of Supervisory Board members by adopting an appropriate resolution approving the self-assessment of Supervisory Board members, or decides to apply one of the Corrective Measures;
- 4) Upon carrying out the Suitability Assessment by the General Meeting of Shareholders, the Supervisory Board submits the documentation of the Suitability Assessment, including the Self-Assessment Questionnaire and other documents and statements, to the HRD to make it archived.

§ 60. Apart from the cases specified in § 58, the process of the Collective Suitability Assessment of the Supervisory Board is carried out in the following stages, indicated in the Suitability Assessment Process Diagram, in line with Appendix 6C to the Policy:

- 1) Should it be necessary to carry out the Collective Suitability Assessment of the Supervisory Board, the Supervisory Board, upon getting familiar with the recommendation of the Nomination and Remuneration Committee presented with the use of a properly adapted Assessment Questionnaire, the template of which is attached as Appendix 3A to

the Policy (whereby the Nomination and Remuneration Committee may use the support of the relevant unit or organisational unit of the Bank, or an external adviser), self-assess themselves by completing the Collective Suitability Assessment Questionnaire properly;

- 2) The Supervisory Board submits to the General Meeting of Shareholders the results of the self-assessment of individual members of the Supervisory Board, requesting their approval or recommending the use of one of the applicable Corrective Measures, whereas the results of the self-assessment and the request for their approval or recommendation to apply one of the Corrective Measures may be included in the report on the Supervisory Board's activities in a respective year;
- 3) The General Meeting of Shareholders carries out the Collective Suitability Assessment by adopting an appropriate resolution approving the self-assessment of the Supervisory Board, or decides to apply one of the Corrective Measures;
- 4) The Supervisory Board, upon the carrying out the Collective Suitability Assessment, referred to in Item 3, submits the documentation of the Suitability Assessment carried out, including the Collective Suitability Assessment Questionnaire, the template of which is attached as Appendix 3A to the Policy, and other documents and statements, to the HRD to make it archived.

§ 61. The Process of Individual Suitability Assessment of Candidates/Members of the Bank's Management Board is carried out in the following stages, indicated in the Suitability Assessment Process Diagram, in line with Appendix 6D to the Policy:

- 1) The Nomination and Remuneration Committee or its Chairperson, upon being notified of a prerequisite for carrying out the Suitability Assessment, makes a decision on the commencement of the Suitability Assessment process and addresses the HRD for this purpose, thus initiating the Suitability Assessment process. The HRD may take further steps in the Suitability Assessment process, which have been assigned to the HRD in the Policy, or use the support of the Bank's Organisational Units indicated by them with regard to their competences or, after consulting the Nomination and Remuneration Committee, the support of an external adviser.
- 2) The HRD determines the extent to which the Suitability Assessment should be carried out and prepares a list of information and statements that should be provided by the Person Subject to the Suitability Assessment and provides them with the aforementioned list and statements along with the Self-Assessment Questionnaire, a template of which is attached as Appendix 1A to the Policy, and with the statement constituting Appendix 5C to the Policy. In the above activities, the HRD takes into account the provisions of this Policy, the job description or scope of duties as well as the documentation of the previous Suitability Assessment (if applicable).
- 3) The Person Subject to the Suitability Assessment shall fill in the Self-Assessment Questionnaire and the required statements, and then submit them, along with the other required documents, to the HRD within the prescribed time limit.
- 4) The HRD shall evaluate the documents and, in the event of identifying any incorrectness or deficiencies, submit them for correction or supplementation by the Person Subject to the Suitability Assessment
- 5) Upon receiving complete documents, the HRD carries out an initial Suitability Assessment in accordance with the Policy and keeps records of the Assessment process using the Assessment Questionnaire, constituting Appendix 2B to the Policy. Should the HRD deem it reasonable, they may, as part of the Individual Suitability Assessment, interview the

Candidate/member of the Bank's Statutory Body. Subsequently, the results of the initial Suitability Assessment are submitted to the Nomination and Remuneration Committee.

- 6) The Nomination and Remuneration Committee prepares a recommendation on the fulfilment of the Individual Suitability Requirements by the Person Subject to Suitability Assessment using the Assessment Questionnaire, the template of which is attached as Appendix 2B to the Policy. Should the result of the assessment be positive, the Nomination and Remuneration Committee recommends granting a positive Individual Suitability Assessment. Should the result of the assessment be negative, the Nomination and Remuneration Committee recommends taking one of the decisions referred to in Item 9 below.
- 7) Based on the recommendation of the Nomination and Remuneration Committee, the Supervisory Board decides on the result of the Suitability Assessment in the form of a resolution.
- 8) The HRD notifies the Person Subject to the Suitability Assessment of the result of the Suitability Assessment – along with any possible recommended Corrective Measures, in accordance with the principles of electronic communication in place at the Bank.
- 9) Should the result of the Suitability Assessment be negative, the Supervisory Board decides to apply the following Corrective Measures:
 - a) they resign from appointing the Person Subject to the Suitability Assessment or decide to dismiss them from the position, whereas the decision not to appoint/dismiss should be made in each event where the Suitability Assessment in terms of warranty is negative;
 - b) they decide on implementing other Corrective Measures deemed necessary to ensure the continuity of the Bank's Statutory Body and on bringing about or restoring the state in which the Person Subject to the Suitability Assessment meets the Suitability Requirements.

§ 62. The Suitability Assessment Process of the Collective Management Board of the Bank is carried out in the following stages indicated in the Suitability Assessment Process Scheme, in accordance with Appendix 6E to the Policy:

- 1) The Nomination and Remuneration Committee or its Chairperson, upon being notified of a prerequisite for carrying out the Suitability Assessment, makes a decision on the commencement of the Suitability Assessment process and addresses the HRD for this purpose, thus initiating the Suitability Assessment process. The HRD may take further steps in the Collective Suitability Assessment process, which have been assigned to the HRD in the Policy, or use the support of the Bank's Organisational Units indicated by them with regard to their competences or, after consulting the Nomination and Remuneration Committee, the support of an external adviser.
- 2) The HRD verifies the validity of individual assessments of the Management Board members. Should it be found that at least some of the necessary information is not available or is no longer valid, the HRD submits this information to the Nomination and Remuneration Committee, which initiates the Individual Suitability Assessment process. Otherwise, or after the completion of the Individual Suitability Assessment process, the HRD commences the actions described below.
- 3) The HRD carries out an initial Suitability Assessment in accordance with the Policy and keeps records of the Assessment process using the Collective Assessment Questionnaire, constituting Appendix 3B to the Policy. Subsequently, they submit the results of the initial Collective Suitability Assessment to the Nomination and Remuneration Committee.

- 4) The Nomination and Remuneration Committee prepares a recommendation on the fulfilment of the Collective Suitability Requirements by the Management Board of the Bank using the Assessment Questionnaire the template of which is attached as Appendix 3B to the Policy, and subsequently submits their recommendation to the Supervisory Board. Should the result of the assessment be positive, the Nomination and Remuneration Committee recommends granting a positive Collective Suitability Assessment of the Bank's Management Board in the proposed composition. Should the result of the assessment be negative, the Nomination and Remuneration Committee recommends the application of the Corrective Measures indicated by them in order to bring about or restore the state in which the Management Board of the Bank as a whole meets the Suitability Requirements set out in the Policy.
 - 5) Based on the recommendation of the Nomination and Remuneration Committee, the Supervisory Board decides on the result of the Suitability Assessment in the form of a resolution. Should the result of the Suitability Assessment be negative, the Supervisory Board decides to apply the Corrective Measures.
- § 63. The Bank informs the PFSA about the Suitability Assessment carried out, its results and the decision made. As for the initial Suitability Assessment, if the appointment of a Candidate for a respective position is subject to the prior consent of the PFSA, the Supervisory Board submits to the PFSA a request for consent to appoint a Candidate for a position in the Bank's Statutory Body.
- § 64. Should the Collective Suitability Assessment of the Body be positive, information on the fulfilment of the Suitability Requirements is published on the Bank's website.

Chapter 4

Effects of the Assessment

- § 65. 1. The Corrective Measures may not be used to restore the fulfilment of the Suitability Requirements with respect to the reputation criterion or the absence of a warranty for the proper performance of the entrusted duties.
2. Should the initial assessment of the Candidate for the position of the President of the Management Board or a member of the Management Board supervising the management of risk relevant to the Bank's operations be negative, the Bank immediately takes steps to select another candidate.
- § 66. The Corrective Measures that may be recommended by the Nomination and Remuneration Committee to the Supervisory Board – in relation to the Candidate or a member of the Management Board of the Bank, and in the case of a member of the Supervisory Board, recommended by the Supervisory Board to the General Meeting of Shareholders, include:
- 1) filling in the gaps in education, experience and skills by providing an additional training programme to respective members of the Bank's Statutory Body or the entire composition of the Bank's Statutory Body;
 - 2) taking appropriate actions necessary to minimise or remove a conflict of interest in terms of commitment of time, number of parallel positions or independence of mind;
 - 3) suspending any and all members of the Management Board from performance of duties for important reasons;
 - 4) adjusting the competences of the members of the Management Board to their professional qualifications;
 - 5) resigning from the appointment or dismissal of a member of the Bank's Statute Body.

- § 67. The Corrective Measures that may be recommended by the Nomination and Remuneration Committee – in relation to the Management Board of the Bank as a whole, and in the case of the Supervisory Board, they may be recommended to the General Meeting of Shareholders, include:
- 1) adjusting the division of responsibilities between members of the body;
 - 2) replacing the members of the Bank's Statutory Body;
 - 3) extending the composition of the Bank's Statutory Body to include additional persons;
 - 4) taking possible measures to minimise conflicts of interest;
 - 5) organising a training programme for respective members of the Bank's Statutory Body;
 - 6) organising a training programme for the body as a whole.
- § 68. When preparing a recommendation on the application of the Corrective Measures, the Nomination and Remuneration Committee should consider a specific situation with a view to the failure to meet the Individual Suitability requirements by a respective Candidate for a member/member of the Bank's Statutory Body and the impact of the failure to meet the Individual Suitability requirements on the Collective Suitability of the Bank's Statutory Body.
- § 69. Should the Nomination and Remuneration Committee deem it appropriate to recommend the application of a Corrective Measure, having previously included this issue on the agenda, the General Meeting of Shareholders takes a decision in this regard for the Supervisory Board whereas the Supervisory Board for the members of the Management Board.
- § 70. Training for the members of the Bank's Statutory Bodies is delivered in accordance with the provisions of § 40 of the Policy.

SECTION VI SUITABILITY ASSESSMENT OF THE BANK'S KEY FUNCTION HOLDERS

Chapter 1 Circumstances of carrying out the Suitability Assessment

- § 71. 1. The Suitability Assessment of the Candidate/Key Function Holder is carried out, in particular, in the following cases:
- 1) at the stage of appointment for the position of the Key Function Holder with regard to the relevant Succession Plans;
 - 2) in the event where the HRD Director learns reliable information that may raise reasonable doubts as to the fulfilment of the Suitability Requirements by the Key Function Holder, after obtaining explanations from that person;
 - 3) in the event where the HRD Director learns information from the Key Function Holder on changes in professional qualifications, reputation or additional management criteria affecting the Suitability Assessment carried out and the member fulfils the Suitability Requirements;
 - 4) as part of inspection/review of the Principles of Corporate Governance;

- 5) in the event of a change in generally applicable law, recommendations of supervisory authorities or the Bank's internal regulations specifying the scope of professional qualifications required to perform the Key Function at the Bank;
 - 6) in the event where it is planned to entrust an appropriately qualified proxy appointed by the Management Board of the Bank with the function of the manager of the committee for ICT environment security or the committee for cooperation between the business area and that ICT area.
- § 72. The Key Function Holders are required to notify the HRD Director of any material changes affecting their compliance with the relevant Suitability Requirements, immediately, no later than within 14 days from the change, in writing, in line with the template provided in Appendix 5D, as well as to notify the HRD Director annually by the end of January of each year of any changes affecting their compliance with the relevant Suitability Requirements.

Chapter 2

Suitability Assessment Procedure

- § 73. The Process of Individual Suitability Assessment of Candidates/Key Function Holders is carried out in the following stages, indicated in the Suitability Assessment Process Diagram, in line with Appendix 6F to the Policy:
- 1) The HRD, upon being notified of a circumstance for carrying out the Suitability Assessment, makes a decision on the commencement of the Assessment of the Candidate/Key Function Holder, thus initiating the Suitability Assessment process. The HRD may take further steps in the Suitability Assessment process, which have been assigned to the HRD in the Policy, or use the support of the Bank's Organisational Units indicated by them with regard to their competences, or commission an external adviser to undertake actions specified by them.
 - 2) The HRD, together with the Immediate Superior, in liaison with the Senior Superior, determines the extent to which the Suitability Assessment should be carried out and prepares a list of information and statements that should be provided by the Person Subject to the Suitability Assessment and provides them with the aforementioned list and statements along with the Self-Assessment Questionnaire, a template of which is attached as Appendix 1B to the Policy. In the above activities, the HRD takes into account the provisions of this Policy, the job description or scope of duties as well as the documentation of the previous Suitability Assessment (if applicable).
 - 3) The Person Subject to Suitability Assessment shall fill in the Self-Assessment Questionnaire, the template of which is attached as Annex 1B to the Policy, and the required statements indicated in the Self-Assessment Questionnaire, as well as they shall compile the other required documents, and subsequently submit the filled-in Self-Assessment Questionnaire along with the required statements and documents to the HRD within the prescribed time limit.
 - 4) The HRD shall evaluate the documents and, in the event of identifying any incorrectness or deficiencies, submit them for correction or supplementation by the Person Subject to the Suitability Assessment
 - 5) Upon receiving complete documents, the HRD Director, together with the Immediate Superior, in liaison with the Senior Superior, carries out the Suitability Assessment and keeps the records of the Assessment process using the Assessment Questionnaire, a template of which is attached as Appendix 2C to the Policy. In a situation where the HRD Director together with the Immediate Superior deems it appropriate, they may interview the Person Subject to the Suitability Assessment.

- 6) Upon carrying on the Suitability Assessment, the HRD Director together with the Immediate Superior, in liaison with the Senior Superior, prepares information about the results of the Suitability Assessment, which is then forwarded to the Candidate/Key Function Holder, in line with the principles adopted at the Bank for sending communication by electronic means, as well as for the attention of the President of the Management Board.
- § 74. If the Person Subject to the Suitability Assessment is the Director of the Internal Audit Department or the Director of the Compliance Department, the Bank notifies the PFSA of the assessment carried out, its results and the decision made.
- § 75. Documentation of the Suitability Assessment process is kept in paper form and in electronic form at the HRD, for the time specified in the information provided by the data controller, which is appended to the Self-Assessment Questionnaires.

Chapter 3

Corrective Measures

- § 76. 1. Should, as a result of the Suitability Assessment of the Candidate for the Key Function Holder/Key Function Holder, the HRD, together with the Immediate Superior, in liaison with the Senior Superior, determines that the Key Function Holder fails to meet the Suitability Requirements, the Bank resigns from employing a respective Person Subject to the Suitability Assessment for the position for which the selection is carried out, whereas in the case of a person who already is the Key Function Holder, the Bank decides to terminate their employment (or another relationship on which their employment is based) or change the position held by them, or apply another Corrective Measure, referred to in § 77 below (subject to § 78).
- § 77. The following Corrective Measures may be applied against the Key Function Holder:
- 1) making personnel decisions regarding the Key Function Holder in accordance with applicable laws;
 - 2) adjusting the responsibilities of the Key Function Holder to their professional qualifications;
 - 3) taking appropriate actions necessary to minimise or remove a conflict of interest, including in terms of commitment of time, number of parallel positions or independence of mind;
 - 4) training the Key Function Holder.
- § 78. The Corrective Measures defined in § 76 may not be used to restore the fulfilment of the Suitability Requirements with respect to the reputation criterion or the absence of a warranty for the proper performance of the entrusted duties.
- § 79. Training programmes for Key Function Holders referred to in § 77.4 shall be delivered in accordance with internal regulations in force at the Bank.

SECTION VII

FINAL PROVISIONS

- § 80. Nothing in this Policy affects the rights or obligations arising under the law.
- § 81. The applicable provisions of law and other internal regulations of the Bank apply to all matters not regulated herein, in particular, to the appointment, removal, suspension for important reasons of any or all members of the Management Board, employment and delegation of responsibilities of members of the Management Board, Supervisory Board and the Key Function Holders, respectively.
- § 82. The rules for selecting candidates for a respective function and criteria for the Suitability Assessment of the authorities of Pekao Brokerage House, which is an organisational unit within the Bank's structure, as well as the course of the Suitability Assessment process and the Corrective Measures applicable to members of the authorities of Pekao Brokerage House in order to ensure compliance with the Suitability Requirements are specified in a separate internal regulation concerning Pekao Brokerage House.
- § 83. Documentation of the Suitability Assessment process is kept in paper form and in electronic form at the HRD, for the time specified in the information provided by the data controller, which is appended to the Self-Assessment Questionnaires.
- § 84. Amendments to the content of the appendices to this Policy are not tantamount to amendments to the content of the Policy and they shall be approved by the HRD Director in liaison with the Director of the Compliance Department, whereas in the case of amendments concerning the Candidates/members of the Supervisory Board of the Bank, by the HRD Director in liaison with the Nomination and Remuneration Committee of the Supervisory Board of the Bank.
- § 85. With regard to the Candidates for members/members of the Supervisory Board, this Policy shall be applicable subject to its approval by the General Meeting of Shareholders by virtue of a relevant resolution. Should the condition referred to in the preceding sentence not be met, this Policy ceases to apply with regard to the Candidates for members/members of the Supervisory Board, and the Bank develops and submits for approval to the next General Meeting of Shareholders an amended Policy regarding the selection and suitability assessment of Candidates for members, and members of the Supervisory Board.