

**Report on the activities  
of the Supervisory Board of Bank Ochrony Środowiska  
S.A for 2024**

Warsaw, 2025

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During the reporting period, and in accordance with applicable laws and the Articles of Association of Bank Ochrony Środowiska S.A., the Supervisory Board exercised ongoing oversight of all areas of the Bank's operations.

In this document, the Supervisory Board reports on its activities in the formal scope — in particular with respect to its composition, the number of meetings held, resolutions adopted, and internal regulations governing its operation — for the period from 1 January to 31 December 2024, as outlined in Section 2.2. The report includes a self-assessment of activities undertaken since 11 March 2024.

## **1. Composition of the Supervisory Board in 2024, together with information on diversity**

Changes in the composition of the Supervisory Board in 2024: The new composition of the Supervisory Board was set by the Extraordinary General Meeting held on 11 March 2024.

As at 1 January 2024, the composition of the Supervisory Board was as follows:

- |                         |   |
|-------------------------|---|
| 1) Piotr Sadownik       | – Chairman,   |
| 2) Tadeusz Wyrzykowski  | – Deputy Chairman,  |
| 3) Andrzej Matysiak     | – Secretary,  |
| 4) Piotr Bielarczyk     | – Member,   |
| 5) Wojciech Krawczyk    | – Member,   |
| 6) Marian Niemirski     | – Member,   |
| 7) Aleksandra Świdorska | – Member,   |
| 8) Waldemar Trelka      | – Member,   |
| 9) Paweł Trętowski      | – Member (delegated to temporarily serve as Vice President of the Management Board responsible for managing the Management Board's activities). |

During the year, the following changes took place in the composition of the Supervisory Board:

- On 5 March 2024, Waldemar Trelka submitted his resignation from the Supervisory Board, effective as of that date.
- On 11 March 2024, the Extraordinary General Meeting of BOŚ S.A.
  - 1) removed the following persons from the Supervisory Board:
    - Piotr Bielarczyk,
    - Andrzej Matysiak,
    - Marian Niemirski,
    - Piotr Sadownik,
    - Paweł Trętowski,
    - Tadeusz Wyrzykowski,
  - 2) and appointed the following persons to the Supervisory Board
    - Marcina Liberadzki,
    - Marcin Likierski,
    - Władysław Mańkut,
    - Adam Ruciński,

- Marzenna Sendecka,
  - Artur Stefański,
  - Piotr Wybieralski.
- On 11 March 2024, the Supervisory Board:
  - 1) appointed:
    - Adam Ruciński as Chairman of the Supervisory Board,
    - Artur Stefański as Deputy Chairman of the Supervisory Board,
    - Marzenna Sendecka as Secretary of the Supervisory Board;
  - 2) delegated:
    - Marcin Liberadzki to temporarily serve as Vice President of the Management Board, responsible for managing the Management Board's activities,
    - Marzenna Sendecka to temporarily serve as Vice President of Management Board.
- At its meeting held on 3 April 2024, the Supervisory Board:
  - 1) delegated Mr Artur Stefański, Supervisory Board member, to temporarily perform the duties of Vice President of the Bank's Management Board from 4 April to 10 April 2024;
  - 2) adopted resolutions under which the delegation of Mr Marcin Liberadzki and Ms Marzenna Sendecka to the Management Board would expire on 10 April 2024.
- At its meeting held on 26 September 2024, the Supervisory Board adopted a resolution delegating Mr Artur Stefański, Supervisory Board member, to temporarily perform the duties of Vice President of the Management Board from 1 October to 13 October 2024.

As at 31 December 2024, the composition of the Supervisory Board was as follows:

- |                         |                    |
|-------------------------|--------------------|
| 1) Adam Ruciński        | – Chairman,        |
| 2) Artur Stefański      | – Deputy Chairman, |
| 3) Marzenna Sendecka    | – Secretary,       |
| 4) Wojciech Krawczyk    | – Member,          |
| 5) Marcin Liberadzki    | – Member,          |
| 6) Marcin Likierski     | – Member,          |
| 7) Władysław Mańkut     | – Member,          |
| 8) Aleksandra Świderska | – Member,          |
| 9) Piotr Wybieralski    | – Member.          |

Diversity, as used in the *Diversity Policy for Members of the Supervisory Board of BOŚ S.A.*, refers to the collective attributes of Supervisory Board members—namely age, gender, educational background, skills, knowledge and professional experience—that secure a breadth of viewpoints on the Board. Such diversity enables members to discharge their functions and responsibilities, thereby supporting the Supervisory Board's overall performance.

In 2024, the composition of the Bank's Supervisory Board—considered by reference to age, educational background, skills, knowledge and professional experience—ensured a diversity of perspectives and enabled the Board to discharge its duties.

The Supervisory Board is deemed to achieve gender diversity when the under-represented gender constitutes at least 30% of its membership, provided that, as a collective body, it maintains an appropriate level of knowledge, skills, educational background, competences and professional experience, in accordance with the Diversity Policy. Whilst the Bank aims to achieve a gender-diversity ratio of not less than 30%, women accounted for 22% of the Supervisory Board for most of 2024. Detailed information on the extent of implementation of the Diversity Policy in relation to the Bank's Management Board and Supervisory Board is set out in Appendix 4 to this Report.

## **2. Summary of the Supervisory Board's activities in 2024**

The principal formal matters considered by the Supervisory Board in 2024 were:

- reviewing and assessing the financial statements of the Bank and the BOŚ Group for the 2023 financial year for consistency with the books, source documents and the factual position; the Supervisory Board issued a statement to that effect on 6 March 2024, which was published together with the 2023 Annual Report of the Bank and the BOŚ Group;
- reviewing and assessing the Directors' Report on the operations of the BOŚ Group for 2023, presented together with the Directors' Report on the operations of the Bank, and reviewing and issuing an opinion on the materials submitted for consideration by the Annual General Meeting of BOŚ S.A. held on 19 June 2024;
- assessing the Bank's consolidated position in 2023, including an evaluation of its internal-control, risk-management and compliance systems and its internal-audit function;
- assessing the operation of the Remuneration Policy in 2023 and preparing a draft opinion for the General Meeting on whether the Policy supports the Bank's development and safe operation;
- assessing the appropriateness of expenditure incurred by the Bank and its Group in 2023 to support culture, sport, charities, media outlets, social organisations, trade unions and similar bodies;
- evaluating the Bank's application of, and compliance with, the 'Principles of Corporate Governance for Supervised Institutions' issued by the Polish Financial Supervision Authority on 22 July 2014, and assessing the Bank's adherence to corporate-governance principles and related disclosure obligations under the Rules of the Warsaw Stock Exchange and the regulations on current and periodic reporting in 2023;
- assessing the Management Board's fulfilment of the disclosure obligations set out in Article 380<sup>1</sup> of the Polish Commercial Companies Code and its preparation and submission to the Supervisory Board of information, documents, reports and explanations requested pursuant to Article 382 § 4 of that Code;
- assessing the implementation of the Diversity Policy in relation to the Bank's Management Board and Supervisory Board for 2023;
- performing a self-assessment of the adequacy of the internal regulations governing the operation of the Supervisory Board and of the Board's effectiveness in 2023, and assessing the adequacy of the internal regulations governing the operation of

the Management Board and of its effectiveness in 2023;

- approving the Policy on the Identification of Key Function Positions and the Assessment of the Suitability of Candidates and Incumbents in such Positions at BOŚ S.A.
- adopting the Policy on the Assessment of Suitability of Candidates for, and Members of, the Management Board of Bank Ochrony Środowiska S.A.

## **2.1. Number of Supervisory Board meetings and individual Supervisory Board members' attendance**

In the performance of its duties related to ongoing oversight of the Bank's operations, in 2024 the Supervisory Board held 15 meetings on the following dates (three in its previous composition and twelve, from 11 March 2024 onwards, in its reconstituted composition):

- 1) 31 January,
- 2) 28 February,
- 3) 6 March,
- 4) 11 March,
- 5) 3 April,
- 6) 11 April,
- 7) 26 April,
- 8) 21 May,
- 9) 21 June,
- 10) 8 August,
- 11) 26 August,
- 12) 26 September,
- 13) 29 October,
- 14) 22 November,
- 15) 17 December.

Some of the Supervisory Board's meetings were held in a hybrid format, using real-time remote-communication facilities.

In addition, the Board held one working session on 6 June.

In 2024 the Supervisory Board participated in 13 votes to adopt resolutions by written procedure (outside a formal meeting) on the following dates (one in its previous composition and twelve, from 13 March 2024 onwards, in its reconstituted composition):

- 1) 7–12 February,
- 2) 13–15 March,
- 3) 5 April,
- 4) 12–15 April,
- 5) 22–23 May
- 6) 27–28 May
- 7) 6–7 June,
- 8) 25–26 June,
- 9) 12–16 September,
- 10) 12–18 September,

- 11) 1–3 October,
- 12) 28–29 November (two separate votes were conducted on those dates).

Supervisory Board members attended all Board meetings and took part in written resolutions, underscoring their commitment to their responsibilities.

As a rule, all Supervisory Board members attended meetings and participated in written resolutions. The few instances of absence or non-participation in votes were always duly justified; this applied to the Supervisory Board in both its former and reconstituted compositions:

- 1) Adam Ruciński – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended all 12 meetings held in that period and participated in all 12 votes conducted by written procedure during the same period;
- 2) Artur Stefański – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended all 12 meetings held during that period and participated in 11 of the 12 votes conducted by written procedure (he was unable to take part in one vote as he had been delegated to the Management Board);
- 3) Marzenna Sendecka – from her appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended 11 of the 12 meetings held during that period (she was unable to attend one meeting as she had been delegated to the Management Board) and participated in nine of the 12 votes conducted by written procedure (she was unable to take part in two votes owing to the delegation, and her absence from one vote was duly justified);
- 4) Wojciech Krawczyk – attended all 15 meetings held in 2024 and participated in all 13 votes conducted by written procedure during the same period;
- 5) Marcin Liberadzki – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended 11 of the 12 meetings held during that period (he was unable to attend one meeting as he had been delegated to the Management Board) and participated in 10 of the 12 votes conducted by written procedure (he was unable to take part in two votes owing to the delegation);
- 6) Marcin Likierski – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended 11 of the 12 meetings held during that period and participated in 10 of the 12 votes conducted by written procedure during the same period (he was unable to take part in two votes due to a conflict of interest arising from his organisational ties with the entity concerned);
- 7) Władysław Mańkut – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended 11 of the 12 meetings held during that period and participated in all 12 votes conducted by written procedure during the same period;
- 8) Aleksandra Świdorska – attended 13 of the 15 meetings held in 2024 and participated in all 13 votes conducted by written procedure during the same period;
- 9) Piotr Wybieralski – from his appointment to the Supervisory Board on 11 March 2024 until 31 December 2024 – attended all 12 meetings held during that period and participated in all 12 votes conducted by written procedure during the same



period;

- 10) Piotr Sadownik – until his removal from the Supervisory Board on 11 March 2024 – attended 2 of the three meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 11) Tadeusz Wyrzykowski – until his removal from the Supervisory Board on 11 March 2024 – attended all three meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 12) Andrzej Matysiak – until his removal from the Supervisory Board on 11 March 2024 – attended 2 of the three meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 13) Piotr Bielarczyk – until his removal from the Supervisory Board on 11 March 2024 – attended two of the three meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 14) Marian Niemirski – until his removal from the Supervisory Board on 11 March 2024 – attended all three meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 15) Waldemar Trelka – until his resignation from the Supervisory Board on 5 March 2024 – attended both meetings held up to that date and participated in the single vote conducted by written procedure during that period;
- 16) Paweł Trętowski – until his removal from the Supervisory Board on 11 March 2024 – had been delegated to temporarily serve as Vice President of the Management Board in charge of its work, and therefore did not participate in the Supervisory Board's activities.

A key change following the Board's reconstitution was the adoption of new rules governing the conduct of meetings—both of the Supervisory Board and its committees. Under the new rules, committee meetings are held on a separate day—typically the day before the Supervisory Board meeting. This sequencing gives members additional time to review the papers, exchange views, and hear the Management Board's arguments and explanations—both at committee level and at the subsequent Board meeting. The Board also resolved that its committees should not meet concurrently. This arrangement enables every Supervisory Board member—including those who are not members of a given committee—to attend its meetings. Board members have consistently availed themselves of this opportunity. Accordingly, Supervisory Board members were present and actively engaged not only at Board meetings but also at the committee meetings held the day before, which required additional commitment. This applied to the committee meetings held in 2024 on the following dates:

- 1) 7 August,
- 2) 25 August,
- 3) 25 September,
- 4) 28 October,
- 5) 21 November,
- 6) 16 December.

## **2.2. Self-assessment of the Supervisory Board's effectiveness**

The self-assessment was carried out by the Supervisory Board in its composition as

constituted on 11 March 2024. In that composition, the Board performed its duties diligently and actively, showing an appropriate level of engagement in its work. The Board members devoted sufficient time to their duties, both as members of the Supervisory Board and of its committees (each member sat on at least one committee).

The Supervisory Board met significantly more often than the minima set in § 19(2) of the Bank's Articles of Association (at least once per quarter) and Article 389 § 3 of the Polish Commercial Companies Code (at least three times per financial year).

The frequency and length of both committee and Board meetings, combined with the members' activity and commitment, enabled the Supervisory Board to discharge its responsibilities effectively as a collegiate body.

To ensure breadth and diversity, the individuals appointed to the Supervisory Board brought varied academic backgrounds, skills, high professional qualifications and extensive career experience. Each Supervisory Board member remained continually apprised of the Bank's position. Significant observations and views of individual Supervisory Board members were duly reflected in the minutes of meetings of the Supervisory Board and its committees.

All Supervisory Board members satisfied the suitability criteria: they possessed the knowledge, skills and experience required to perform their duties and could be relied on to discharge those responsibilities properly. Meeting the suitability criteria—both at individual member level and for the Board collectively—enabled the Supervisory Board to exercise prudent and effective oversight of the Bank's operations.

In discharging its statutory duties and its duties under the Articles of Association, the Supervisory Board exercised continuous oversight of the Bank, inter alia through ongoing monitoring of:

- progress in the implementation of the Group Recovery Plan ('GRP'), progress in the delivery of the Bank's 2024–2026 strategy, and the Bank's current financial position. The Bank's financial performance—against the Financial Plan, the GRP, and relative to peer banks—was discussed at every meeting;
- the quality of risk management across all categories of banking risk. The Supervisory Board and the Risk Committee reviewed detailed risk information on a quarterly basis;
- the quality of compliance risk management, the effectiveness of the internal control system (including the outcomes of internal control and internal audit procedures), the results of external audits and inspections, and the implementation of recommendations issued by the supervisory authority. The Supervisory Board and the Internal Audit Committee reviewed detailed information on these matters on a quarterly basis;
- the Bank's environmental activities, in line with its statutory mission, including the financing of environmental projects—particularly in partnership with the National Fund and the Provincial Funds for Environmental Protection and Water Management; Detailed reports on this subject were reviewed quarterly by the Supervisory Board and the Environmental Protection Committee.

In addition to its regular assessments of the Bank's position at monthly and quarterly intervals—reflected in the actions described above—the Supervisory Board focused on the following key matters:

- initiating and overseeing changes to the composition of the Bank's Management Board, including the conduct of formal selection processes for Board positions. Following the selection process—including interviews and the assessment of suitability—the Supervisory Board implemented changes to the Management Board, appointing a new five-member body. The President of the Management Board and the Vice-President acting as First Deputy President, who holds responsibility for material risk oversight at the Bank, received the required approvals from the Polish Financial Supervision Authority on the basis of applications submitted by the Supervisory Board;
- appointing the audit firm to audit the annual separate and consolidated financial statements of BOŚ S.A. and the BOŚ Group, and to review the interim separate and consolidated financial statements for 2024–2025;
- appointing the audit firm to perform an assurance engagement on the BOŚ Group's reporting in the areas of corporate governance, risk management and corporate social responsibility for 2024–2025;
- adopting necessary amendments to the Rules of Procedure of the Risk Committee and the Internal Audit Committee, and confirming the composition of each committee following the reconstitution of the Supervisory Board on 11 March 2024;
- considering and approving documents submitted to the Supervisory Board by the Management Board, including:
  - the Management Strategy of Bank Ochrony Środowiska S.A. for 2025–2027;
  - the Banking Risk Management Strategy;
  - documentation relating to compliance and internal audit, including in particular:
    - ✓ the 2025 Internal Audit Plan and the Multi-Year Audit Plan for 2025–2029;
    - ✓ The Rules of Procedure for the BOŚ Compliance Department and the Department's Activity Plan for 2025,
    - ✓ the Compliance Policy of Bank Ochrony Środowiska S.A. and the Compliance Policy of the BOŚ Group;
    - ✓ the Internal Control System at BOŚ S.A.;
    - ✓ The Conflicts of Interest Policy of BOŚ S.A.;
  - documents relating to organisational and HR matters, including:
    - ✓ Management Board resolutions on the allocation of responsibilities within the Management Board;
    - ✓ the Remuneration Policy of BOŚ S.A.;
    - ✓ The Succession Planning Rules for Key Positions at BOŚ S.A.;
  - the Disclosure Policy – rules governing the disclosure by BOŚ S.A. of qualitative and quantitative information on capital adequacy,
  - the Bank's AML/CFT Strategy together with the AML/CFT Training Strategy – 2024 outlook.

The Supervisory Board discharged its duties in a timely manner with the utmost diligence. Its activities covered both the matters set out in the annual work plan and those arising from the Bank's day-to-day operations. Decisions were made following thorough consideration and taking account of the Management Board's arguments.

The Supervisory Board, in the composition determined by the Bank's General Meeting on 11 March 2024, considers that it operated effectively in 2024 and duly discharged its responsibilities in exercising ongoing oversight of the Bank. In addition to the activities outlined above, this was also reflected in:

- the Supervisory Board's active role in assessing the Bank's position as at the end of 2023 and in defining actions to support its improvement over the coming years, including:
  - direct involvement in the development of the new Bank Strategy. The Supervisory Board provided the Management Board with the necessary support in preparing the Bank Management Strategy for 2025–2027. A series of detailed and multi-dimensional discussions—with the participation of all Supervisory Board members—ranging from diagnosis of the Bank's baseline position and evaluation of the previous strategy, to debate on the framework for the new one, culminated in the adoption of the final document in December 2024;
  - granting approval for the engagement of external advisers to conduct opening audits at both the Bank and the BOŚ Foundation;
  - focused interest in the Bank's BION (Supervisory Review and Evaluation) rating. In light of the BION rating issued as at 31 December 2023, the Supervisory Board—together with the Management Board—held a detailed discussion on the scores assigned across individual areas and the actions planned to support their further development;
- active involvement in the update of the Group Recovery Plan (GRP) for the BOŚ Group. This process was preceded by a detailed assessment of: the continued relevance of the assumptions underlying the implementation of the GRP; the results achieved to date under the recovery options; the factors shaping the projected net profit trajectory as the GRP's lead indicator; and structural and regulatory factors affecting the Bank's ability to achieve and maintain sustainable profitability;
- prompt responses to the expectations of the Polish Financial Supervision Authority, as communicated in correspondence addressed either to the Bank or directly to the Supervisory Board;
- issuing recommendations and monitoring their implementation. These recommendations—based on materials reviewed at Board meetings—typically requested that the Management Board provide additional information, more detailed analysis, or increased reporting frequency in specific areas. All such expectations were appropriately fulfilled by the Management Board.

The Supervisory Board, in the composition determined on 11 March 2024, considers its cooperation with the Management Board to have been effective, noting the accuracy, reliability, and high substantive quality of the information provided. Documents prepared for the Supervisory Board enabled it to discharge its responsibilities effectively. The Supervisory Board also values the Management Board's

active participation in Board and committee meetings, including the presentation of proposals, the provision of relevant explanations, and constructive engagement in discussions.

### **2.3. Self-assessment of the adequacy of internal regulations governing the operation of the Supervisory Board**

The Supervisory Board operates in accordance with applicable legislation, in particular the Banking Law Act and the Commercial Companies Code, as well as the recommendations issued by the Polish Financial Supervision Authority, other generally applicable laws and regulations, and internal regulations, including—most notably—the Bank’s Articles of Association and the Rules of Procedure of the Supervisory Board. The Supervisory Board conducted a self-assessment of the adequacy of the internal regulations governing its activities, namely: the Bank’s Articles of Association, the Rules of Procedure of the Supervisory Board, the rules of procedure of its individual committees, and other documents relating to the operation of the Supervisory Board.

#### **Articles of Association of the Bank**

The Bank’s Articles of Association set out the key provisions governing the Supervisory Board, including those relating to the terms of office and mandates of its members, the size of the Board, decision-making procedures, and the Board’s powers and responsibilities. In this respect, the Articles of Association are assessed to be appropriate—consistent with applicable law, in particular the Commercial Companies Code and the Banking Law Act, and aligned with the Bank’s corporate governance documents relating to the Supervisory Board, in particular the Rules of Procedure of the Supervisory Board of Bank Ochrony Środowiska S.A.

Amendments to the Bank’s Articles of Association introduced in 2024 and 2025 (not relating to the Supervisory Board) were as follows:

- Amendments adopted by Resolution No. 4/2024 of the Extraordinary General Meeting of BOŚ S.A. on 11 March 2024 (with the consolidated text approved by Resolution No. 71/2024 of the Supervisory Board on 11 April 2024) consisted in amending the wording of Article 5(2)(9) of the Articles of Association and adding point (91) to Article 5(2). These amendments were intended to align the Bank’s objects with applicable law and the Bank’s business plans and needs, including enabling the Bank to conduct activities under Article 70(2) in conjunction with Article 69(2)(2) and (3) of the Act of 29 July 2005 on Trading in Financial Instruments. The amendments were registered by the District Court for the Capital City of Warsaw in the National Court Register on 25 May 2024.;
- A further amendment to the Articles of Association was made in response to a sector-wide letter from the Polish Financial Supervision Authority (PFSA), which highlighted the need for banks to align their articles with the amendments introduced by the Act of 16 August 2023 amending certain acts to support the development of the financial market and enhance investor protection, including in particular the amended Banking Law Act of 29 August 1997 and the Act of 29 July 2005 on Trading in Financial Instruments. The resulting draft amendments to the Articles of Association received the required approval from the PFSA in October 2024 and were adopted by Resolution No. 4/2025 of the Bank’s

Extraordinary General Meeting on 11 March 2025. On this basis, the Supervisory Board adopted the consolidated text of the Articles of Association by Resolution No. 26/2025 on 21 March 2025. The amendments were registered by the District Court for the Capital City of Warsaw in the National Court Register on 6 May 2025.

These amendments ensured the ongoing adequacy of the Bank's Articles of Association—namely, their compliance with the legal provisions referenced above and their consistency with the Bank's other corporate governance documents in the areas subject to alignment (including, among others, the Rules for Treasury Transactions entered into by Bank Ochrony Środowiska S.A. and the Bank's Organisational Rules of Procedure).

### **Rules of Procedure for the Supervisory Board**

In accordance with the provisions of Art. 19.8 of the Articles of Association, the adoption of the Rules of Procedure for the Supervisory Board falls within the scope of responsibilities of the Supervisory Board.

In accordance with Recommendation Z, the Supervisory Board hereby informs the Annual General Meeting of the adoption of the Rules of Procedure for the Supervisory Board and the assessment of their adequacy.

Recommendation Z 9 states: *'considering the general meeting's responsibility for supervising the performance of the supervisory board's tasks, if the rules of procedure for the supervisory board are not adopted by the general meeting but by the supervisory board itself, the general meeting should be informed of the adopted rules or the rules may require its prior approval, depending on the relevant arrangements in place at the bank.'*

The Rules of Procedure of the Supervisory Board in force as at the end of December 2024 were adopted by Resolution No. 58/2023 of the Supervisory Board dated 23 June 2023. Information on their adoption was presented at the Annual General Meeting held on 19 June 2024.

The Supervisory Board confirms that the Rules of Procedure of the Supervisory Board are adequate, in compliance with applicable laws and recommendations, and consistent with other internal governance documents of the Bank.

Rules of procedure for the committees appointed by the Supervisory Board:

**The Rules of Procedure of the Internal Audit Committee** set out comprehensive guidelines concerning:

a) the Committee's authority and role, b) its specific powers and responsibilities, c) its composition requirements, d) the procedures governing its operation, and e) the duties responsibilities of its members.

In 2024, the Rules of Procedure of the Internal Audit Committee were amended to reflect the implementation of the new Recommendation U concerning best practices in bancassurance. Provisions were added to the Rules of Procedure to address the monitoring of the internal control system with respect to the recognition of income and expenses from insurance distribution activities. In addition, the list of reports submitted to the Committee was updated to reflect changes introduced in the 'Internal Control System at BOŚ S.A.'

Following the amendments, the Rules of Procedure of the Internal Audit Committee are adequate, in compliance with applicable laws and recommendations, and

consistent with other internal governance documents of the Bank.

**The Rules of Procedure of the Risk Committee** set out comprehensive guidelines concerning: a) the Committee's authority and role, b) its specific powers and responsibilities, c) its composition requirements, and d) the procedures governing its operation.

As a result of the review carried out in 2024, technical and clarifying amendments were introduced to ensure consistency with the provisions of the Rules of Procedure of the Supervisory Board. The amendments related in particular to: the composition of the Committee, the procedure for signing minutes of Committee meetings by members participating remotely (i.e. signing the minutes at the Committee's next meeting), and the obligation to prepare an annual report on the Committee's activities and submit it to the Supervisory Board for approval.

Following the amendments, the Rules of Procedure of the Risk Committee **are** adequate, in compliance with applicable laws and recommendations, and consistent with other internal governance documents of the Bank.

**The Rules of Procedure of the Remuneration and Nomination Committee** set out comprehensive guidelines concerning:

a) the Committee's authority and role, b) its specific powers and responsibilities, c) its composition requirements, and d) the procedures governing its operation.

Following the review carried out in 2024, no amendments were deemed necessary – the Rules of Procedure of the Remuneration and Nomination Committee are adequate, in compliance with applicable laws and recommendations, and consistent with other internal governance documents of the Bank.

**The Rules of Procedure of the Environmental Protection Committee** set out comprehensive guidelines concerning: a) the Committee's authority and role, b) its specific powers and responsibilities, c) its composition requirements, and d) the procedures governing its operation. Following the review carried out in 2024, no amendments were deemed necessary – the Rules of Procedure of the Environmental Protection Committee are adequate, in compliance with applicable laws and recommendations, and consistent with other internal governance documents of the Bank.

### **Rules for the provision of support to the Management Board and the Supervisory Board of Bank Ochrony Środowiska S.A.**

The Rules set out the technical and organisational arrangements for preparing and holding meetings of the Management Board and the Supervisory Board. They include detailed provisions governing the preparation, agreement, circulation and archiving of materials and invitations for meetings of both bodies, as well as the preparation of formal minutes. The Rules establish detailed guidelines on matters addressed in the Rules of Procedure for the Management Board and Rules of Procedure for the Supervisory Board.

The current wording of the Rules is consistent with the Rules of Procedure for the Management and Supervisory Boards.

### **Rules for the development and adoption of internal governance documents**

The Rules set out the technical and organisational arrangements for all internal rulemaking activities at Bank Ochrony Środowiska S.A., including the preparation, issuance, storage and distribution of internal governance documents, including those

issued or approved by the Supervisory Board.

The review of the rules for the development and adoption of internal governance documents carried out in 2024 did not reveal any need to amend them.

### **Resolution on the procedure for reimbursing members of the Supervisory Board for expenses related to their Supervisory Board duties**

The above resolution — governing the reimbursement of expenses incurred by members of the Supervisory Board in connection with participation in the work of the Supervisory Board — was adopted pursuant to Article 392 § 3 of the Commercial Companies Code. It provides detailed guidelines on the service standards and types of expenses incurred by Supervisory Board members which are eligible for reimbursement. It also outlines the necessary documentation that a Supervisory Board member should submit to the Bank to claim reimbursement for expenses incurred in relation to their participation in the activities of the Supervisory Board or its committees.

### **Policy on the Assessment of Suitability of Candidates for the Supervisory Board, Members of the Supervisory Board and the Supervisory Board of BOŚ S.A.**

The review of the Policy (introduced in June 2023), and carried out in 2024, identified the need for amendment, primarily to ensure its alignment with the revised methodology titled 'Methods for Assessing the Suitability of Members of the Governing Bodies of Entities Supervised by the Polish Financial Supervision Authority', updated in the third quarter of 2023. The amendments to the Policy concerned, among other things, the assessment of whether a Supervisory Board member can be relied on to discharge their responsibilities properly, the assessment of independence of judgement, the ability to devote sufficient time to the role, and the collective assessment of the Supervisory Board. At the same time, the forms annexed to the Policy were updated to align their content with the templates published on the website of the Polish Financial Supervision Authority in the third quarter of 2023.

The amended Policy was adopted by the Annual General Meeting of the Bank on 19 June 2024.

### **Diversity Policy for members of the Supervisory Board of BOŚ S.A.**

The Policy was implemented following a positive recommendation from the Remuneration and Nomination Committee, pursuant to Article 9ce of the Banking Law Act of 29 August 1997 and in line with the Best Practice for GPW Listed Companies 2021.

The Policy applies to decisions on the appointment of members of the Bank's Supervisory Board, taking into account the principles for assessing suitability and the rules and procedures for appointing and removing members of the Bank's governing bodies.

As a result of the review of the Policy carried out in 2024:

- no need for amendment was identified;
- it was confirmed that the document remains adequate, i.e. compliant with applicable laws and the Best Practice for GPW Listed Companies 2021.

In light of the above, the Supervisory Board is satisfied that the regulations governing the operation of the Supervisory Board are adequate, in that they:



- comply with applicable laws, as well as the guidelines and recommendations issued by supervisory authorities;
- are subject to ongoing review and adjustment in response to changes in legal requirements, supervisory expectations and the Bank's internal circumstances;
- support the effective operation of the Supervisory Board;
- enable Supervisory Board members to discharge their responsibilities with diligence, professionalism and active engagement;
- do not compromise independence of judgement and support decision-making based on objective and substantive considerations;
- ensure the management of conflicts of interest and the fulfilment of the requirement to have an adequate number of independent members.

### **3. Composition of the Supervisory Board Committees and summary of their activities in 2024**

#### **3.1. Internal Audit Committee**

The Internal Audit Committee operates on the basis of the Rules of Procedure titled 'Organisation and Tasks of the Internal Audit Committee', adopted by the Supervisory Board, as well as the Committee's annual work plan.

In accordance with its Rules of Procedure, the principal responsibilities of the Internal Audit Committee include in particular:

- monitoring the financial reporting process; the effectiveness of the internal control system, the risk management system and internal audit; and the performance of statutory audit activities, in particular the audit engagements carried out by the audit firm;
- overseeing and monitoring the independence of the statutory auditor and the audit firm, including the assessment of the statutory auditor's independence and granting consent for the provision of permitted non-audit services;
- developing the policy and procedures for selecting the audit firm to perform the audit of the financial statements of BOŚ S.A., and presenting to the Supervisory Board recommendations concerning the appointment of the audit firm to carry out the audit;
- exercising substantive oversight over the activities of the internal audit function, including in particular its proper position within the Bank's organisational structure, while ensuring its operational independence;
- issuing opinions on candidates for the position of head of the internal audit function or compliance function, and on the Management Board's intention to remove persons holding those positions.

In 2024, the Internal Audit Committee was composed of:

- Aleksandra Świdorska – Chairwoman,
- Marian Niemirski – Deputy Chairman (until 11 March 2024),
- Marcin Liberadzki – Deputy Chairman (from 11 March 2024),
- Adam Ruciński – Member (from 11 March 2024),
- Piotr Sadownik – Member (until 11 March 2024),

- Marzenna Senddecka – Member (from 29 October 2024),
- Paweł Trętowski – Member (until 11 March 2024),<sup>1</sup>
- Piotr Wybieralski – Member (from 11 March 2024),
- Tadeusz Wyrzykowski – Member (until 11 March 2024),

At the end of 2024, the composition of the Internal Audit Committee was as follows:

- 1) Aleksandra Świdorska – Chairwoman,
- 2) Marcin Liberadzki – Deputy Chairman,
- 3) Adam Ruciński – Member,
- 4) Marzenna Senddecka – Member,
- 5) Piotr Wybieralski – Member.

In 2024, meetings of the Committee were convened on an ad-hoc basis, primarily in connection with the implementation of the Committee's Work Plan and the Bank's current matters. The Internal Audit Committee's annual work plan for 2024 was implemented in full.

In 2024, the Committee held 15 meetings, as documented in the relevant minutes. The meetings were held in a hybrid format.

The Committee meetings were attended by the President or Vice President of the Management Board responsible for directing the work of the Management Board, the Head of the Internal Audit Department, the Head of the Compliance Department or their designated substitutes, and – when accounting and financial reporting matters were under consideration – the Head of the Accounting Department.

In addition, representatives of external audit firm Mazars Audyt Sp. z o.o. participated in four meetings of the Committee.

In 2024, the Rules of Procedure titled 'Organisation and Tasks of the Internal Audit Committee' were reviewed to assess their adequacy and consistency with applicable laws, the Bank's internal governance documents, supervisory recommendations and market standards. As a result of the review, amendments were made in June 2024 to align the document in particular with:

- the revised Recommendation U issued by the Polish Financial Supervision Authority, specifically Recommendation No. 9, through the addition of a provision concerning the monitoring of the internal control system in respect of the recognition of income and expenses from insurance distribution activities;
- the updated Internal Control System at BOŚ S.A., in the part concerning the types of reports submitted to the Internal Audit Committee.

In 2024, the Internal Audit Committee issued opinions and recommendations to the Supervisory Board in relation to the materials under consideration and performed, on an ongoing basis, the tasks arising under applicable laws and supervisory

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<sup>1</sup>Did not perform the function, due to having been delegated to temporarily serve as Vice President of the Management Board in charge of the work of the Management Board.

recommendations defining the responsibilities and powers of the Committee.

Based on the Internal Audit Committee's 2024 Activity Report, the Supervisory Board notes that, as part of its oversight of financial reporting and statutory audit matters, the Committee, in particular:

- instructed the Bank's Management Board to establish a team responsible for organising the process of selecting an audit firm to carry out the statutory audit and review of the financial statements for the period beginning after 1 January 2024, and – based on the outcome of that process as presented by the team – developed appropriate recommendations for the Supervisory Board regarding the selection of the auditor;
- maintained regular cooperation with the auditor (statutory auditor) engaged to audit the financial statements of the Bank and the BOŚ S.A. Group, including, in particular:
  - a) reviewed the audit methodology and the auditor's report on the course and findings of the audit of the annual financial statements of the Bank and its Group for 2023; b) reviewed the auditor's report on the course and findings of the review of the condensed interim financial statements of the Bank and its Group for the first half of 2024; c) reviewed the audit plan presented by the auditor for the 2024 financial statements;
- considered, and recommended that the Supervisory Board approve, the financial statements of the Bank and its Group for 2023, as well as the Management Board's report on the operations of the Group for 2023, presented jointly with the Management Board's report on the operations of the Bank, and the qualitative and quantitative information of the Bank's Group concerning capital adequacy as at 31 December 2023;
- approved the engagement of the external auditor to perform assurance services in relation to:
  - the assurance of Disclosures for 2024–2025,
  - the assurance of the BOŚ S.A. Group's sustainability reporting for 2024–2025,
  - the assurance of the Supervisory Board's report on the remuneration of Supervisory Board and Management Board members for 2024 and 2025;
- considered, and recommended that the Supervisory Board approve, the statements required under the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for recognising as equivalent the information required under the laws of a non-member state, specifically:
  - 1) the Supervisory Board statement prepared in accordance with § 70(1)(7) and § 71(1)(7) of the Regulation (regarding the selection of the audit firm),
  - 2) the Supervisory Board statement prepared in accordance with § 70(1)(8) and § 71(1)(8) of the Regulation (regarding the Internal Audit Committee),
  - 3) the Supervisory Board statement prepared in accordance with § 70(1)(14) and § 71(1)(12) of the Regulation (regarding the assessment of the Bank's financial statements);
- periodically reviewed information on the status of implementation of the statutory auditor's recommendations issued following the audit of the 2022 and 2023

financial statements, and on the Bank's progress in implementing the external auditor's recommendations following the opening audit, and presented the relevant recommendations to the Supervisory Board in these areas.

The activities of the Internal Audit Committee also resulted in:

- 1) review and approval (adoption) of the following:
  - the Report on the risks arising from the operation of the Bank's accounting policies and organisational arrangements for 2024, together with the Report on amendments to those policies following alignment with PFSA Recommendation U;
  - internal audit reports submitted by the Internal Audit Department;
  - the Report on the loan portfolio, including changes to risk parameters and their impact on credit impairment charges;
- 2) review and recommendation to the Supervisory Board for approval or adoption of, among others, the following documents:
  - the Annual Internal Audit Plan for 2024 and the Multi-Year Internal Audit Plan for 2024–2028, as well as the Annual Plan for 2025 and the Multi-Year Plan for 2025–2029;
  - the Report on the implementation of the Internal Audit Department's Quality Assurance and Improvement Programme for 2023, the Report on the implementation of the Internal Audit Strategy for 2021–2023 aligned with the BOŚ S.A. Framework Development Strategy, and the adoption of the Internal Audit Strategy for 2024–2026 aligned with the BOŚ S.A. Strategy for 2024–2026;
  - the Annual Compliance Report concerning the performance of the compliance function in 2023 and the first half of 2024, and the Compliance Department's Work Plan for 2025;
  - the Rules of Procedure of the Compliance Department of BOŚ S.A.;
  - the Report on the findings of the review of the BOŚ S.A. Code of Ethics;
  - the Report on the remuneration of employees performing internal control functions — i.e. in risk, internal audit, compliance, and key financial reporting positions — relative to average pay levels at the Bank. Confirmation of the compliance of the remuneration of the heads of the internal audit and compliance functions with PFSA Recommendation H;
  - the Report on the adequacy and effectiveness of the internal control system at BOŚ S.A. in 2023, including the Internal Audit Department's report on its activities;
  - assessment of the adequacy and effectiveness of the internal control system at the Bank and the BOŚ S.A. Group in 2023;
  - assessment of the control functions for 2023, together with ongoing (quarterly) performance updates;
  - the Disclosure Policy – rules governing the disclosure by BOŚ S.A. of qualitative and quantitative information on capital adequacy,
  - the Annual Report – assessment of the effectiveness of the AML/CFT compliance function in 2023;

- the Bank’s AML/CFT Strategy, including the AML/CFT Training Strategy – with a 2024 outlook, and quarterly reports on implementation of the Bank’s AML/CFT programme;
- the Bank’s risk assessment (as an Obligated Institution) in the context of money laundering and terrorist financing, prepared in accordance with Article 27 of the Act of 1 March 2018 on Anti-Money Laundering and Counter-Terrorist Financing;
- the Compliance Policy of BOŚ S.A. and the Compliance Policy of the BOŚ Group;
- the Conflicts of Interest Policy of BOŚ S.A.;
- regular reports on the implementation of the Polish Financial Supervision Authority’s recommendations issued after inspections and audits carried out at the Bank,
- report on the assessment of the adequacy and effectiveness of the whistleblowing procedure (Procedure for Anonymous Reporting of Violations of Law and Ethical Procedures and Standards Applicable at BOŚ S.A.).
- quarterly reports from the compliance function on the findings of internal investigations into suspected breaches of law and the Bank’s procedures and ethical standards (whistleblowing); the Committee also issued recommendations on the resolution appointing the Management Board member designated to receive whistleblower reports and responsible for the day-to-day operation of the Bank’s whistleblowing procedures;
- regular (quarterly) updates on the compliance risk,
- regular (quarterly) updates on the findings of internal audits and external inspections and audits carried out at the Bank, as well as quarterly reports on the review of implementation of post-audit and post-inspection recommendations,
- annual Report on the Bank's compliance with the laws governing performance of the activities referred to in Art. 70.2 of the Act on Trading in Financial Instruments,
- Information on business risk at BOŚ S.A.

In addition, during the reporting period the Committee issued a recommendation to the Supervisory Board regarding the appointment of the Director of the Compliance Department of BOŚ S.A.

During 2025, drawing on materials and information provided by the Management Board, the Internal Audit Department, the Compliance Department and the Operational Risk Department, the Committee prepared for the Supervisory Board a recommendation on the assessment of the Bank’s internal control system for 2024. Details of that assessment are set out in Annex 1 to this Report.

### **3.2. Risk Committee**

The Risk Committee supports the Supervisory Board in its oversight of risk, carrying out the duties set out in the Banking Law Act, the Bank’s Articles of Association and Supervisory Board resolutions.

In 2024, the Risk Committee was composed of:

- Wojciech Krawczyk – Chairman,
- Tadeusz Wyrzykowski – Deputy Chairman (until 11 March 2024),
- Marcin Liberadzki – Deputy Chairman (from 11 March 2024),
- Adam Ruciński – Member (from 11 March 2024),
- Piotr Sadownik – Member (until 11 March 2024),
- Marzenna Sendecka – Member (from 11 March 2024),
- Artur Stefański – Member (from 11 March 2024),
- Aleksandra Świdorska – Member (until 11 March 2024),
- Paweł Trętowski – Member<sup>2</sup> (until 11 March 2024),
- Piotr Wybieralski – Member (from 11 March 2024).

At the end of 2024, the composition of the Risk Committee was as follows:

- 1) Wojciech Krawczyk – Chairman,
- 2) Marcin Liberadzki – Deputy Chairman,
- 3) Adam Ruciński – Member,
- 4) Marzenna Sendecka – Member,
- 5) Artur Stefański – Member,
- 6) Piotr Wybieralski – Member.

In 2024, meetings of the Committee were convened on an ad-hoc basis, primarily in connection with the implementation of the Committee's Work Plan and the Bank's current matters. In 2024, the Committee held 11 meetings, as documented in the relevant minutes.

The Committee meetings were attended by: 1) members of the Management Board, 2) Heads of the Head Office organisational units in the Risk Area and, as appropriate, Heads of the Head Office organisational units in other areas, 3) Head of the Internal Audit Department and Head of the Compliance Department, or persons acting in their place, 4) members of the Supervisory Board other than the Committee members.

The Risk Committee's primary task, as set out in its Rules of Procedure, is to support the Supervisory Board in its oversight of risk. In the performance of its tasks the Committee:

- issues comprehensive opinions on the Bank's current and future risk appetite, including receipt of periodic reports and updates from the Management Board on:
  - key developments relevant to the Bank's risk level and on material changes in the risk management process and system,
  - the Bank's risk level, increased exposure to specific risks, risk identification and monitoring methods, and risk mitigation measures undertaken,
- provides opinions on the banking risk management strategy developed by the Management Board and the Management Board's updates on the strategy implementation,
- provides opinions on the review of the incentives created by the remuneration policy and practice, assessing whether those incentives take into account the

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<sup>2</sup>delegated to temporarily serve as Vice President of the Management Board responsible for managing the work of the Management Board

institution's risk, capital and liquidity position, as well as the probability and time horizon of profit generation;

- oversees the implementation of the Bank's risk-management strategy by senior management;
- reviews the prices of assets and liabilities offered to customers for their alignment with the Bank's business model and risk strategy, and where the prices fail to properly account for the risks stemming from the Bank's business model and risk strategy recommends measures to be undertaken by the Management Board to ensure that the prices of assets and liabilities adequately reflect the risks involved.

Based on the Committee's Report on the activities in 2024, the Supervisory Board notes that, during 2024, the Committee's work involved, *inter alia*:

- reviewing and issuing recommendations to the Supervisory Board on risk-management materials and documentation, including in particular:
  - the quarterly Banking Risk reports;
  - regulations governing the management of individual risk types, including the Banking Risk Management Strategy and the Liquidity Strategy of BOŚ S.A. for 2024–2026;
- reviewing and issuing recommendations to the Supervisory Board on capital-adequacy and internal-capital matters, including in particular:
  - the ICAAP Review Report for the BOŚ Group;
  - the BOŚ S.A. Capital Adequacy Plan;
- reviewing and issuing recommendations to the Supervisory Board on the results of the ILAAP liquidity-adequacy review;
- considering information on the status of the "Retail Process Digitalisation" and "NPK Korpo" projects.

During 2024, in addition to the items included in the Risk Committee's standing work plan, the Committee's meetings also featured workshop-style presentations on the following topics:

- 1) Overview of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR);
- 2) Implications for the Bank of CRR III coming into force;
- 3) IFRS 9 – asset classification and the ECL model, with particular reference to PD and LGD parameters.

In 2024, a review of the Rules of Procedure entitled 'Organisation and Tasks of the Risk Committee' was conducted, as a result of which housekeeping and clarifying amendments were introduced to ensure consistency with the Rules of Procedure of the Supervisory Board. Specifically, the amendments concerned: the composition of the Committee; the procedure for signing the minutes of Committee meetings by members participating remotely; and the requirement to prepare an annual report on the Committee's activities and submit it to the Supervisory Board for approval.

In 2025, drawing on materials and information provided by the Management Board and the Bank's Risk Division, the Committee prepared for the Supervisory Board a recommendation on the assessment of the Bank's risk-management system in 2024.

Details of that assessment are set out in Annex 1 to this Report.

### **3.3. Remuneration and Nomination Committee**

The Committee operates pursuant to the Rules of Procedure for the Remuneration and Nomination Committee. In particular, the Committee's tasks include:

- 1) providing opinions on and monitoring the Bank's remuneration policy and supporting the Bank's governing bodies in designing and implementing the policy,
- 2) providing opinions on and monitoring variable remuneration of individuals in key role positions, individuals in dedicated positions with responsibility for risk management, and individuals responsible for managing the compliance and internal audit functions,
- 3) providing opinions on the assessment of the suitability of candidates for the position of member of the Management Board, members of the Management Board and the Management Board as a whole (collective suitability),
- 4) providing opinions on the assessment of the suitability of candidates for the position of member of the Supervisory Board, members of the Supervisory Board and the Supervisory Board as a whole (collective suitability),
- 5) providing opinions on the assessment of the suitability of candidates for the position of member of the Internal Audit Committee, members of the Internal Audit Committee and the Committee as a whole (collective suitability).

In 2024, the Remuneration and Nomination Committee was composed of:

- Waldemar Trelka – Chairman (until 5 March 2024),
- Artur Stefanski – Chairman (from 11 March 2024),
- Piotr Bielarczyk – Deputy Chairman (until 11 March 2024),
- Marcin Likierski – Deputy Chairman (from 11 March 2024),
- Wojciech Krawczyk – Member,
- Piotr Sadownik – Member (until 11 March 2024),
- Piotr Wybieralski – Member (from 11 March 2024).

As at the end of 2024, the Remuneration and Nomination Committee was composed of:

- 1) Artur Stefanski – Chairman,
- 2) Marcin Likierski – Deputy Chairman,
- 3) Wojciech Krawczyk – Member,
- 4) Piotr Wybieralski – Member.

Meetings of the Committee are convened on an ad hoc basis—no less than twice a year—and are driven primarily by the implementation of the Committee's Work Plan and the Bank's current matters. In 2024, the Committee held 19 in-person meetings and conducted six meetings by written procedure.

The Committee meetings were mainly devoted to:

- assessment of the suitability of members of the Supervisory Board and Management Board, performed pursuant to Art. 22aa of the Banking Law, and the EBA and ESMA Guidelines – Guidelines of the European Banking Authority and the



European Securities and Markets Authority EBA GL/2021/06 of 2 July 2021 on the assessment of the suitability of members of the management body and key function holders,

- variable remuneration of the Bank's personnel holding managerial positions with a significant influence on the Bank's risk profile (risk takers)(risk takers), within the meaning of the Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on risk management and internal control systems and remuneration policy at banks, and proposing objectives to be set for individual members of the Management Board,
- setting management objectives (for the Management Board as a whole), objectives for the areas within the respective remits of the Management Board members, and objectives for individual Management Board members.

Based on the Committee's 2024 Report on the activities in 2024, the Supervisory Board notes that, during the reporting period, the Committee issued opinions, proposals and recommendations on the Bank's remuneration policy and suitability-assessment policies. Taking action based on the opinions, proposals and recommendations was the responsibility of the General Meeting, the Supervisory Board and the Management Board, as appropriate.

Key outcomes of the Committee's work in 2024 included:

- receiving, and issuing an opinion on, the drafts of: 1) the Policy on the Assessment of Suitability of Candidates for the Supervisory Board, Members of the Supervisory Board and the Supervisory Board of Bank Ochrony Środowiska S.A.; 2) the Policy on the Assessment of Suitability of Candidates for the Management Board, Members of the Management Board and the Management Board of Bank Ochrony Środowiska S.A.;
- preparing and recommending to the Supervisory Board the individual suitability assessments of candidates / members of the Internal Audit Committee and the Management Board, together with the collective suitability assessments of those bodies;
- reviewing the supporting documentation and recommending to the General Meeting the individual suitability assessments of candidates / members of the Supervisory Board, together with the collective assessment of the Supervisory Board;
- preparing recommendations for the Supervisory Board regarding resolutions to initiate recruitment procedures for the positions of: the President of the Management Board, the Vice President – First Deputy to the President, and the Vice President of the Management Board;
- issuing an opinion on the report on the assessment of the implementation of the Remuneration Policy in 2023, with a draft assessment by the General Meeting of whether the Policy supports the Bank's development and security of its operations;
- receiving and issuing an opinion on: 1) the review of the current Remuneration Policy for Members of the Supervisory Board and Members of the Management Board of BOŚ S.A., including market-benchmark analysis of board-level pay data; 2) the Remuneration Report for Members of the Supervisory Board and Members of the Management Board of Bank Ochrony Środowiska S.A. for 2023;
- issuing an opinion on amendments to the BOŚ Remuneration Policy and to the Remuneration Policy for persons in managerial positions within the BOŚ Group;

- receiving updates on the application of the Bank’s remuneration rules in the first half of 2023 and the first half of 2024;
- receiving and issuing an opinion on: 1) the results of the review of the Diversity Policy for Members of the Management Board of BOŚ S.A. and the Diversity Policy for Members of the Supervisory Board of BOŚ S.A., 2) the draft report on the status of implementation of the Diversity Policy with respect to the Management Board and Supervisory Board of BOŚ S.A.;
- endorsement of, and recommendation for the Supervisory Board to approve, the Policy for Identifying Key Function Roles and Performing Suitability Assessments of Candidates for and Individuals in Key Function Roles at BOŚ S.A.;
- issuing an opinion on the updated List of Managerial Positions with a Material Impact on the Risk Profile of BOŚ S.A.;
- formulating proposals, together with recommendations to the Supervisory Board, regarding the management objectives for each Management Board member for 2024, and on the assessment of how each member fulfilled the objectives and tasks set for 2023;
- issuing an opinion on the proposed amounts of variable remuneration for 2023 for individuals in managerial positions with a significant influence on the Bank’s risk profile (risk takers);
- issuing an opinion on the review of the incentives created by the remuneration policy and practice, assessing whether those incentives take into account the institution’s risk, capital and liquidity position, as well as the probability and time horizon of profit generation;
- approving the draft Report on the activities of the Remuneration and Nomination Committee in 2023 and submitting it to the Supervisory Board for approval;
- issuing an opinion on the results of the analysis of the materiality of the impact of individual subsidiaries on the Bank’s risk profile as at 30 June 2024, in accordance with the Remuneration Policy for persons in managerial positions within the BOŚ Group;
- issuing opinions on updates concerning significant HR-related events that occurred between successive Supervisory Board meetings.

In the current year, i.e. 2025, the Committee:

- prepared, in accordance with the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority, a report for the Supervisory Board on the assessment of the operation of the Remuneration Policy in 2024, together with a draft opinion of the General Meeting on whether the Policy promotes the Bank’s development and the security of its operations; The report is attached as Appendix 3 hereto;
- prepared, in accordance with Best Practice for GPW Listed Companies 2021, the report on the status of implementation of the Diversity Policy with respect to the Management Board and Supervisory Board of BOŚ S.A.; The report is attached as Appendix 4 hereto.
- reviewed the current Remuneration Policy for Members of the Supervisory Board and Management Board of BOŚ S.A., including an analysis of market-sourced data on the remuneration of members of supervisory boards and management boards,

### **3.4. Environmental Protection Committee**

The Environmental Protection Committee is a body appointed by the Supervisory Board to support the Supervisory Board in the development of the Bank's pro-environmental activities. The Committee is an advisory and opinion-giving body.

The key tasks of the Environmental Protection Committee are set out in its Rules of Procedure of the Committee adopted by the Supervisory Board. The primary task of the Committee is to regularly issue opinions and recommendations for the Supervisory Board with regard to the quarterly reports on the Bank's pro-environmental activities, initiatives and types of environmental projects financed by the Bank. The Environmental Protection Committee facilitates the Bank's cooperation with the National and Provincial Funds for Environmental Protection and Water Management and with public administration bodies, including the Ministry of Climate and Environment.

In 2024, the Environmental Protection Committee was composed of:

- Andrzej Matysiak – Chairman (until 11 March 2024),
- Władysław Mańkut – Chairman (from 11 March 2024),
- Tadeusz Wyrzykowski – Deputy Chairman (until 11 March 2024),
- Marzenna Sendeka – Deputy Chairwoman (from 11 March 2024),
- Piotr Bielarczyk – Member (until 11 March 2024),
- Marian Niemirski – Member (until 11 March 2024),
- Aleksandra Świdorska – Member (from 11 March 2024),
- Waldemar Trelka – Member (until 5 March 2024).

At the end of 2024, the composition of the Environmental Protection Committee was as follows:

- 1) Władysław Mańkut – Chairman,
- 2) Marcin Liberadzki – Deputy Chairman,
- 3) Aleksandra Świdorska – Member.

The Committee's meetings were held on an ad hoc basis, driven primarily by the implementation of the Committee's Work Plan. In 2024, eight meetings of the Committee were held, and each was documented in the meeting minutes.

In addition to members of the Committee, the meetings were attended by representatives of the Management Board and management staff, including Heads and employees of organisational units in the Analysis, Strategy and Environmental Protection Division.

Based on the report on the activities of the Committee in 2024, the Supervisory Board notes that, in 2024 — and in line with the Committee's Work Plan — the Environmental Protection Committee's meetings focused primarily on quarterly reports on the Bank's pro-environmental activities, including reports on cooperation with the National Fund for Environmental Protection and Water Management and the Provincial Funds for Environmental Protection and Water Management. The Environmental Protection Committee reviewed those reports on a regular basis and issued recommendations for the Supervisory Board regarding their receipt.

In discussing the above reports, the Committee addressed, inter alia:

- the status of the green loan portfolio, including the extent of exposure to the green business lines identified in the Bank's Strategy;
- the banking income generated by the green portfolio and the related environmental outcomes achieved;
- the measures undertaken to strengthen cooperation with the National Fund for Environmental Protection and Water Management (NFOŚiGW) and the Provincial Funds for Environmental Protection and Water Management (WFOŚiGW).

The Committee also addressed other pertinent environmental-protection matters during its discussions, providing relevant recommendations for the Supervisory Board. In particular, the Committee considered the following materials in 2024:

- regular (half-yearly) reports on the implementation of the ESG Strategy of the BOŚ Group;
- Information on the act transposing the CSRD directive;
- the draft update of the Environmental Policy of Bank Ochrony Środowiska S.A.;
- the draft update of the Climate Policy of Bank Ochrony Środowiska S.A.

In its deliberations on the presented materials, the Committee underscored the necessity of enhancing and incrementally expanding the Bank's commitment to pro-environmental initiatives. Furthermore, it emphasised the importance of fostering broader collaboration with Environmental Protection Funds, particularly in light of the competitive pressures posed by other banks. The Committee also highlighted the need for the Bank to adapt proactively to the rapidly evolving regulatory landscape in environmental protection and sustainable finance.

#### 4. Satisfaction of the independence criteria by members of the Supervisory Board in 2024

In 2024, the following individuals were members of the Supervisory Board:

- 1) Piotr Bielarczyk (until 11 March 2024),
- 2) Andrzej Matysiak (until 11 March 2024),
- 3) Marian Niemirski (until 11 March 2024),
- 4) Piotr Sadownik (until 11 March 2024),
- 5) Waldemar Trelka (until 5 March 2024),
- 6) Paweł Trętowski<sup>3</sup> (until 11 March 2024),
- 7) Tadeusz Wyrzykowski (until 11 March 2024),
- 8) Wojciech Krawczyk,
- 9) Aleksandra Świdorska,
- 10) Marcin Liberadzki (from 11 March 2024),
- 11) Marcin Likierski (from 11 March 2024),
- 12) Władysław Mańkut (from 11 March 2024),
- 13) Adam Ruciński (from 11 March 2024),
- 14) Marzenna Senddecka (from 11 March 2024),
- 15) Artur Stefanski (from 11 March 2024),

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<sup>3</sup>delegated to temporarily serve as Vice President of the Management Board responsible for managing the work of the Management Board

16) Piotr Wybieralski (from 11 March 2024).

As necessary, and in accordance with the provisions of:

- the Best Practice for GPW Listed Companies 2021 adopted for application at the Bank;
- the European Commission Recommendation on the role of non-executive directors or members of the supervisory board of listed companies and on the committees of the supervisory board;
- the Rules of Procedure of the Supervisory Board,

the Supervisory Board assessed whether any relationships or circumstances existed that could affect satisfaction by its individual members of the applicable independence criteria.

Based on declarations submitted by Supervisory Board members (identifying the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight), as well as the Supervisory Board's own independence assessments, the following conclusions were reached in 2024:

- Twelve members were found to meet the independence criteria: Marian Niemirski, Piotr Sadownik, Waldemar Trelka, Marcin Liberadzki, Marcin Likierski, Wojciech Krawczyk, Władysław Mańkut, Adam Ruciński, Marzenna Sendeka, Artur Stefański, Aleksandra Świdorska and Piotr Wybieralski;
- Four members did not meet the independence criteria:
  - Iwona Marciniak, Andrzej Matysiak, Paweł Trętowski, Tadeusz Wyrzykowski — due to professional connections with shareholders holding at least 5% of the total voting rights in BOŚ S.A.;
  - Piotr Bielarczyk — due to professional connections with the Bank within the past three years. (As of the end of February 2024, the three-year period since the end of his employment at BOŚ S.A. expired, and accordingly, the condition determining his status as a non-independent Supervisory Board member ceased to apply.)

The requirement set out in the Best Practice for GPW Listed Companies 2021:

*'At least two members of the supervisory board meet the independence criteria listed in the Act of 11 May 2017 on auditors, audit firms and public supervision, and have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company'* was met at the Bank — both by the Supervisory Board in its previous and current composition.

In addition, with respect to the independence criteria applicable to members of the Internal Audit Committee under the Act of 11 May 2017 on Auditors, Audit Firms and Public Oversight, the Supervisory Board reports the following:

- Among the members of the Internal Audit Committee in its previous composition, the above independence criteria were met by three members: Aleksandra Świdorska (Chairwoman), Marian Niemirski, and Piotr Sadownik. Two members did not meet these criteria: Paweł Trętowski<sup>4</sup> and Tadeusz Wyrzykowski.

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<sup>4</sup>(Paweł Trętowski did not perform his function during that period due to being delegated to temporarily serve as Vice President of the Management Board in charge of its work.)

- In the composition of the Internal Audit Committee as at the end of 2024, all members satisfied the above independence criteria: Aleksandra Świdorska (Chairwoman), Marcin Liberadzki, Adam Ruciński, Marzenna Sendecka, and Piotr Wybieralski.

Accordingly, the requirement that the majority of Internal Audit Committee members — including its Chair — meet the independence criteria was fulfilled in 2024, both by the Committee in its previous and current composition.

## **5. Satisfaction by members of the Supervisory Board of the requirements of Art. 129.1 and 129.5 of the Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017**

The Act on Statutory Auditors, Audit Firms, and Public Oversight of 11 May 2017 introduced specific requirements for Supervisory Board members who serve on the Internal Audit Committee:

- 1) Article 129(1) of the Act requires that at least one member of the Internal Audit Committee possesses knowledge and skills in accounting or auditing financial statements.

Based on the declarations submitted by members of the Internal Audit Committee and the individual suitability assessments conducted, this requirement was fulfilled at the Bank — both by the previous and current composition of the Internal Audit Committee;

- 2) Article 129(5) of the Act requires that members of the Internal Audit Committee possess knowledge and skills in the field of banking. This requirement is deemed satisfied if at least one member of the Committee possesses knowledge and skills in the field of banking, or if the Committee members collectively possess such knowledge and skills across the relevant areas.

Based on the declarations submitted by members of the Internal Audit Committee and the individual suitability assessments conducted, this requirement was also fulfilled at the Bank — both by the previous and current composition of the Internal Audit Committee.

## **6. Aggregate amount of consideration payable by the Bank for all audits commissioned by the Supervisory Board during the financial year, to be performed by a selected consultant**

In 2024, the Supervisory Board did not commission any audits to be performed by consultants, and as a result, the Bank did not incur any costs of such audits.

## **7. Material events after the end of the reporting period**

### **7.1. Changes in the composition of the Supervisory Board**

On 11 March 2025, the Extraordinary General Meeting of BOŚ S.A. made the following changes to the composition of the Supervisory Board:

- 1) removed Wojciech Krawczyk from the Supervisory Board,
- 2) appointment Jan Banasinski to the Supervisory Board.

Following the changes, the composition of the Supervisory Board is as follows:

- 1) Adam Ruciński – Chairman,
- 2) Artur Stefański – Deputy Chairman,
- 3) Marzenna Sendecka – Secretary,
- 4) Jan Banasiński – Member,
- 5) Marcin Liberadzki – Member,
- 6) Marcin Likierski – Member,
- 7) Władysław Mańkut – Member,
- 8) Aleksandra Świderska – Member,
- 9) Piotr Wybieralski – Member.

Following changes to the composition of the Supervisory Board:

- Jan Banasiński was appointed member of the Internal Audit Committee and the Remuneration and Nomination Committee;
- Marcin Liberadzki was appointed Chair of the Risk Committee, and Piotr Wybieralski was appointed Deputy Chair of the same Committee.

The Supervisory Board conducted an assessment of the independence of its members. As a result of the assessment, Jan Banasiński was found not to meet the independence criteria due to professional connections with the Bank within the past five years. All other members of the Supervisory Board were assessed as satisfying the independence criteria.

## **7.2. Report of the Supervisory Board on the assessment of:**

- **the financial statements and reports of the Bank and the BOŚ Group for 2024 in terms of accuracy and consistency with the accounting records and documents;**
- **the Management Board's proposal on the allocation of the Bank's profit for 2024.**

On 26 March 2025, the Supervisory Board of Bank Ochrony Środowiska S.A., acting pursuant to Article 382 § 3 of the Commercial Companies Code and § 43(1) and (2) of the Bank's Articles of Association, assessed the following financial statements and reports for consistency with the accounting records, underlying documents, and the factual circumstances:

- 1) separate full-year financial statements of BOŚ S.A. for the year ended 31 December 2024 (separate financial statements),
- 2) consolidated full-year financial statements of the Bank Ochrony Środowiska Group for the year ended 31 December 2024 (consolidated financial statements),
- 3) Directors' Report on the operations of the Bank Ochrony Środowiska Group in 2024, prepared as a single document together with the Directors' Report on the operations of BOŚ S.A.

Based on the assessment, the Supervisory Board found these financial statements to be accurate and consistent with the accounting records and documents. The Supervisory Board's assessment was based on:

- the content of the financial statements and reports submitted to the Supervisory Board by the Bank's Management Board;
- meetings with representatives of the audit firm responsible for auditing the separate and consolidated financial statements, including the key audit partner;
- meetings with representatives of the audit firm responsible for providing assurance on the Sustainability Report of the BOŚ S.A. Group, including the key audit partner responsible for the assurance engagement;
- the audit reports on the separate and consolidated financial statements, as well as the additional report prepared by the audit firm for the Audit Committee on the audit of those statements;
- the independent auditor's limited assurance report on the sustainability reporting of the BOŚ S.A. Group for 2024;
- the Internal Audit Committee's recommendation that the Supervisory Board issue a favourable opinion on the draft financial statements and the Directors' Report on the operations of the Bank Ochrony Środowiska Group and Bank Ochrony Środowiska S.A.

The proper preparation of the separate and consolidated financial statements was confirmed in the audit reports issued by a qualified independent statutory auditor. The reports include an opinion stating that the audited financial statements:

- give a true and fair view of the financial position of Bank Ochrony Środowiska S.A. and its Group as at 31 December 2024, as well as of their financial performance and cash flows for the financial year 2024, in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the accounting policies applied by the Bank;
- comply in form and content with the legal regulations applicable to Bank Ochrony Środowiska S.A. and its Group and with the provisions of the Articles of Association of Bank Ochrony Środowiska S.A.;
- and that the separate financial statements were prepared on the basis of properly maintained accounting books, in accordance with Chapter 2 of the Accounting Act of 29 September 1994.

The Supervisory Board's statement regarding the assessment of the financial statements and reports was published in the annual report on 27 March 2025, pursuant to Section 70.1.14 and Section 71.1.12 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state dated 29 March 2018, and Art. 20.11.9 of the Bank's Articles of Association.

### **7.3. Report of the Supervisory Board on the assessment of the Management Board's proposal concerning the allocation of profit of Bank Ochrony Środowiska S.A. for 2024:**

At its meeting held on 16 May 2025, the Supervisory Board:

- issued a positive assessment of the Management Board's proposal concerning the allocation of the Bank's net profit for 2024, under which the profit of PLN 73,447,748.56 (seventy-three million four hundred forty-seven thousand seven hundred forty-eight zloty and 56/100), earned in 2024, is to be allocated in full to



the Bank's reserve capital;

- issued a positive opinion on the draft resolution of the General Meeting regarding this matter and recommended that the resolution be adopted.

#### **7.4. Adoption of the Rules of Procedure of the Supervisory Board of Bank Ochrony Środowiska S.A.**

At its meeting held on 16 May 2025, the Supervisory Board adopted Resolution No. 39/2025, introducing revised Rules of Procedure of the Supervisory Board and repealing the version previously adopted under Resolution No. 58/2023 of the Supervisory Board dated 23 June 2023.

The purpose of the review and subsequent amendment was to reflect the expectations of Supervisory Board members and to align the document with the provisions of the Articles of Association and other governance documents. The review led to the following principal amendments: a) removal of duplicative provisions already governed by other internal regulations, including the Articles of Association; b) revision of provisions concerning the powers of the Supervisory Board; c) transfer of provisions relating to the powers of Supervisory Board Committees to their respective Rules of Procedure. Editorial and structural refinements were also made, without altering the substantive content of the document.

In particular:

- 1) Clause 3 was amended to remove provisions on suitability assessment, which duplicated the content of the Policy on the Assessment of Suitability of Candidates for Members of the Supervisory Board, Members of the Supervisory Board, and the Supervisory Board of Bank Ochrony Środowiska S.A., as adopted by the General Meeting;
- 2) Clause 4 was revised to update provisions relating to the independence of Supervisory Board Members;
- 3) Clause 5 was amended to remove provisions duplicating the powers of the Supervisory Board already set out in the Articles of Association, and to amend the remaining powers. The amended provisions now include the Supervisory Board's responsibility for the ongoing supervision of the Bank's management system; and
  - provisions were added concerning: (a) the monitoring of the performance of the Management Board and its individual Members; (b) the possibility of suspending Members of the Management Board from their duties for valid reasons; and (c) the delegation of Supervisory Board Members to the Management Board, subject to the time limitation set out in the Commercial Companies Code,
  - provisions were revised regarding the approval of rules and policies adopted by way of Management Board resolutions,
  - provisions relating to anti-money laundering and counter-terrorist financing were supplemented.
- 4) Detailed provisions concerning individual Supervisory Board Committees (formerly Clauses 6 to 9) were removed. General provisions concerning the establishment of Committees were retained, including the requirement that independence criteria and relevant expertise be taken into account when appointing Committee Members.
- 5) Clauses 13 and 14 (renumbered as Clauses 10 and 11) were amended to update

the rules on convening and conducting meetings of the Supervisory Board.

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In submitting this Report, the Supervisory Board of Bank Ochrony Środowiska S.A. requests that it be approved by the General Meeting.

Signed by: Adam Ruciński Date/Date: 20 May 2015 09:09
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For the Supervisory Board of Bank Ochrony Środowiska  
S.A.

Chairman of the Supervisory Board

Appendix 1  
to the Report on the activities  
of the Supervisory Board of Bank Ochrony Środowiska S.A. for 2024

**Assessment of the Bank's situation in 2024 on a consolidated basis, including an assessment of the internal control system, the risk management system, the internal audit function, and the compliance function**

Contents

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2. Assessment of the internal control system, risk management system, internal audit function and compliance function, including:	
2.1. Assessment of the internal control system	p. 8
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2.3. Assessment of the compliance function	p. 13



The Supervisory Board's assessment of the Bank's situation in 2024, prepared on a consolidated basis and encompassing the internal control system, the risk management system, the compliance function, and the internal audit function, is grounded in the corporate governance principles set out in the Best Practice for GPW Listed Companies 2021.

The Supervisory Board assessed the Bank's standing in 2024 based on the materials reviewed during the year at Supervisory Board meetings, including in particular:

- monthly reports on the Bank's economic and financial condition;
- quarterly reports from the compliance function and the internal audit function's reports on the results of audits and inspections, as well as other materials and reports on the Bank's operations, including in particular on risk management;
- Analysis of the Directors' Report on the operations of the BOŚ Group in 2024, prepared as a single document together with the Directors' Report on the operations of the Bank and containing the Sustainability Report;
- analysis of the separate full-year financial statements of BOŚ S.A. for the year ended 31 December 2024 and the consolidated full-year financial statements of the BOŚ Group for the year ended 31 December 2024;
- the independent auditor's report on the audit of the financial statements for 2024, as referred to above, together with information provided by the auditor on the conduct and outcome of the audit, and the additional report submitted to the Audit Committee.

## **1. Brief assessment of the Bank's and the BOŚ Group's standing in 2024**

In assessing the situation of the Bank and the BOŚ Group in 2024, the Supervisory Board draws attention to the following matters:

- 1) In 2024, the BOŚ Group earned a net profit of PLN 79.7 million, compared with PLN 78.4 million in 2023;
- 2) Net interest income amounted to PLN 834 million, an increase of PLN 23.3 million compared with 2023. This was the highest net interest income in the Bank's history. The improvement in net interest income resulted from a sharper decline in interest expense than in interest income, despite the negative impact of the loan repayment holidays. The strong performance was supported by persistently high interest rates in Poland.
- 3) fee and commission income earned by the Group amounted to PLN 129.5 million, down PLN 2.1 million compared with 2023. The decline was primarily driven by lower loan commissions and fees for customer account servicing, despite an increase in income from brokerage fees and commission income from guarantees and letters of credit;
- 4) Administrative expenses of the Group amounted to PLN 602.4 million, an increase of PLN 84.2 million, or 16.3%, compared with 2023. The largest increase was recorded in employee benefit expense, which rose by PLN 65.1 million, or 24.6%. The increase was mainly driven by adjustments to remuneration levels in line with market benchmarks, an increase in employment to support the Bank's capacity to deliver on its strategic objectives, and provisions recognised for bonuses. Another

significant driver of administrative expenses were material costs, up by PLN 11.8 million, or 8.5%. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund (BFG), marking a decrease of PLN 2.8 million, or 12.3%;

- 5) the net effect of legal risk related to foreign-currency mortgage loans was PLN -244.0 million, compared with PLN -284.4 million in 2023. The result reflects an update to the parameters of the provisioning model, while the decline attributable to the high level of provision coverage of the CHF loan portfolio in previous periods;
- 6) the Group's total assets increased by 3.1%, to PLN 22.7 billion, i.e. by PLN 0.7 billion;
- 7) deposits increased by 2.9%, with growth recorded in both the retail and corporate segments;
- 8) the interest margin on total assets increased to 3.73%, compared with 3.68% a year earlier;
- 9) the cost/income (C/I) ratio increased to 59.7%, compared with 51.3% in 2023, mainly due to a slower pace of income growth relative to the increase in costs;
- 10) return on equity (ROE) was 3.6% and return on assets (ROA) was 0.4%, compared with 3.8% and 0.4%, respectively, in 2023;
- 11) the Bank's share in the banking sector as at the end of 2024 (based on PFSA data on the banking sector including foreign branches) was:
  - 0.7% in terms of total assets, unchanged from the level recorded at the end of 2023;
  - 1.0% in terms of deposits from the non-financial sector, compared with 1.2% at the end of 2023;
  - 0.5% in terms of loans, compared with 0.6% at the end of 2023;
- 12) on 20 September 2024, Fitch Ratings maintained its long-term rating (IDR) for the Bank unchanged at 'BB-', with stable outlook. Currently, the Bank's ratings are as follows:
  - Long-Term Foreign Currency Issuer Default Rating at 'BB-', stable outlook,
  - Short-Term Foreign Currency Issuer Default Rating at 'B'.

The Supervisory Board emphasises that:

- 1) As at the end of December 2024, the Group's capital adequacy remained above the levels recommended by the Polish Financial Supervision Authority (PFSA), despite a second consecutive year of significant legal risk provisions, which totalled PLN -244 million in 2024. The Group's Tier I capital ratio stood at 16.43%, up from 15.17% in 2023, while the total capital ratio rose to 17.23% from 16.27% a year earlier. On a standalone basis, the Bank reported a Tier I capital ratio of 16.63% (2023: 15.50%) and a total capital ratio of 17.49% (2023: 16.63%). As at 31 December 2024, the minimum capital thresholds set by the PFSA for the Bank were 10.76% for Tier I and 14.26% for the total capital ratio (TCR).

This means that both the Bank and the Group maintained capital safety ratios significantly above the minimum regulatory levels;

- 2) in 2024, the Group delivered an increase in net profit year on year, despite the adverse impact of several one-off items. These included the write-off of capital expenditure associated with a project to develop systems supporting credit processes; impairment losses recognised following the reclassification of material

credit exposures as part of a top-30 portfolio review; as well as significant provisions for foreign currency mortgage loans and the cost of loan repayment holidays;

- 3) the Bank's key ESG activities include a broad portfolio of pro-environmental financing solutions for clients. These comprise: a credit facility for thermal modernisation and renovation projects, supported by a premium from the Thermomodernisation and Renovation Fund; a green credit facility; the "Business Max Plus" guarantee; the "Ekomax" guarantee, financed under the European Funds for a Modern Economy 2021–2027 programme; and a dedicated loan facility to support renewable energy projects, provided in partnership with the Lublin Province Trust Fund;
- 4) in 2024, the Bank received the Top Employer 2024 Polska award, BOŚ has earned this title for the second consecutive year. The recognition by the international research organisation, Top Employers, confirms the Bank's commitment to creating excellent working conditions and caring for its employees. These efforts establish BOŚ as a trustworthy employer that prioritises employee well-being and implements HR practices that align with current needs and the latest trends;
- 5) the Polish Human Resources Management Association (PSZK) awarded the Bank with the HR Quality Certificate for 2024. These certificates are presented annually to outstanding employers based on the results of a comprehensive HR process survey and an analysis of a selected HR project. Our 'Out For Well-Being' project was evaluated, which included consultations, workshops, webinars, and e-learning sessions. Our initiatives were particularly appreciated: a series of short relaxation sessions and the 'Short Break' campaign, which aimed to enhance efficiency by shortening standard meeting durations, allowing for brief rest periods between meetings. The survey results were also positively verified, highlighting internship programmes, onboarding practices, professional development opportunities (such as education funding), additional benefits (such as Legimi), and flexible remote work options;
- 6) BOŚ was again named a Laureate of the Social Responsibility Leaders programme 2024, in the 17th edition of the project organised by editors of *Business Forum*, *Biznes Trendy* and *SpolecznieOdpowiedzialni.info*. The Bank was announced winner in three categories: Good Employer 2024, ECO Company 2024, and Good Company 2024. These titles serve as a confirmation of the Bank's reputation as a robust organisation that is attentive to the needs of local communities and its employees, seen as an employer of choice;
- 7) in 2024, Dom Maklerski BOŚ was once again recognised with multiple awards granted by financial institutions, industry media, and investors. Dom Maklerski BOŚ received the following distinctions:
  - Top ranking in the 21st edition of the Brokerage House League Table, organised by the Association of Individual Investors as part of the Nationwide Investor Survey. This marks the fifth consecutive year that DM BOŚ has secured the top spot;
  - Two 'Platinum Megawatt' awards from the Polish Power Exchange (Towarowa Giełda Energii) — for the highest level of activity on the electricity markets and

- on the Property Rights Market in 2023;
- 'Financial Brand of the Year 2024' from *Gazeta Finansowa*, in recognition of its delivery of top-tier investment services, underpinned by reliability and professionalism;
- An anniversary award from the Central Securities Depository of Poland (KDPW), for its contribution to the development of the Polish capital market — particularly in the area of retail client service, where DM BOŚ continues to prioritise professional support, a client-focused approach, modern tools, and educational initiatives;
- First place in the 'Passive Revolutionary' ranking organised by the Stockbroker.pl community, which named DM BOŚ's IKE and IKZE accounts the best in 2024.

In 2024, the Bank monitored the economic and market environment, with particular attention to the potential occurrence of sudden, large-scale external events that could have a material indirect impact on the Bank's condition. As the stress scenario triggered by the war in Ukraine continues to unfold, the Bank has not recorded any liquidity shortfalls, nor have any adverse effects been observed in other financial risk areas.

The Supervisory Board positively assesses the Bank's cooperation with key institutions that form the environmental protection financing system and play a significant role in efforts to mitigate the adverse impacts of climate change — namely, the National Fund for Environmental Protection and Water Management ('NFOŚiGW') and the Provincial Funds for Environmental Protection and Water Management ('WFOŚiGW'). The Bank's offering complements the priority programmes implemented by NFOŚiGW and WFOŚiGWs. The collaborative partnerships include the My EV and Clean Air programmes run by the Bank.

In addition, the Bank offered its customers services and products under national and regional operational programmes, including:

- ELENA grant – pursuant to the agreement signed between the Bank and the European Investment Bank ('EIB') under the ELENA initiative, the Bank received a grant of EUR 2.6 million. Eligible for support will be public sector entities (local government units and municipal companies), housing sector entities (housing cooperatives and housing communities) and businesses (including SMEs);
- JESSICA Initiative – under agreements with the EIB, the Bank acts as the manager of the Urban Development Fund in selected provinces;
- JEREMIE Initiative – under agreements with the EIB, the Bank has been acting as a JEREMIE Financial Intermediary in the West Pomeranian region since 2017.
- Portfolio guarantees from Bank Gospodarstwa Krajowego ('BGK'); An example of this is the cooperation agreement signed on 2 January 2024 with BGK for two guarantee products under the European Funds for a Modern Economy 2021–2027 programme: Biznesmax Plus Guarantee and Ekomax Guarantee;
- Loans with BGK bonus. Loans granted under the cooperation agreement between BOŚ and Bank Gospodarstwa Krajowego. The product is aimed at housing cooperatives, residential communities, local government units, municipal companies managing municipal housing stock, individual borrowers, and micro-enterprises. In 2024, the Bank originated 76 loans with BGK bonus, with a total

value of approximately PLN 36.5 million;

- Funding provided under the European Funds for a Modern Economy 2021–2027 (FENG) programme. On 29 December 2022, the Bank signed Cooperation Agreement No. 9/2022/KTEKO with BGK under the FENG framework. The agreement sets out the terms of cooperation regarding the provision by the Bank of technology and green loans, as well as the disbursement of BGK grants (technology and green bonuses).

The Supervisory Board continued to monitor the Bank's exposure to foreign currency mortgage loans. The Bank offers the Compromise and Settlement Programme for customers repaying foreign currency-linked mortgage loans under rules proposed by the Chair of the Polish Financial Supervision Authority. In 2024, the number of settlement agreements totalled 414, of which 204 were concluded under the Settlement Programme. The amount of the provision for foreign currency-linked mortgage risk as at 31 December 2024 was PLN 761.8 million.

On 17 December 2024, the Supervisory Board approved the Management Strategy of Bank Ochrony Środowiska S.A. in 2025–2027. The Strategy sets out the Bank's objective to consistently position itself as the first-choice financial partner for clients undertaking environmentally sustainable projects. The Bank's ambition is to support green initiatives across the country, including within local communities throughout Poland. To this end, the Bank draws on its experience in financing and assessing sustainable investment projects, as well as on strong strategic partnerships.

Strategic objectives<sup>1</sup> of Bank Ochrony Środowiska S.A. as defined in the Strategy as at the end of 2027:

- >PLN 30 billion in total assets,
- >PLN 1.2 billion in gross new deposits,
- NPL at 8%,
- >50% share of green loans,
- return on equity (ROE) over 10%.

In reviewing the Bank's performance in 2024 — notably the delivery of a consolidated net profit approaching PLN 80 million — the Supervisory Board highlights several strategic priorities for the coming years:

- Deepening multi-product client relationships across the Bank's two key business segments (Corporate, and SME, Micro and Retail), with a focus on supporting the green transition through integrated financial solutions that drive customer acquisition;
- Accelerating the growth of credit assets — including loans, bonds, factoring balances, and leasing exposures — across both segments, with particular emphasis on sustainable assets and energy generation projects, including in the agricultural sector;
- Expanding cooperation with local government units and energy companies to advance the green transition at the local level;

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<sup>1</sup>Disclaimer concerning the Strategy: The Strategy contains forward-looking statements which are based on the current expectations of the Bank's Management Board, but which are dependent on various factors beyond the control of the Bank's Management Board. As a result, actual data may significantly differ from those presented in the forward-looking statements. The Strategy does not constitute forecasts or estimates of future results, and therefore any potential revisions to the Strategy or the Bank's intentions due to unforeseen circumstances affecting the Strategy or the Bank's intentions would not be subject to disclosure in the manner prescribed for disclosing revisions to forecasts or estimates of future results. The provisions of this clause should be read in conjunction with the Disclaimer clause attached to the Strategy.



- Developing partnerships with the cooperative banking sector to support financing for sustainable transformation; Enhancing institutional cooperation with key stakeholders, including NFOŚiGW, WFOŚiGW, BGK, KUKE, the EIB/EIF, ARiMR and KOWR;
- Intensifying commercial activity to increase revenue, improve net interest margin, expand the loan book, grow the customer base, enhance service quality, and strengthen the credit portfolio.

The Supervisory Board positively notes that the Bank, in line with its mission and in cooperation with key stakeholders in Poland's green finance ecosystem, has continued to take active steps to strengthen its position in the environmental finance market and enhance its value as a leading institution supporting sustainable investment in Poland.

The Supervisory Board notes that heightened geopolitical risk continues to be a key driver of macroeconomic and market conditions, fuelled in part by rising trade tensions between major economies and the ongoing war in Ukraine. Potential consequences include a slowdown in the economic activity of Poland's key trading partners — and, by extension, of the Polish economy itself — as well as subdued demand for credit amid elevated interest rates and continued macroeconomic uncertainty. Key factors likely to affect the Bank's performance include the ongoing legal risk related to foreign currency mortgage loans, as well as growing litigation and complaint risk in the consumer lending segment, where borrowers are alleging breaches of the Consumer Credit Act of 12 May 2011 and seeking to invoke 'free credit' sanctions.

## **2. Assessment of the internal control system, risk management system, internal audit function and compliance function**

These systems are designed to support the effective and efficient operation of the Bank, mitigate risk by embedding controls proportionate to the scale and complexity of its business, and ensure compliance with applicable laws, internal regulations, and prevailing market standards across all areas of activity.

### **2.1. Assessment of the internal control system**

The purpose of the internal control system is to ensure effective and efficient operations of the Bank, reliability of its financial reporting, compliance with the Bank's risk management framework, compliance of the Bank's operations with the applicable laws, internal regulations and market standards.

The internal control system comprises:

- the control function, designed to ensure compliance with controls, including in particular risk management controls; it covers positions, groups of individuals, or organisational units in charge of the tasks assigned to the function;
- the compliance function, responsible for the identification, assessment, control and monitoring of the risk of non-compliance of the Bank's operations with the law,

internal regulations and market standards, and related reporting;

- the independent internal audit function, with responsibility for conducting independent and impartial examinations and assessments of the adequacy and effectiveness of the risk management and the internal control systems, excluding the internal audit function.

The internal control system extends to all areas of the Bank's business, processes, operations, transactions and other activities of business centres, operating branches and the Head Office. It also covers all levels of the Bank's organisational structure within the three lines of defence.

The Supervisory Board is responsible for overseeing the implementation and ongoing operation of the Bank's internal control system and conducts an annual assessment of its adequacy and effectiveness. This includes a review of the control function, compliance unit, and internal audit function, based primarily on input received from the compliance, operational risk, and internal audit teams, as well as from the Management Board and the Internal Audit Committee.

In 2024, the Supervisory Board discharged this responsibility using both:

- internal external sources of assurance available in the management information system, i.e.:
  - regular reports and updates from the Operational Risk, Compliance, and Internal Audit departments;
  - periodic risk updates across all key categories of banking risk;
  - management information submitted by Head Office units on matters such as physical and cyber security, anti-money laundering and counter-terrorist financing efforts, and the adequacy and functionality of core IT systems;
- external sources of assurance, based mainly on the PFSA's BION supervisory review, the findings of regulatory inspections conducted by the PFSA, audit opinions and reports issued by the Bank's external auditor on the financial statements of the Bank and the BOŚ Group, and other supervisory or control reports relating to the Bank.

The Supervisory Board's annual assessment of the adequacy and effectiveness of the internal control system at the Bank and across the BOŚ Group is based on the opinion of the Internal Audit Committee, which:

- monitors the adequacy and effectiveness of the internal control system, internal audit function, and compliance function, and
- provides direct and substantive oversight of the internal audit function's activities.

For 2024, the Supervisory Board found no change in the assessment compared with 2023. As part of the review, the Board identified key strengths of the internal control framework, as well as areas for further development and refinement. The Supervisory Board concluded that the functions responsible for control, compliance risk management, and internal audit carried out their mandates on an ongoing basis and in line with internal regulations. The Management Board, the Internal Audit Committee, and the Supervisory Board received appropriate and timely reporting on the outcomes of these activities.

The 2024 assessment of the internal control system was shaped primarily by the following factors:

- the structure and operation of the Bank's risk management and internal control systems, which are organised across three independent levels (three lines of defence);
  - the findings of a targeted inspection conducted by the Polish Financial Supervision Authority in 2024, focused on the management of large credit exposures and credit concentration risk;
  - changes to key processes and to the Control Function Matrix resulting from a review completed in the first quarter of 2024, and from ongoing updates aimed at aligning controls with the Bank's current organisational structure — including the identification of key control mechanisms and their associated monitoring activities;
  - a review of processes included in the Internal Audit Department's Risk Map, evaluating the adequacy and effectiveness of the control mechanisms embedded in the Bank's processes;
  - findings of follow-up reviews conducted by the Internal Audit Department to verify the implementation of recommendations issued by supervisory and control authorities;
  - assessments of the adequacy and effectiveness of internal control arrangements in audited processes, as part of internal audits carried out by the Internal Audit Department;
  - the results of both scheduled and ad-hoc audits conducted across the Bank, which identified risk areas and highlighted control weaknesses. Following the identification of irregularities, in 2024 recommendations were issued and steps were taken to mitigate the identified risks;
- 
- assessments of the compliance risk presented in the Compliance Department's regular reports and updates on compliance risk management at the Bank and the BOŚ Group;
  - annual report of the Compliance Department on the implementation of its tasks in 2024;
  - periodical reports of the Operational Risk Department on the control function in 2024;
  - annual report of the Operational Risk Department on the results of the assessment of the control function in 2024;
  - annual report of the Internal Audit Department on the adequacy and effectiveness of the Bank's internal control system, including information on the activities of the Internal Audit Department for 2024;
  - progress in the implementation of recommendations issued by:
    - the Internal Audit Department as part of internal audits,
    - the supervisory and controlling bodies following external inspections;
  - the results of the PFSA's Supervisory Review and Evaluation Process (BION);
  - the external ratings on the Bank (Fitch Ratings and ESG Rating).

## **2.2. Assessment of the internal audit function**

Internal audit is an integral and independent part of the Bank's internal control system,

positioned in its third line of defence. The Internal Audit Department is organisationally accountable to the President of the Management Board and is subject to functional oversight by the Internal Audit Committee.

The Internal Audit Department conducts independent, objective assurance and advisory activities aimed at adding value and enhancing the Bank's processes. It also evaluates the adequacy and effectiveness of the internal control system.

In the opinion of the Supervisory Board, the internal audit function is performed effectively and efficiently, and its scope covers all units of the Bank and its subsidiaries.

This conclusion is supported by the following attributes of the function:

- the internal audit function has the appropriate authority and organisational structure to perform its duties independently. The internal audit function enables full and free access to all information. The scope and methodology of audit engagements, sample selection, issued opinions, as well as risk assessments and evaluations of the adequacy and effectiveness of the risk management and internal control systems, are the result of autonomous decisions made by the Internal Audit Department. The independence of the Head of the Internal Audit Department is ensured through direct access to members of the Management Board, the Internal Audit Committee, and the Supervisory Board. In addition, the Head of the Department attends all meetings of the Management Board and the Internal Audit Committee, as well as meetings of the Supervisory Board when matters concerning the internal control system are on the agenda. The Head of the Department may attend, as an observer, meetings of the Bank's committees;
- in 2024, the Internal Audit Department staff did not perform any operational functions, were not assigned to audit engagements in areas where they had been employed within the previous 12 months, and no personal relationships were identified with staff of audited units — all of which supports the conclusion that audit independence was upheld and no conflicts of interest arose. Internal auditors employed at the Bank are suitably qualified and adequately remunerated. To improve their professional skills and raise their competencies, employees of the Internal Audit Department attended a number of seminars and training sessions organised by external institutions, including the Polish Financial Supervision Authority, CEDUR (the Education Centre for Market Participants), the Polish Bank Association, the Association of Internal Auditors IIA Poland, and other institutions;
- the most recent independent external assessment of the Internal Audit Department, conducted in 2023, confirmed that the function operated in compliance with supervisory requirements, including Recommendation H of the Polish Financial Supervision Authority; the Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on the risk management and internal control systems and the remuneration policy at banks; and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). In accordance with Recommendation H, the activities of an internal audit function should be subject to an independent external assessment at least every five years. The next external assessment of the Internal Audit Department is expected to be conducted no later than 2028;
- results of the Department's ongoing annual monitoring activities are reviewed each year, including

- the Quality Assurance and Improvement Programme. In 2024, the Quality Assurance and Improvement Programme for 2022–2024 remained in effect; all activities specified in the Programme were implemented. Some of the tasks, due to their cyclical nature, will continue in subsequent years. The next quality assurance and improvement programme will cover the period 2025–2027. A key component of the Programme is the annual self-assessment of the Internal Audit Department; this is conducted in accordance with a dedicated methodology set out in the Internal Auditor’s Manual. The self-assessment carried out for 2024 confirmed full alignment of the Internal Audit Department’s activities with the International Standards for the Professional Practice of Internal Auditing and with Recommendation H of the Polish Financial Supervision Authority;
- Strategic plan of the Internal Audit Department – the Department operates under a Strategic Plan for 2024–2026, approved by the Supervisory Board and aligned with the BOŚ Group’s Framework Strategy. The Strategic Plan sets out nine priority tasks for the Internal Audit Department to address over the 2024–2026 period. Of these, seven were completed in 2024, with the remaining two scheduled for delivery in 2025. Some of the tasks, due to their cyclical nature, will continue to be implemented in 2025 and 2026;
- agreements between the Bank and BOŚ Group companies governing cooperation of the Internal Audit Department with an internal auditor or person performing the control function at a subsidiary. The scope of such cooperation includes exchange of knowledge, experience and information on audit procedures and methodologies. the Internal Audit Department respects the autonomy and independence of BOŚ Group subsidiaries and does not interfere with their audit plans and programmes.

An internal auditor or person performing the control function at a subsidiary may, for purposes related to their tasks, request the Head of the Internal Audit Department to provide expert, methodological or HR support, which is granted unless it could compromise the Department’s independence and objectivity in subsequent audits. The internal auditor of a subsidiary, pursuant to an established agreement, shares the following information with the Internal Audit Department:

- the draft internal audit plan for the following year (or internal control plans), to which Internal Audit Department may submit additional non-binding suggestions for topics to be considered for inclusion;
- the approved annual internal audit plan, in order to minimise duplication of control activities by the Bank;
- post-inspection reports following reviews and assessments conducted at the subsidiary by external supervisory and control authorities;
- well-established and consistently applied rules governing cooperation between the Internal Audit Department and the external auditor, particularly during the audit of the financial statements of the Bank and the BOŚ Group. As part of this cooperation, the Internal Audit Department provides the external auditor with all required documentation — including audit reports, internal audit summaries, and other relevant materials — via a dedicated communication channel. The external auditor engages with the Head of the Internal Audits Department to discuss any material findings arising from the audit, including significant irregularities related

to the financial reporting process and any material weaknesses identified in the internal control framework or accounting system. The Internal Audit Department also incorporates the external auditor's findings into the development of its annual audit plan and the design of individual audit engagements. This cooperation framework — including the scheduling of meetings and the structured exchange of documentation — remained in place throughout 2024 in connection with the audit of the 2023 financial statements and the review of the interim financial statements for the first half of 2024;

- reporting by the internal audit function. In 2024, the Internal Audit Department submitted the following reports and updates to the Bank's Management Board, the Internal Audit Committee, and the Supervisory Board:
  - the annual assessment of the adequacy and effectiveness of the internal control system;
  - quarterly updates on the status of implementation of recommendations issued following internal audits and regulatory inspections, together with the results of internal audit engagements;
  - periodic updates on the outcomes of monitoring and verification activities concerning the implementation by Head Office units of recommendations issued by the Polish Financial Supervision Authority following on-site inspections;
- the audit planning methodology, which is grounded in a comprehensive risk assessment process and sets out clearly defined audit objectives and scope. The 2024 Annual Audit Plan, developed in accordance with the adopted internal audit methodology, reflected the expectations of the Supervisory Board and the Management Board, as well as the regulatory requirements of the PFSA. The plan covered all material areas, enabling an independent and objective evaluation of the adequacy and effectiveness of the Bank's risk management and internal control systems. It supported the identification of irregularities and inefficiencies within the audited processes and included an assessment of the risk exposure associated with individual areas under review. In 2024, the internal audit function completed 24 scheduled tasks and system audits, in addition to six ad hoc assignments. Recommendations issued following completed audits were assigned to the appropriate Head Office units for implementation. In accordance with established procedures, implementation progress is subject to ongoing monitoring and is regularly reported to the Management Board, the Internal Audit Committee, and the Supervisory Board.

### **2.3. Assessment of the compliance function**

The Bank ensures compliance with the applicable laws, internal regulations and market standards through:

- 1) the management of compliance risk,
- 2) the control function performed at the three lines of defence.

The compliance risk management process is coordinated and executed by the Compliance Department, in cooperation with other organisational units of the Bank, through:

- identification of the compliance risk, particularly at the stage of developing new products and internal regulations,

- assessment of the compliance risk,
- control and monitoring of the compliance risk,
- submission of reports on compliance risk in the Bank's operations.

The Compliance Department is an independent, standalone unit reporting directly to the President of the Management Board. It is responsible for delivering its assigned mandate within the Bank's internal control framework and compliance risk management system. The Department has the necessary resources and authority to operate effectively, including full and unrestricted access to all relevant information—confidential and sensitive data included—and an organisational structure that enables it to carry out its responsibilities independently.

The Director of the Compliance Department participates regularly in meetings of the Management Board, which enables them, among other things, to gain insight into the Bank's executive decision-making and to present reports and opinions from the compliance function. The Director also attends meetings of the Internal Audit Committee and the Supervisory Board when matters concerning the internal control system, including compliance oversight, are on the agenda.

This governance model is in line with the requirements of Recommendation H of the Polish Financial Supervision Authority and the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system, internal control system and remuneration policy in banks.

The principles governing compliance assurance at the Bank and across the Group—within the framework of compliance risk management and the control function—are set out in the Compliance Policy of Bank Ochrony Środowiska S.A., developed by the Management Board and approved by the Supervisory Board, along with the implementing procedures adopted under that Policy, and in the BOŚ Group Compliance Policy.

Compliance risk is subject to continuous monitoring through the ongoing analysis of legal and regulatory developments, supervisory guidance, and market standards. In cooperation with the Legal Department, the Compliance Department prepares and circulates monthly Regulatory Alerts, providing organisational units with updates on changes to banking and capital market regulations, as well as market standards—particularly recommendations and guidance issued by the Polish Financial Supervision Authority and European supervisory authorities.

The Bank has in place a formal procedure for the anonymous reporting of breaches of law, internal procedures, and the ethical standards applicable at BOŚ S.A. The process is supported by two dedicated reporting tools—one for anonymous submissions and another for identified disclosures, the latter introduced as part of the Bank's implementation of the Whistleblower Protection Act. Reports of breaches are submitted to the Management Board and the Supervisory Board on a regular basis, in accordance with the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system, internal control system, and remuneration policy in banks. The Supervisory Board conducts an annual review of the adequacy and effectiveness of the Bank's whistleblowing procedure. The 2024 review confirmed that the procedure was both adequate and effective.

In 2024, the Compliance Department monitored;

- the Bank's alignment with applicable laws, supervisory guidance, and market standards, as well as draft legislation under development;
- EU regulations and guidance pending transposition or translation;
- position papers issued by supervisory and regulatory authorities that could affect the Bank's operations;

and provided regular updates to the Management Board on the status of the Bank's compliance-related adaptation efforts in response to developments in the legal and regulatory environment.

Throughout the year, the Compliance Department was involved in key implementation projects across the Bank, offering advisory input on regulatory compliance while maintaining full independence. Its role focused on ensuring alignment with legal requirements, internal regulations, and market standards.

As part of its control function, the Department conducted independent horizontal and vertical monitoring of the control mechanisms applied to operational processes. These activities included ongoing reviews and testing procedures. Where irregularities were identified, the Department issued post-inspection recommendations and agreed remedial actions with the responsible units, aimed at mitigating risk and improving process efficiency. The implementation of these recommendations was subject to both ongoing and periodic follow-up by the Department.

The Compliance Department delivered all tasks set out in the 2024 Action Plan, covering both ongoing, system-level activities—such as managing compliance risk, fostering a culture of compliance, and executing the control function—as well as discrete one-off assignments. These included: reviewing and updating internal regulations within the Compliance domain; assessing the Bank's alignment with supervisory recommendations (J, S, U), the DORA Regulation, and ESG-related guidance;

reviewing the Bank's financial instruments for MiFID compliance; and examining processes with potential exposure to conflicts of interest, among other areas.

Throughout 2024, the Compliance Department provided timely quarterly and annual reports and updates to the Management Board, the Internal Audit Committee, and the Supervisory Board, outlining the Bank's compliance risk profile and the outcomes of control activities carried out under the compliance function.

As at year-end 2024, the overall compliance risk level at the Bank was assessed as moderate.

## **2.4. Assessment of the risk management system**

The Bank has in place a risk management system meeting the supervisory requirements specified in particular in the Regulation of the Minister of Economic Development and Finance, Development Funds and Regional Policy on risk management and internal control systems and remuneration policy at banks, dated 8 June 2021. The objectives and rules of the system are defined in the Banking Risk Management Strategy of Bank Ochrony Środowiska S.A., adopted by the Management Board and approved by the Supervisory Board.



The Supervisory Board oversees the risk management system and assesses its adequacy and effectiveness, in particular by:

- approving and monitoring compliance with the risk tolerance limits defined by the Bank's Management Board;
- approving the banking risk management strategy adopted by the Bank's Management Board and overseeing and monitoring compliance with the strategy;
- overseeing the development, adoption and implementation of the policies and procedures on which the Bank's risk management system is based, and approving the policy on internal capital assessment and capital management;
- overseeing the Bank's current and future risk appetite and the allocation of tasks within the Bank to ensure the independence of first-level risk management from the second-level risk management;
- approving the rules for reporting to the Supervisory Board on the types and severity of the banking risk (upon prior submission of the relevant proposal by the Management Board) to facilitate effective supervision of the risk management system at the Bank;
- carrying out annual assessments of the adequacy and effectiveness of the risk management system.

In 2024, the Supervisory Board, with the active involvement of the Risk Committee, exercised oversight of the functioning and effectiveness of the Bank's risk management system and assessed its adequacy and effectiveness. This was carried out in particular through the use of:

- internal oversight tools, including:
  - reports and information specified within the Bank's management information system and the banking risk management strategy;
  - the principle, stemming from supervisory recommendations, concerning the approval of the Bank's risk appetite and/or tolerance levels, as well as key system-level arrangements;
- external oversight tools, including:
  - the results of the PFSA's BION supervisory review and evaluation process;
  - findings and recommendations issued following an inspection conducted at the Bank by the Polish Financial Supervision Authority;
  - reports and opinions of the external auditor from the audit of the financial statements of the Bank and the BOŚ Group;
  - the credit rating assigned by Fitch Ratings Ltd.

The Supervisory Board's assessment of the adequacy and effectiveness of the Bank's risk management system in 2024—based on the recommendation of the Risk Committee—remained unchanged from the prior year. As part of the review, the Board highlighted both the strengths of the existing framework and areas identified for further improvement and development.

The assessment was shaped by several key factors:

- Findings from a 2024 inspection conducted by the Polish Financial Supervision Authority, which focused on the Bank's management of credit risk related to large exposures and credit concentration. The inspection examined, in particular, the

organisation of the credit decision-making process, credit risk monitoring and exposure classification, the effectiveness of identifying connected clients in the context of concentration risk, and the overall performance of the internal control system in these areas. The Bank prepared a structured implementation plan in response to the recommendations issued following the inspection. Progress on implementation is monitored and reported to the relevant supervisory bodies;

- The results of the PFSA’s BION supervisory review as at 31 December 2023, including consideration of material post-review events. All post-review recommendations issued to the Bank have since been implemented;
- Fitch Ratings Ltd’s rating and outlook for the Bank as at September 2024, which reaffirmed the Bank’s existing credit ratings and maintained a stable outlook;
- The profile of key risk exposures:
  - Credit risk: In 2024, the Bank continued to enhance the effectiveness of its risk assessment processes, focusing on improvements to credit decision-making, credit application handling, and credit risk monitoring. Efforts also continued to reduce credit portfolio concentration. With respect to credit concentration risk, the Bank pursued a strategy of reducing exposures to large credit positions and to connected clients or groups of clients, aiming to lower concentration levels within the portfolio. Internal credit risk limits were revised in 2024 to support these objectives—namely, to reduce large exposures, improve portfolio diversification, and strengthen concentration risk management at the consolidated level. The risk appetite limits were not exceeded;
  - Financial risk: In 2024, the Bank’s main objectives, principles, and organisational approach to financial risk management remained unchanged. All external regulatory requirements, as well as internal strategic and structural limits, were consistently observed;
  - Operational risk: – The primary contributor to operational risk during the year was the elevated level of both potential and realised losses—reflected in provisions recognised and costs incurred—arising from litigation related to foreign currency-linked mortgage loans, primarily denominated in CHF. In response, the Bank undertook targeted mitigation measures aimed at addressing root causes and reducing the risk of future losses. No other material risk events impacted the Bank’s operational risk profile in 2024. In 2024, the Bank continued its efforts to raise awareness of operational risk among all employees. These efforts included onboarding training covering the Risk Culture Principles for new hires, as well as mandatory e-learning modules and a Bank-wide educational programme on operational risk management;
  - Capital adequacy risk in 2024 was primarily associated with: (1) legal constraints preventing the Bank’s majority shareholder from participating in a new share issue; and (2) limitations on the Bank’s main capital-building channel—profit retention—where earnings remain exposed to risks stemming from the level of non-performing loans (NPLs) in the credit portfolio, significant credit concentration, and the legacy portfolio of foreign currency mortgage loans, as well as the drag on profitability from the bank levy. Capital adequacy metrics remained above both regulatory requirements and internal thresholds throughout 2024, with no breaches of the Bank’s defined risk appetite;
  - Model risk: In 2024, the Bank continued to implement the recommendations

issued following the 2023 inspection conducted by the PFSA. The process was completed in the first quarter of 2025. The resulting model redevelopment is expected to keep model risk within the Bank's established tolerance thresholds;

- Key developments in the area of risk included, in particular:
  - Enhancements to the credit process, including:
    - Tightening of the credit policy for new lending, aimed at mitigating credit risk by curbing the most loss-prone origination;
    - Raising the required collateral quality threshold for micro-enterprises to strengthen the risk profile of secured lending;
    - Improving the creditworthiness assessment process, including:
      - (1) the rollout of automated checks against the National Register of Debtors and the PESEL Alert Register within the credit scoring system, enabling the automatic rejection of applicants flagged for consumer bankruptcy or similar events;
      - (2) stricter assessment criteria for data sourced from BIK P (Business Clients) and BIK KI (Retail Clients) for micro-segment borrowers, allowing for the exclusion of applicants with negative credit events across their entire credit history;
    - introduction of mandatory positive verification of related parties in external databases as a condition for loan approval;
    - amendments to the collateral policy, introducing restrictions on the acceptance of certain asset classes as eligible collateral;
    - revised approach to Free Income (FI) calculations for micro-segment clients, requiring the inclusion of liabilities and identified losses based on documentation submitted by related entities;
    - streamlining the rating process and improving the quality of the internal rating model for local government units (LGUs);
  - refinements to credit exposure valuation models, including updates to credit risk parameter models used in the estimation of expected credit losses (ECL). The Bank, in cooperation with an external advisory firm, adjusted its models to meet the requirements of IFRS 9 and Recommendation R, with the aim of ensuring that the models accurately reflect identified credit risk and that expected credit losses estimated using these models are proportionate to the level of risk assumed;
  - As part of the Bank's regulatory alignment with the CRR III / CRD VI package, production implementation and parameterisation of the system used to calculate capital requirements for credit, market, and operational risks were completed at the turn of 2024/2025. Capital calculations under the revised framework are now operational. Work to ensure full compliance with the evolving CRR III requirements continues in 2025. In 2025, credit risk monitoring will focus on a range of areas, including: contractual arrangements constituting commitments; assignment of CCF buckets (Credit Conversion Factors); real estate-secured exposures—including ADC exposures (acquisition, development, and construction) and IPRE exposures (income-producing real estate); risk weights applied to exposures in default; the new exposure class for subordinated debt; and the equity exposure class. Particular attention will

- be paid to final Regulatory Technical Standards (RTS) published by the EBA, interpretative guidance, and emerging market practice;
- Additional capital requirements (additional capital buffer under Pillar 2 Guidance) and minimum requirements for own funds and eligible liabilities (MREL):
    - Pillar 2 Guidance (P2G): In accordance with the letter from the PFSA dated 16 December 2024, the Bank's Pillar 2 capital guidance—the additional buffer intended to absorb potential losses under stressed conditions—was increased to 3.76 percentage points (previously 1.43 p.p.) on a standalone basis and to 3.22 percentage points (previously 1.33 p.p.) on a consolidated basis;
    - MREL: According to the letter from the Bank Guarantee Fund (BFG) dated 18 December 2024, the MREL requirement in relation to TREA (risk-weighted exposure amount) was set at 12.00%, to be met through own funds and eligible liabilities that satisfy subordination requirements at the level of 11.03% of TREA. The MREL requirement in relation to TEM (total exposure measure) was set at 4.50%, to be met through own funds and eligible liabilities meeting the subordination requirement at the level of 4.41% of TEM. As of 1 January 2026, the MREL requirement in relation to TEM will increase to 7.10% under the revised formula, calculated as the ratio of 8% of total liabilities plus own funds (TLOF) to the total exposure measure. A positive contribution toward meeting the Bank's MREL targets was made by the issuance of PLN 200 million in senior bonds completed in December 2024;
  - Selected risk management matters, including:
    - The Bank undertook a formal consolidation of its risk management framework through an update to the Banking Risk Management Strategy. The revised Strategy now incorporates a consolidated list of the risks most material to the Bank's operations. In addition, key elements previously embedded within individual risk policies—such as definitions of specific risk types, levels of risk appetite and/or tolerance, and detailed reporting rules—have been transferred into the Strategy in the form of separate annexes dedicated to each relevant risk area, ensuring clarity and alignment with the with the Supervisory Board's approval remit;
    - Contingency plans:
      - Credit risk contingency plan – designed to address adverse macroeconomic developments that could lead to a deterioration in the quality of the credit portfolio. In 2024, there was no need to activate the contingency plan;
      - Liquidity contingency plan – setting out the Bank's strategy and procedures for managing emergency situations that could pose a threat to the Bank's financial liquidity. In 2024, there was no need to activate the plan;
      - Capital adequacy contingency plans – aimed at mitigating the risk of breaching external capital adequacy or internal capital limits, including the Capital Conservation Plan, which would be triggered in the event of a breach of supervisory capital thresholds. In 2024, there were no grounds for activating either the capital contingency plans or the Capital Conservation

Plan.

- Continued to implementation of the Group Recovery Plan. The measures undertaken under the Plan are aimed at restoring the Bank's sustainable profitability;
- Description of key principles adopted by the Bank in the banking risk management process:
  - The Bank's risk management system was based on a comprehensive set of internal regulations consistent with external legal requirements, adopted by the Management Board and approved by the Supervisory Board in accordance with the provisions of the Bank's Articles of Association. As in previous years, these regulations were subject to periodic review in 2024 and were updated to reflect the Bank's risk profile and risk appetite, as well as changes in the regulatory and macroeconomic environment in which the Bank operated;
  - The objective of banking risk management at BOŚ S.A. is to maintain risk levels within the accepted risk tolerance and risk appetite limits, thereby protecting shareholder value, ensuring the safety of customers' deposits, and achieving adequate operational efficiency, which includes maintaining the Bank's ability to adapt to changing market, environmental and social conditions, and ensuring the competencies and commitment of the management and other employees, and appropriate quality of management information systems;
  - To support the effective operation of the risk management system, the roles, responsibilities, and powers of the governing bodies and organisational units involved in the risk management process were clearly defined, along with the interrelationships among the parties engaged in the process;
  - the risk management process at the Bank was supported by a set of quantitative internal risk limits. The set includes internal limits appropriate to the scale and complexity of the Bank's operations, ensuring that the risk remains within an acceptable range. The internal limits are reviewed annually and adjusted to the risk appetite and tolerance approved by the Bank's Supervisory Board;
  - The Bank has implemented a management information system (MIS) aligned with its organisational structure. The MIS functions as a key tool for overseeing banking activities, supporting decision-making—particularly in the area of risk management—enhancing operational execution, and safeguarding the Bank's stability and operational resilience.
  - The Bank, as the parent, oversaw the risk management system at the BOŚ Group. To establish a standardised Group-wide risk management system, the Bank aims to implement risk management mechanisms at its subsidiaries modelled after the solutions applied by the Bank.

Appendix 2  
to the Report on the Activities  
of the Supervisory Board of Bank Ochrony Środowiska S.A.  
for 2024

Assessment of internal governance at Bank Ochrony Środowiska S.A. in 2024, including the Bank's application of the 'Principles of Corporate Governance for Supervised Institutions,' issued by the Polish Financial Supervision Authority on 22 July 2014, and the 'Best Practice for GPW Listed Companies 2021,' as well as its fulfilment of disclosure obligations concerning the application of corporate governance standards, in line with the Warsaw Stock Exchange Rules and regulations on current and periodic reporting.

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## 1. Assessment of Internal Governance at Bank Ochrony Środowiska S.A. in 2024

In line with Recommendation 1.2 of Recommendation Z issued by the Polish Financial Supervision Authority (KNF), *'the Supervisory Board exercises oversight of the implementation of internal governance in the bank and assesses its adequacy and*

*effectiveness.’ Furthermore, under Recommendation 1.3, ‘The assessment of internal governance in the bank and its implementation should be carried out by the Supervisory Board at least once a year.’*

Recommendation Z complements the broader internal governance framework applicable to banks, as set out, among others, in the Principles of Corporate Governance for Supervised Institutions issued by the PFSA on 22 July 2014. These Principles have been formally adopted by all of the Bank’s governing bodies and are applied in practice. The Bank also complies with the Best Practice for GPW Listed Companies 2021, consistent with its status as a publicly listed company.

The Supervisory Board assessed the adequacy and effectiveness of the Bank’s internal governance framework, drawing in particular on the following sources:

- the Directors’ Report on the operations of the BOŚ Group in 2024, prepared as a single document together with the Directors’ Report on the operations of BOŚ S.A., containing the Group’s Sustainability Report and the Statement on the Application of Corporate Governance Principles;
- the results of the Supervisory Board’s assessment of the internal control system;
- the results of the Supervisory Board’s assessment of the risk management system;
- the Management Board’s self-assessment of the adequacy of internal regulations governing its functioning and the effectiveness of its performance in 2024;
- the Management Board’s assessment of the internal governance framework at Bank Ochrony Środowiska S.A.;
- the Supervisory Board’s self-assessment of the adequacy of internal regulations governing its functioning and the effectiveness of its performance in 2024;
- documentation submitted to the Supervisory Board for approval, including in particular:
  - the Banking Risk Management Strategy of BOŚ S.A.;
  - the Bank Management Strategy;
  - resolutions on the internal allocation of responsibilities within the Management Board;
  - the internal audit plan and the compliance risk function’s plan of activities;
- submissions and information presented to the Supervisory Board or its Committees by the Management Board over the course of the year.

The Bank’s internal governance framework comprises, in particular:

- the Bank management system;
- the organisational structure of the Bank;
- Governance principles, powers and responsibilities, and interrelationships of the Supervisory Board, the Management Board, and key function holders at Bank Ochrony Środowiska S.A.

### **1.1. Bank management system**

#### **Internal control system**

Responsibility for implementing and maintaining the Bank’s management systems—namely the internal control system and the risk management system—rests with the Management Board.

The purpose of the internal control system is to ensure effective and efficient operations of the Bank, reliability of its financial reporting, compliance with the Bank's risk management framework, compliance of the Bank's operations with the applicable laws, internal regulations and market standards.

The internal control system covers all areas of the Bank's operations, processes, transactions, and activities—across business centres, operational branches, and Head Office functions. It extends to all organisational levels under the three lines of defence model applied at the Bank.

The key regulation governing this area is the Internal Control System at Bank Ochrony Środowiska S.A., which sets out, in particular:

- the structure, organisation, and components of the system;
- the roles of the Bank's governing bodies within the system;
- reporting procedures;
- principles governing the conduct of internal controls and internal audits
- internal control arrangements at subsidiaries.

The Supervisory Board – supported by the Internal Audit Committee – prepares an annual assessment of the internal control system and presents its findings to the General Meeting. The assessment of the internal control system is included as Annex No. 1 to this Report.

### **Risk management system**

The risk management system in place at the Bank covers all material types of risk, with the principal objectives and rules of the system defined in the Banking Risk Management Strategy at Bank Ochrony Środowiska S.A., adopted by the Management Board and approved by the Supervisory Board. The primary objective of risk management at the Bank is to maintain risks within the defined levels of risk tolerance and risk appetite, thereby safeguarding shareholder capital, ensuring the security of customer deposits, and supporting the Bank's operational efficiency. The organisation, powers and interrelationships of the Management Board and the Supervisory Board ensure effective and prudent management of the Bank, both on a standalone basis and at the level of the BOŚ Group.

The Supervisory Board – with the support of the Risk Committee – prepares an annual assessment of the risk management system and presents its findings to the General Meeting. The assessment of the risk management system is included in Annex 1 to this Report.

### **Whistleblowing system**

The Bank has implemented a whistleblowing framework enabling the anonymous reporting of breaches of law, internal policies, and ethical standards. The Bank's *Whistleblowing Procedure* allows employees to raise concerns about suspected breaches in confidence and without fear of retaliation from management or colleagues. The Management Board is responsible for ensuring the adequacy and effectiveness of the Whistleblowing Procedure. It has defined internal lines of responsibility and appointed a designated Management Board member to receive reports and oversee the day-to-day operation of the framework. The designated Management Board member is the President of the Management Board. The designated Management Board member provides the Supervisory Board with regular updates on any material



whistleblowing disclosures received. The Supervisory Board prepares an annual assessment of the Whistleblowing Procedure to evaluate its adequacy and operational effectiveness.

## **1.2. Organisation of the Bank, including its organisational structure**

The Bank's organisational structure is defined in the *Organisational Structure of Bank Ochrony Środowiska S.A.*, the *Organisational Rules of Procedure of Bank Ochrony Środowiska S.A.*, the internal rules of the Head Office units, and the rules applicable to the Bank's other organisational units. This framework supports the execution of tasks set out in the Bank's *Articles of Association*, *Strategy*, and financial plans.

The structure is aligned with the Bank's size and risk profile, providing an effective framework for delivering business objectives and facilitating cooperation within the BOŚ Group. It covers the full scope of the Bank's activities and clearly delineates all key functions – both in terms of the division of responsibilities, powers, duties, and accountability among Management Board members (in accordance with the internal resolution on the allocation of responsibilities within the Board), and across organisational units, departments, and designated roles.

The Management Board ensures that the functions responsible for risk assessment, measurement, monitoring, control, and reporting operate independently of those that generate risk. It also ensures the independence of the internal audit function and the compliance function.

The Bank's Head Office includes dedicated units established to support the delivery of its mission, including access to and deployment of public funding programmes. The Bank aligns with environmental best practices and broader market trends, notably those relating to ESG reporting, ESG ratings, and the EU taxonomy.

In 2024, the organisational structure was adapted to meet both regulatory obligations and the Bank's evolving business needs. The structure is designed to ensure compliance with applicable legislation – most notably the Banking Law Act – as well as the recommendations and guidelines issued by the Polish Financial Supervision Authority, and to implement supervisory recommendations following regulatory inspections. It also supports the execution of the Bank's Management Strategy and addresses key business priorities, in particular strengthening sales efforts and fostering long-term customer relationships.

Changes to the organisational structure are carried out in line with the *Rules for Introducing Organisational Changes at Bank Ochrony Środowiska S.A.*

Employees have access to up-to-date information on the Bank's organisational structure, including the scope of powers, responsibilities, and duties assigned to each Head Office unit and other organisational entities. When establishing or amending the organisational structure, the Bank ensures consistency with both external legal requirements and internal regulations, including the Bank's Articles of Association. Employees receive information on the Bank's internal organisational framework upon joining the organisation and following any structural changes.

The Bank's organisational structure is subject to regular reviews, the results of which

are communicated to the Supervisory Board at least once a year.

In addition, as part of regular updates on material developments in the Bank's operations between Supervisory Board meetings, the Board is kept continuously informed of any organisational changes implemented.

To support the proper organisation and functioning of the Bank – beyond the regulations outlined above – a number of additional documents have been introduced, including in particular:

- *Rules governing the operation of the management information system and preparation and reporting of management information at Bank Ochrony Środowiska S.A.;*
- *Work rules and Remote work policy at Bank Ochrony Środowiska S.A.*
- *Manual on the preparation, verification and circulation of accounting documents at Bank Ochrony Środowiska S.A., and the Filing manual;*
- *Rules on the handling of confidential information and information subject to professional secrecy at Bank Ochrony Środowiska S.A.;*
- *Outsourcing policy at Bank Ochrony Środowiska S.A.;*
- *Remuneration Policy of Bank Ochrony Środowiska S.A.;*
- *New Product Approval Policy of Bank Ochrony Środowiska S.A.;*
- *Procedure for preparing current, confidential and periodic information by Bank Ochrony Środowiska S.A. as an issuer of securities;*
- *Code of ethics of Bank Ochrony Środowiska S.A.;*
- *Conflicts of Interest Policy of Bank Ochrony Środowiska S.A.;*
- *Rules on granting donations by Bank Ochrony Środowiska S.A. and Rules for managing sponsorship activities at Bank Ochrony Środowiska S.A.;*
- *Rules on the granting of powers of attorney to act on behalf of Bank Ochrony Środowiska S.A. in matters relating to property rights and obligations, and on the granting of authorisations to perform operational activities;*
- *ESG strategy of Bank Ochrony Środowiska S.A. and the ESG rules for suppliers.*

The Bank's organisational structure supports the effective and prudent management of the Bank, both on a standalone basis and at the level of the Group.

As the parent of the BOŚ Group, the Bank exercises ownership oversight of its subsidiaries. The framework and principles governing cooperation within the Group are defined, among other sources, in Cooperation Agreements with subsidiaries and the following internal documents:

- the *Banking Risk Management Strategy*, which includes a section dedicated to risk management at Group level;
- the *Compliance Policy* of the BOŚ S.A. Group, which sets out the principles for the functioning of the Group to ensure compliance with external and internal regulations, market standards, and the guidance, position papers, and recommendations of supervisory authorities. It also defines the rules for cooperation between the Bank and its subsidiaries, as well as the principles under which the Bank exercises compliance oversight across the Group;

- the *Rules on the Bank's Participation in Companies*, which specify, in particular: the principles for exercising ownership oversight and shareholder rights, including in relation to Group companies; the principles for the Bank's operational oversight of Group companies; the rules governing reporting within the Group; the principles for monitoring and reporting compliance with internal governance requirements at the Group level; and the rules for coordination among Head Office units in discharging the Bank's external disclosure obligations

In the opinion of the Supervisory Board, the Bank's organisational structure is aligned with the requirements for a clear and effective allocation of tasks and responsibilities, including:

- the independence of the structures responsible for risk assessment, measurement, monitoring, control, and reporting from those engaged in risk-generating activities;
- the independence of the functions overseeing IT system security and information protection from the Bank's operational units;
- the independence of the internal audit and compliance functions;
- the oversight of material risk management by the Management Board member responsible for the risk function;

and supports the delivery of the Bank's business objectives in line with its strategic development objectives.

### **1.3. Governance principles, powers and responsibilities, and interrelationships of the Supervisory Board, the Management Board, and key function holders at Bank Ochrony Środowiska S.A.**

Responsibility for internal governance at the Bank is shared across all governing bodies—namely the General Meeting, the Supervisory Board, and the Management Board—each acting within its remit, as well as across Head Office departments and other organisational units of the Bank, in particular:

- the Compliance Department, which prepares and submits periodic reports to the Management Board, the Internal Audit Committee, and the Supervisory Board on compliance risk, including matters related to corporate governance;
- the Internal Audit Department, which, as part of its audit activities, takes into account the obligation to comply with the Principles of Corporate Governance for Supervised Institutions and presents its conclusions from the assessment of audited areas to the Management Board and the Supervisory Board;
- the Communications Office (including Investor Relations), which is responsible for ensuring effective internal and external communication, including compliance with disclosure obligations applicable to listed issuers under the Best Practice for GPW Listed Companies. It also coordinates the Bank's efforts to align with the corporate governance principles set out in the Best Practice for GPW Listed Companies and the Principles of Corporate Governance for Supervised Institutions;
- the Strategy and Organisation Department, which is responsible for preparing drafts of the Bank's strategy and monitoring their implementation. It also develops the draft organisational structure and Organisational Rules of Procedure, ensures their compliance with regulatory requirements, conducts regular reviews of the

Bank's organisational structure and any changes thereto, and assesses its alignment with the adopted Bank Management Strategy.

The General Meeting, in particular:

- amends the Bank's Articles of Association;
- appoints and removes members of the Supervisory Board, assesses the suitability of candidates and incumbents, both individually and collectively, and adopts the policy setting out the rules for conducting initial and ongoing suitability assessments of these individuals;
- adopts the Diversity Policy for members of the Supervisory Board;
- sets the rules for appointing and removing members of the Management Board and approves the principles governing the remuneration of Management Board members.

The Supervisory Board exercises ongoing oversight of all areas of the Bank's operations, with due regard to the Bank's role as the parent within the Group. The Supervisory Board operates within the powers conferred by the Banking Law Act, the Commercial Companies Code, and other applicable legislation, and in accordance with supervisory recommendations, recognised market standards, the Bank's *Articles of Association*, the *Rules of Procedure of the Supervisory Board*, and the Bank's internal regulations. The composition of the Supervisory Board and its committees is determined in accordance with applicable suitability criteria, both at individual and collective level.

The Management Board is responsible for directing the operations of the Bank. Its remit covers all matters not reserved for other governing bodies of the Bank. The Management Board operates within the powers conferred by the Banking Law Act, the Commercial Companies Code, and other applicable legislation, and acts in accordance with supervisory recommendations, recognised market standards, the Bank's *Articles of Association*, the *Rules of Procedure of the Management Board*, and the Bank's internal regulations. The composition of the Management Board meets applicable suitability criteria, both individually and collectively, supporting the Bank's prudent and effective management.

Members of the Supervisory Board, the Management Board, and key function holders meet the suitability requirement – that is, they possess the knowledge, skills, and experience necessary to perform their roles and responsibilities, and demonstrate the reliability required for their proper execution. Suitability is assessed and monitored – individually and collectively – in accordance with the Bank's *Suitability Assessment Policies*, which apply separately to the Supervisory Board, the Management Board, and key function holders.

Key function holders are identified in line with the *Policy for Identifying Key Functions and Assessing the Suitability of Candidates and Incumbents in Key Function Roles* at Bank Ochrony Środowiska S.A., under which the Bank maintains the list of key function positions.

The risk of vacancies on the Management Board or among key function holders is mitigated through the implementation of the *Succession Planning Policy* and the *Rules for the Appointment and Removal of Management Board Members* at Bank Ochrony

Środowiska S.A.

The Supervisory Board is satisfied that the powers, responsibilities, and interrelationships of the Supervisory Board, the Management Board, and key function holders are clearly defined within the Bank's internal governance framework. The Bank's internal regulatory framework ensures the clear allocation of roles and responsibilities to the relevant bodies and individuals.

## **2. Assessment of the Bank's application of the 'Principles of Corporate Governance for Supervised Institutions', issued by the Polish Financial Supervision Authority on 22 July 2014, and the 'Best Practice for GPW Listed Companies 2021', as well as the Bank's fulfilment of its disclosure obligations regarding the application of corporate governance principles in 2024.**

The Supervisory Board carried out this assessment in accordance with its obligations under Section 27 of the Principles of Corporate Governance for Supervised Institutions, Rule 2.11.4 of the Best Practice for GPW Listed Companies 2021, and Clause 5(3) of the Rules of Procedure of the Supervisory Board, as introduced by Resolution No. 58/2023 of the Supervisory Board of BOŚ S.A. dated 23 June 2023.

### **2.1. Application by the Bank of the 'Principles of Corporate Governance for Supervised Institutions' issued by the Polish Financial Supervision Authority on 22 July 2014**

Since 1 January 2015, the Bank has applied the 'Principles of Corporate Governance for Supervised Institutions', introduced by Resolution No. 218/2014 of the Polish Financial Supervision Authority dated 22 July 2014.

These Principles govern the Bank's internal and external relationships, its organisational structure, engagement with shareholders and clients, the functioning and cooperation of its statutory bodies, as well as internal oversight functions and other key internal systems and functions.

The text of the 'Principles of Corporate Governance for Supervised Institutions' is available on the Bank's website in the Investor Relations section.

To ensure compliance with and the proper application of these Principles, the Bank has designated specific organisational units responsible for their implementation, in line with their respective areas of accountability.

Based on the assessment conducted by the Management Board—including its statement on the application of corporate governance principles, as presented in the 2024 Directors' Report on the operations of the BOŚ Group, prepared as a single document together with the Directors' Report on the operations of the Bank—the Supervisory Board is satisfied that, in 2024, the Bank complied with all principles of corporate governance for supervised institutions issued by the Polish Financial Supervision Authority.

The Supervisory Board did not identify any breaches of the principles of corporate

governance for supervised institutions adopted by the Bank.

In addition, the Supervisory Board reports that, in 2024, within the scope of its responsibilities:

- following a review carried out at the request of the Management Board, it amended Resolution No. 31/2018 of the Supervisory Board dated 16 May 2018 on the adoption by BOŚ S.A. of the 'Principles of Corporate Governance for Supervised Institutions', to reflect the Bank's current position—namely, that it applies all of the Principles issued by the Polish Financial Supervision Authority;
- it appointed an audit firm to carry out an assurance engagement in respect of the BOŚ Group's sustainability reporting for the 2024–2025 reporting period.

## 2.2. Application by the Bank of the corporate governance principles for companies listed on the WSE Main Market – 'Best Practice for GPW Listed Companies 2021' – and its fulfilment of disclosure obligations relating to the application of those principles in 2024

The obligation for the Supervisory Board to assess the Bank's application of corporate governance principles, as well as its fulfilment of related disclosure obligations, arises directly from Rule 2.11.4 of the 'Best Practice for GPW Listed Companies 2021'.

In 2024, as disclosed in the 2024 Directors' Report on the operations of the BOŚ Group, prepared as a single document together with the Directors' Report on the operations of Bank Ochrony Środowiska S.A., the Management Board stated that the Bank did not apply the following corporate governance principles set out in the 'Best Practice for GPW Listed Companies 2021':

**Principle 1.4.2** – present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

**Principle 1.6.** Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

**Principle 2.1.** Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

**Principle 2.2.** Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to

achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

**Principle 4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

**Principle 4.9.1.** Candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website

In discharging its assessment obligation, the Supervisory Board states as follows: In accordance with Section 29(3) of the Rules of the Warsaw Stock Exchange, the Bank is required to submit to the Exchange, via the Electronic Information Database (EBI), reports concerning the application of the corporate governance principles adopted by the WSE.

The set of principles applied and not applied by the Bank—together with explanations for the non-application of the six principles mentioned—was published in EBI report No. 1/2024 on 14 November 2024 and made available on the Bank's website in the Investor Relations / Corporate Governance / Best Practice for GPW Listed Companies section.

The Supervisory Board is satisfied that the Bank's explanations are adequate and contain sufficient information regarding the non-application of the specified principles.

Pursuant to Section 70.6.5 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (the 'Regulation'), the Directors' Report on the issuer's operations should include a corporate governance statement as a separate part of the report. The Regulation also specifies what information should be included in the corporate governance statement.

In fulfilling this obligation in 2024, the Bank included its corporate governance statement, containing all the elements specified in Section 70.6.5 of the Regulation, in the Directors' Report on the operations of the Bank Ochrony Środowiska Group in 2024, prepared jointly with the Directors' Report on the operations of Bank Ochrony Środowiska S.A.

In addition, in accordance with Principle 1.1 of the Code of Best Practice, the Bank's corporate governance statement for 2024 was published on the Bank's website.

To ensure compliance with and the proper application of the Best Practice for GPW Listed Companies 2021, the Bank has designated specific organisational units responsible for implementing the principles assigned to them, in line with their respective areas of accountability within the Bank.

In 2024, the Management Board kept the Supervisory Board informed of the content of current reports and other public disclosures issued by the Bank, in particular those relating to the application of corporate governance principles. This enabled the Supervisory Board to access market-disclosed information on the Bank without delay. The Supervisory Board confirms that the documents and disclosures published by the Bank concerning corporate governance are accurate and reflect the Bank's actual

circumstances.

As part of its oversight of corporate governance, the Supervisory Board reviewed and issued a positive opinion on the periodic reports concerning the implementation of the ESG Strategy and the information on the Bank's ESG rating.

In line with the 'Best Practice for GPW Listed Companies 2021', the Bank uses a range of communication channels to engage with the market and its clients. The primary channel is the Bank's website—particularly the Investor Relations section—but other forms of communication are also used, including press conferences, participation in industry seminars and conferences hosted by various financial market entities, and client events (such as business breakfasts organised by the Bank's business centres). The Bank also ensures effective communication with shareholders through periodic reports providing regular updates on the financial position of the Bank and the BOŚ Group, and through current reports, which provide timely access to key information on the Bank as well as to the content of documents and draft resolutions of the General Meeting.

In the opinion of the Supervisory Board, the Bank duly met its disclosure obligations under the 'Best Practice for GPW Listed Companies 2021', the Rules of the Warsaw Stock Exchange, and the applicable regulations governing public market disclosure for listed companies.

Based on the materials received, as well as its own assessments, opinions, and observations, the Supervisory Board is of the view that the internal governance framework implemented at the Bank is appropriate to the scale and nature of its business. Specifically, it:

- complies with applicable laws, supervisory regulations, and market standards adopted by the Bank;
- is transparent, coherent, and clearly defined in the Bank's Articles of Association, Organisational Rules, and the Bank's tiered system of internal regulations (strategies, policies, procedures, manuals, etc.);
- is subject to regular review and adaptation in response to changes in legislation, supervisory expectations, and the Bank's evolving needs and circumstances;
- supports the management of risks associated with the Bank's activities;
- promotes efficiency and optimisation of internal processes;
- enhances transparency in the functioning of the Bank's statutory bodies;
- contributes to building trust among shareholders, clients, and other stakeholders.

The Supervisory Board has assessed the effectiveness of the Bank's internal governance in conjunction with its review of the effectiveness of the risk management and internal control systems for 2024, and concludes that the effectiveness of internal governance is consistent with the level demonstrated by those systems. Information on the assessment of the risk management system and the internal control system is provided in Annex 1 to this Report.



**Report on the assessment of the implementation of the Remuneration Policy  
in 2024, with a draft assessment by the General Meeting of whether the  
Policy supports the Bank's development and security of its operations**

In accordance with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority by way of Resolution No. 218/2014 of 22 July 2014, the Supervisory Board of Bank Ochrony Środowiska S.A. assessed the implementation of the BOŚ S.A. Remuneration Policy in 2024.

The following facts were considered by the Supervisory Board when making the assessment:

1. The Bank has a Remuneration Policy in place, which defines the form, structure and method of determining the remuneration of members of its governing bodies and key managers.
2. The objectives underlying the rules applicable at the Bank under the adopted Remuneration Policy are as follows:
  - to ensure adequate remuneration of employees for their work, while motivating them to strive towards robust performance and achievement of the Bank's strategic objectives,
  - to attract and retain qualified staff whose experience, knowledge and skills create the Bank's competitive advantage,
  - to ensure that the remuneration system does not encourage excessive risks-taking behaviours beyond the risk appetite approved by the Bank's Supervisory Board or inappropriate sale practices, and specifically that the remuneration system has regard to customer rights and interests by limiting possible conflicts of interest,
  - to ensure equal pay for the same work or work of the same value, and neutrality in terms of gender, age, disability, health condition, race, nationality, ethnic origin, religion, denomination, irreligion, political beliefs, trade union membership, sexual orientation, sexual identity, family status, lifestyle and other circumstances that may be a source of discriminatory behaviour, by introducing uniform, non-discriminatory provisions.
3. The remuneration of members of the Supervisory Board and members of the Management Board of the Bank is set at levels appropriate for their functions and scale of the Bank's operations.
4. The level of variable remuneration paid to members of the Management Board of the Bank and the Bank's key managers under incentive schemes is conditional on the Bank's long-term financial condition and long-term growth of its shareholder value.

5. In order to align the remuneration of members of the Management Board and key managers with the Bank's long-term business and financial objectives, the Bank implements the provisions of the Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on risk management and internal control systems and remuneration policy at banks, through a number of practices, including:
- payment of a portion of variable remuneration in BOŚ S.A. shares (real shares or phantom shares),
  - deferred payment of a portion of variable remuneration in five equal annual tranches, depending on the Bank's financial performance over the last three years.

Variable remuneration, including the deferred portion, is:

- reduced or withheld e.g. in the circumstances referred to in Art. 142.1 of the Banking Law of 29 August 1997,
  - reduced or cancelled by the Bank in particular if:
    - when the Bank's performance falls significantly short of the approved financial plan for the year;
    - significant failure or error on the part of the person holding managerial position has been demonstrated,
    - inappropriate conduct or material errors on the part of the person holding managerial position have been demonstrated,
    - the person holding managerial position has been involved in or responsible for actions which resulted in significant losses to the Bank,
    - the person holding managerial position has failed to meet appropriate standards ensuring prudent and sound management of the Bank,
    - a breach or omission of duties by the person holding managerial position and/or their subordinate function/organisational unit has been demonstrated, consisting in non-compliance with the internal regulations/instructions on the risk / performance / internal control system management (including regulations /instructions on the prevention of money laundering and terrorist financing, and/or on cyber security),
  - reduced, if the Bank benefits from extraordinary government intervention.
6. The Bank has a Remuneration and Nomination Committee in place, appointed from among members of the Supervisory Board.
7. The remuneration of members of the Supervisory Board is not conditional on any options or other derivatives, or on any other variable remuneration components.
8. In 2024, the remuneration of members of the Supervisory Board and Management Board satisfied the requirements of the Act on the Rules of Remunerating Persons Who Direct Certain Companies of 9 June 2016, and was adequate given the Bank's financial condition. *In this way the requirement set forth in Section 28.2 of the Principles of Corporate Governance for Supervised Institutions that the remuneration policy should take account of the financial condition of the institution concerned was duly met.* Consequently:
- a) The total remuneration of the Supervisory Board of Bank Ochrony

Środowska S.A. represents approximately 81% of the median remuneration in banks for which the Bank has comparative data;

- b) The total remuneration of the Chairman of the Supervisory Board of Bank Ochrony Środowiska S.A. represents 71% of the median remuneration of supervisory board chairs at banks for which the Bank holds comparative data;
- c) The remuneration of the Chair of the Supervisory Board of BOŚ S.A. fell within the mid-range of remuneration levels for supervisory board members at banks for which BOŚ holds comparative data, while the remuneration of the other members of the Supervisory Board was in the lower range.

*Due to the lack of more recent comparative data, BOŚ S.A. has analysed remuneration paid in 2023 to members of the management and supervisory boards of other banks listed on the Warsaw Stock Exchange.*

- 9. The base salary paid to senior management staff at BOŚ S.A. in 2024 represented approximately 59% of the 2024 median base salary for senior management positions in the banking sector.
- 10. Information on how members of the Bank's Supervisory Board and Management Board as well as other key managers are remunerated is presented by the Bank in the full-year financial statements, the Directors' Report and the Report on the Remuneration of Members of the Supervisory Board and Management Board.
- 11. The Bank regularly updates members of its Supervisory Board and the Management Board on the current status of the remuneration policy with respect to the key managers and function holders, thus allowing them to assess the remuneration policy in terms of the delivery of its objectives, in particular its contribution to long-term growth in the shareholder value and stability of the Bank's operations.
- 12. In compliance with Recommendation Z 15 of the Polish Financial Supervision Authority on internal governance at banks, the ratio of the average aggregate annual gross remuneration of members of the Management Board of the Bank to the average aggregate annual gross remuneration of other employees may not exceed 1:16.

Pursuant to Recommendation Z 30.1 of the Polish Financial Supervision Authority and the Remuneration Policy, the Bank fulfils its disclosure obligation by providing information on the ratio of the average aggregate gross remuneration of members of the Management Board in 2024 to the average aggregate gross remuneration of other employees of the Bank in 2024. The ratio stands at 5.07 and is within the regulatory limit.

- 13. The average monthly aggregate remuneration paid in 2024 to BOŚ S.A. employees (excluding members of the Management Board and the Supervisory Board) amounted to 133% of the average monthly remuneration in the fourth quarter of 2024, as reported by Statistics Poland.

The average monthly aggregate remuneration paid to BOŚ S.A. employees in the sales network amounted to 107% of the average monthly remuneration in the fourth quarter of 2024, as reported by Statistics Poland.

The above data are considered adequate. The Bank is working towards aligning the total remuneration of its employees with market levels, in part by developing variable remuneration systems, to maintain its ability to attract and retain staff with the qualifications necessary to implement its Strategy and achieve its objectives.

In 2024, the Bank continued to implement its remuneration policy, aimed at maintaining a consistent and transparent remuneration framework, including through the continued use of the job evaluation methodology introduced in 2022. The method is intended to support the Bank's objectives of offering competitive salaries, provide clear career paths for individual employees, and lay the foundation for a consistent remuneration system, while guaranteeing compliance with the limits under the Group Recovery Plan.

14. In line with the position of the Polish Financial Supervision Authority regarding a prudent approach to payment of variable components of remuneration, the Bank's Remuneration Policy provides for such prudent approach to the payment of variable components of remuneration in justified cases, such as the occurrence of a crisis situation or events having an adverse impact on the economy, which may affect the financial market, the capital base of the Bank and/or its financial results.
15. The remuneration of employees of the internal audit, compliance, legal, risk management and HR functions is target-based. The variable components of their remuneration cannot be conditional on the economic performance of the Bank's operations under their respective control.
16. To ensure the adequacy of base salary levels relative to the qualifications, experience, skills, and the required independence and objectivity of employees in the Head Office units responsible for audit and compliance, the Bank conducts ongoing monitoring of their remuneration levels against those of other Bank employees and market benchmarks in the banking sector.
17. The following remuneration components were included in the compensation package at BOŚ S.A. in 2024:
  - base pay,
  - remuneration for overtime,
  - remuneration for on-call duty,
  - bonus,
  - discretionary award,
  - competition award,
  - project award,
  - remuneration for the duration of paid leaves (annual leave, release from work duty, sick pay, allowances, family member care, rehabilitation benefit, etc.),
  - retirement and disability severance payment,
  - severance payment for reasons not related to employees,
  - compensation for termination of employment contract,

- compensation for untaken statutory leave,
  - court-awarded compensation,
  - court settlement,
  - social benefits,
  - Christmas/Easter benefits,
  - home office allowance,
  - co-financing of medical packages,
  - fuel allowance,
  - car allowance,
  - employer contributions.
18. In 2024, there was no differentiation in the structure of fixed remuneration at BOŚ Sahejvir, the Bank introduced differentiation within the variable remuneration framework:
- A dedicated system of variable remuneration was established for key managers in positions with a significant influence on the Bank's risk profile (risk takers). The purpose of this system was to link the remuneration levels with the Bank's long-term business and financial objectives.
  - An annual bonus system was implemented for all employees other than risk takers, intended to link the variable remuneration amount to the employees' performance against targets. Under this system, in 2024 the bonus amount was determined using three mechanisms: MBO 33%, MBO 25%, and MBO 16%, with the percentage representing the proportion of the annual salary that would be awarded if the set targets were achieved at 100%. MBO 33% was dedicated to corporate sales positions, MBO 25% to other sales positions, and MBO 16% to positions in support and operations. Additionally, the compensation amount under the new system depended on the assessment of the employee's conduct in the context of the Bank's values.
  - Under the annual bonus scheme, an interim bonus could be paid during the year (particularly to sales staff), which was then deducted from the final annual bonus at year-end settlement.
  - To mitigate the risk of variable remuneration being paid despite poor financial performance, the scheme included a trigger condition: payment was contingent on the Bank achieving at least 90% of its annual net profit target. Moreover, the allocation of a bonus to an individual employee is contingent upon the attainment of their targets at a minimum level of 90%.
  - To align the remuneration for risk takers with the Bank's long-term business and financial objectives , the Bank employs a malus mechanism, as recommended by the Remuneration and Nomination Committee. The Bank does not apply the clawback mechanism, as its implementation would conflict with labour laws in Poland.
19. In 2024, BOŚ S.A. conducted its annual internal audit to assess the adequacy and effectiveness of the internal control system in the process of determining and paying variable components of remuneration. The adequacy and

effectiveness of risk management and internal control in the remuneration management, annual performance evaluation, and suitability assessment processes were assessed as satisfactory. The audit report was presented to the Remuneration and Nomination Committee, the Internal Audit Committee and the Supervisory Board. In 2025, Bank Ochrony Środowiska is implementing the recommended remedial measures. As at 31 March 2025, all recommendations had been implemented within the prescribed timeframe.

20. BOŚ S.A. conducts ongoing monitoring of the gender pay gap (GPG), defined as the difference between the base salaries of women and men. The table below presents the results as at the end of each quarter of 2024 (a negative value indicates that the average remuneration of women is lower than that of men).

GPG	The Bank	Specialist positions	Middle management	Senior management
31.03.2024	-16.4%	-14.7%	-14.7%	-5.3%
30.06.2024	-17.4%	-14.9%	-11.3%	-9.2%
30.09.2024	-16.0%	-13.0%	-12.5%	-8.8%
31.12.2024	-17.0%	-12.5%	-15.4%	-8.8%

The above data indicate that the gender pay gap at the Bank in 2024 remained broadly unchanged.

Draft assessment by the General Meeting of whether the Remuneration Policy supports the Bank's development and security of its operations

Pursuant to the provisions of Resolution No. 218/2014 of the Polish Financial Supervision Authority of 22 July 2014 setting forth the Principles of Corporate Governance for Supervised Institutions, and:

- taking into account the need to ensure prudent and sound risk, capital and liquidity management and special care to promote the long-term best interest of Bank Ochrony Środowiska S.A. and the interests of its shareholders,
- based on the results of the Supervisory Board's assessment of the implementation of the Bank's Remuneration Policy in 2024, which confirmed its transparency and compliance with the applicable regulations,

the General Meeting of the Bank acknowledges that, in its opinion, the Bank's Remuneration Policy supports the Bank's development and security of its operations.

## **Status of implementation of the Diversity Policy with respect to the Management Board and the Supervisory Board in 2024**

The basis for presenting this report on the status of implementation of the Diversity Policy with respect to the Management Board and Supervisory Board of Bank Ochrony Środowiska S.A. in 2024 is Principle 2.11.6 of Best Practice for GPW Listed Companies 2021, attached as an appendix to Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021 on the adoption of Best Practice for GPW Listed Companies 2021.

The diversity policy followed for the Bank's Supervisory Board and Management Board is outlined in the following documents:

- Diversity Policy for members of the Supervisory Board of Bank Ochrony Środowiska S.A., adopted by the General Meeting,
- Diversity Policy for members of the Management Board of Bank Ochrony Środowiska S.A., adopted by the Supervisory Board.

The Policies were implemented following a positive recommendation from the Remuneration and Nomination Committee of the Supervisory Board.

In its human resources policy Bank Ochrony Środowiska S.A. incorporates key elements of the diversity policy, recognising that the values derived from diversity are an additional asset for the organisation.

The Bank is guided by the principle of zero tolerance to any form of discrimination in employment, whether direct or indirect, especially on the grounds of gender, age, disability, race, religion, nationality, political beliefs, trade union membership, ethnic origin, denomination, sexual orientation, as well as the basis of employment, viewing workforce diversity as an asset that creates capital and constitutes a potential source of competitive advantage for the Bank. BOŚ S.A. seeks to create a friendly working environment and prevent any discrimination or workplace bullying.

The Policies aim to:

- promote diversity in appointing members of the Bank's governing bodies,
- support the pursuit of the Bank's strategic objectives by ensuring diversity among members of the governing bodies,
- ensure that members of the Bank's Supervisory Board and Management Board represent a broad spectrum of characteristics and competencies, such as diverse skills, educational background, professional experience, knowledge, gender and age.

When deciding on the appointment of members of the governing bodies, the General

Meeting/Supervisory Board aims to ensure diversity by selecting individuals who contribute to a diverse composition. For example, they strive to achieve a target minority representation rate of 30% for gender balance. However, the need to ensure diversity, including gender balance, should not compromise the effective oversight or management of the Bank.

The above objectives are achieved by following the provisions of the Bank's regulations on suitability assessments of candidates/members of the Supervisory Board and Management Board as well as the relevant resolutions of the General Meeting of Bank Ochrony Środowiska S.A. specifying the procedures and principles for the appointment and removal from office of members of the Bank's governing bodies.

Implementation of the Diversity Policy with respect to the Management Board:

- 1) In 2024, there were changes in the composition of the Management Board that affected the diversity metrics. On 11 April 2024, the Supervisory Board appointed the Management Board for its 12th term of office. As at 31 December 2024, 100% of the Management Board members were men.

Other changes in the composition of the Management Board in 2024 are described in detail in the Directors' Report for 2024 prepared by the Management Board.

Gender matrix:

	number of members	number of women	percentage share of women
until 10 April 2014	4	1	25%
from 11 April 2024	5	0	0%
12 months of 2024			8.3%

Age matrix:

	number of members	age	
		up to 50 years	over 50 years
until 10 April 2014	7	2	5
from 11 April 2024	5	4	1

- 2) Members of the Management Board are appointed and removed from office by the Supervisory Board taking into account the requirements set forth in the Banking Law. The appointment of President of the Management Board and the Vice President responsible for managing risks that are significant to the Bank's operations is subject to approval by the Polish Financial Supervision Authority.

The Supervisory Board appoints members of the Management Board from a pool of candidates who have been selected based on the recruitment procedure, undergone



the suitability assessment procedure, and received a positive recommendation from the Remuneration and Nomination Committee.

The Management Board consists of highly qualified individuals. The fulfilment of suitability criteria by individuals serving on the Management Board is reviewed on an annual basis through the re-assessment of the collective suitability of the Management Board and individual suitability of its members. All members of the Management Board have adequate experience and expertise to effectively manage their respective areas of responsibility and ensure proper management of the Bank.

#### Education matrix:

	educational background			
	political sciences	economics, banking and finance	management	technical/quantitative sciences
at the end of 2024	1	2	1	1

Members of the Management Board enhanced their education by obtaining additional qualifications and certifications through various courses, postgraduate studies, and specialised training programmes, primarily focused on finance and management. Each member of the Management Board has extensive professional experience in their respective fields.

#### Implementation of the Diversity Policy with respect to the Supervisory Board:

- 1) In 2024, there were changes in the composition of the Supervisory Board that affected the diversity metrics. On 11 March 2024, the General Meeting made personnel changes to the Supervisory Board, which impacted the proportion of women on the Supervisory Board of BOŚ S.A.

#### Gender matrix:

	number of members	number of women	percent age share of women
until 10 March 2014	9	1	11%
from 11 March 2024	9	2	22%
12 months of 2024			19%

#### Age matrix:

	age
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	number of members	up to 50 years	over 50 years
until 10 March 2014	8	3	5
from 11 March 2024	9	4	5

- 2) Members of the Supervisory Board are appointed by the General Meeting by secret ballot, with due regard to the requirements set out in the Banking Law and in the Policy for the Assessment of the Suitability of Candidates for the Position of Member of the Supervisory Board, Members of the Supervisory Board and the Supervisory Board of Bank Ochrony Środowiska S.A.

The current composition of the Supervisory Board guarantees a diverse range of knowledge, expertise, and experience that has been evaluated in accordance with the Suitability Assessment Policy. (...) The fulfilment of suitability criteria by individuals serving on the Supervisory Board is reviewed on an annual basis through the re-assessment of the collective suitability of the Supervisory Board and individual suitability of its members.

The Supervisory Board consists of highly qualified individuals. All members of the Supervisory Board have relevant experience and expertise to effectively exercise supervision over the Bank.

Education matrix:

	educational background			
	economics, banking and finance	law	management	Civil engineering
at year-end 2024	4	3	1	1

The educational background of the Supervisory Board members is complemented by additional qualifications and certifications obtained through further academic programmes, postgraduate studies, and specialised training, primarily in the areas of management, accounting, and law. Some members also hold professional titles such as legal counsel, investment adviser, or statutory auditor. Each member of the Supervisory Board has extensive professional experience.

Summary:

In 2024, the composition of the Bank's management and supervisory bodies was diverse in terms of age, educational backgrounds, work experience and gender.

Biographical notes of the members of the Bank's Management Board and Supervisory Board are posted on the website.

In terms of diversity, the Bank will strive to ensure a higher proportion of female members on its Supervisory Board and Management Board, aiming to achieve a target minority representation rate of 30%.

**Assessment**  
**of the fulfilment by the Management Board of the reporting obligations**  
**referred to in Art. 380<sup>1</sup> of the Commercial Companies Code and of the manner**  
**in which the Management Board prepares and/or submits to the Supervisory**  
**Board information, documents, reports and/or clarifications requested by the**  
**Supervisory Board in accordance with Art. 382.4 of the Commercial**  
**Companies Code**

Pursuant to Art. 382.3<sup>1.3</sup> and 382.3<sup>1.4</sup> of the Commercial Companies Code, the Supervisory Board of Bank Ochrony Środowiska S.A. presents:

- assessment of the performance by the Bank's Management Board of its disclosure obligations in 2024 under Art. 380<sup>1</sup> of the Commercial Companies Code,
- assessment of the manner in which the Management Board in 2024 prepared and/or submitted to the Supervisory Board information, documents, reports, and/or clarifications requested by the Supervisory Board pursuant to Art. 382.4 of the Commercial Companies Code.

The reporting obligations of the Management Board stem from the amendments to the Commercial Companies Code that became effective on 13 October 2022.<sup>1</sup>

In accordance with Article 380<sup>1</sup> of the Commercial Code, the Management Board is required to promptly furnish the Supervisory Board with the following information:

- 1) information on resolutions of the Management Board and their subject matter,
- 2) information regarding the company's situation, including its assets, as well as significant developments related to the company's operations, investments, and personnel matters,
- 3) information concerning the progress in implementing the company's established business development directions, including any significant deviations from the previously set directions, along with justifications for these deviations,
- 4) information on transactions and other events or circumstances that materially affect or may affect the company's assets, including its profitability or liquidity (such materials are to be provided to the Supervisory Board immediately),
- 5) information on any changes in issues matters that have been previously communicated to the Supervisory Board if such changes have or may have a material effect on the company's condition (such materials are to be provided to the Supervisory Board immediately).

The information referred to in items 2-5 above should also include information on subsidiaries in the Group and affiliated companies.

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<sup>1</sup>Act Amending the Commercial Companies Code and Certain Other Acts of 9 February 2022.

As a general rule, the information listed in items 1-3 above should be provided to the Supervisory Board at each meeting. However, the Supervisory Board may, by means of an appropriate resolution, set other deadlines for providing the information, as permitted by Art. 380<sup>1</sup>.3.1 of the Commercial Companies Code.

At its meeting on 23 November 2022, the Supervisory Board was briefed by the Management Board on the recent amendment to the Commercial Companies Code and the additional reporting duties it imposes on the Management Board towards the Supervisory Board. In consequence, the Supervisory Board:

- 1) approved a monthly reporting cadence for the information specified above, namely:
  - Management Board resolutions and their subject-matter (Article 380<sup>1</sup> § 1(1) of the Commercial Companies Code);
  - the Bank's position—including its assets—and any material circumstances affecting the conduct of the Bank's affairs, in particular in the operational, investment and HR domains (Article 380<sup>1</sup> § 1(2)). Subsequently, at its meeting on 17 December 2024 the Supervisory Board, acceding to the Management Board's request, agreed that HR-related information would be reported quarterly rather than monthly with effect from 2025;
- 2) acting on a duly substantiated request from the Management Board and pursuant to Article 380<sup>1</sup> § 3(1), authorised quarterly reporting of:
  - the cash-flow statement and the statement of changes in equity, once prepared for interim financial reporting purposes—these statements being regarded by the Management Board as part of the information referred to in Article 380<sup>1</sup> § 1(2);
  - progress in delivering the Bank's Development Strategy, regarded by the Management Board as information referred to in Article 380<sup>1</sup> § 1(3);
- 3) took note of the Management Board's undertaking to provide the Supervisory Board without undue delay with information on:
  - transactions, events or circumstances that materially affect, or could materially affect, the Bank's financial position, including its profitability or liquidity (Article 380<sup>1</sup> § 1(4)); and
  - any changes to information previously supplied to the Supervisory Board where such changes materially affect, or could materially affect, the Bank's position (Article 380<sup>1</sup> § 1(5)).

As a result of the review of the materials submitted for its meetings, the Supervisory Board confirms that, in line with the established reporting cycles, the Management Board provided the following information to the Supervisory Board:

- on resolutions adopted by the Management Board and their subject-matter;
- on the Bank's financial performance (monthly reports), including an assessment of progress against the Financial Plan and the Annual Budget, and lending activity—accompanied by descriptive commentary on and analysis of the Bank's position and the initiatives and projects undertaken by the Bank, as well as performance data for subsidiaries forming part of the BOŚ Group;
- on material matters arising between meetings of the Supervisory Board, particularly those relating to operations, investments and HR. Where applicable,

the information also covered subsidiaries belonging to the BOŚ Group;

- on the Bank's progress in deliver of its Development Strategy (understood by the Management Board to mean updates on progress against the Bank's strategic business objectives); and on the statement of cash flows and the statement of changes in equity, once prepared for the purposes of interim financial reporting.

Following its review of the information submitted by email in 2024, the Supervisory Board confirms that the Management Board communicated without delay any information requiring immediate disclosure, including in particular:

- content of released current reports;
- correspondence between the Management Board and supervisory authorities, notably the Polish Financial Supervision Authority.

In 2024,

- there were no events that would require reporting under Art. 380<sup>1.5</sup> of the Commercial Companies Code, i.e. information on any changes in matters that have been previously communicated to the Supervisory Board if such changes have or may have a material effect on the company's condition;
- there were no transactions or other events or circumstances referred to in Art. 380<sup>1.1.4</sup> of the Commercial Companies Code that would require prompt reporting to the Supervisory Board and that could materially affect the Bank's financial position, including its profitability or liquidity.

The Supervisory Board also confirms that the Bank's Management Board fulfils its obligation to prepare and/or submit to the Supervisory Board information, documents, reports and/ or clarifications required by the Supervisory Board under Art. 382.4 of the Commercial Companies Code.

In 2024, as per the Supervisory Board's request, the Management Board submitted additional information and supporting materials concerning the Bank's position, including in particular:

- a summary of the Bank's sales performance over the past two years and an overview of its share price in 2023;
- a high-level timeline for the implementation of the new strategic directions through to the end of 2024, along with the key assumptions underpinning the update to the strategy for 2025–2027;
- further details, following a review of the Bank's 30 largest credit exposures, on the quality and value of collateral securing each exposure, as well as the proposed next steps in relation to those exposures;
- as part of the regular updates on the Bank's Settlement Programme and litigation involving foreign currency mortgage loans, the Management Board—acting in line with the Supervisory Board's expectations—provided additional information on the number and value of loans already repaid, and on the provisions recognised for these transactions (broken down into the performing and repaid portfolios);
- an update on the business impact of actions taken following the adoption or

approval of revised risk-related strategies and policies;

- a more detailed breakdown of administrative expenses by cost category;
- in-depth information on the Corporate Credit Process Transformation Project (NPK) and the Retail Process Digitalisation Project (DPD).

In addition, in accordance with the Supervisory Board's expectations, the Management Board submitted monthly reports titled Information on Unauthorised Payment Transactions.

The Management Board also responded to expectations expressed by the Supervisory Board at committee meetings—particularly those of the Risk Committee—by submitting materials for workshop-style discussions covering the following topics:

- information on the Bank's LCR and NSFR ratios;
- The implications for the Bank of the entry into force of the CRR III Regulation;
- IFRS 9 – asset classification and the ECL model, with particular reference to PD and LGD parameters.

In light of the above, the Supervisory Board of Bank Ochrony Środowiska S.A. confirms that the Management Board duly met its reporting obligations under Article 380<sup>1</sup> of the Commercial Companies Code. It also consistently prepared and submitted, in a timely manner, all information, documentation, reports and explanations requested pursuant to Article 382 § 4 of the Code. The materials submitted to the Supervisory Board met the expected standards in terms of format, scope and quality of presentation.

**Assessment of the rationale for expenditures incurred by the Bank and the BOŚ Group to support culture, sport, charitable institutions, media, social organisations, trade unions, etc. – 2024**

In line with Principle 2.11.5 of the Best Practice for GPW Listed Companies 2021, the Bank and its Group present a breakdown of such expenditures, together with an explanation of their purpose.

In 2024, charitable, sponsorship and related initiatives were carried out to position BOŚ as a socially engaged institution—active in areas aligned with the Bank’s mission and the interests of its shareholders.

The granting of donations is governed by the Rules for Granting Donations by Bank Ochrony Środowiska S.A., adopted by Management Board Resolution No. 457/2023 of 24 October 2023. Decisions to engage in these initiatives were made in line with the above Rules and in keeping with the values set out in the BOŚ S.A. Framework Strategy for 2024–2026 and the BOŚ Group ESG Strategy for 2024–2026, specifically:

- Social engagement – implementing initiatives for the benefit of society, with a view to delivering a positive social impact;
- CLIMATE/ESG – involvement in environmental campaigns and public education efforts. A number of important social initiatives were delivered through programmes run by the BOŚ Foundation.

In pursuit of these objectives, the Bank provided charitable support—primarily in the form of donations—to foundations and organisations whose missions include helping those most in need, caring for animals, and promoting partnerships and educational initiatives. Certain charitable initiatives were designed to encourage direct client involvement. One such example was a campaign to support organisations that care for animals: for each customer survey submitted during satisfaction research, the Bank donated one złoty to selected shelters and foundations.

DM BOŚ focused its efforts on supporting foundations and organisations dedicated to helping vulnerable and socially disadvantaged groups. Special emphasis was placed on initiatives supporting children’s health, rehabilitation, and opportunities for long-term development.

The BOŚ Foundation, whose mission is set out in its Articles of Association, also carries out educational and charitable activities, with financial support from BOŚ Bank and BOŚ Brokerage House.

No.	Company	Foundation/organisation supported	Gross amount
1.	BOŚ Bank	SUPPORT FOR THE JERZY REHABILITATION CENTRE FOR HEDGEHOGS PRIMUM FOUNDATION FOR THE CONSERVATION OF WILD ANIMALS	1,884.00



2.	BOŚ Bank	WILD BIRD REHABILITATION CENTRE IN BUKWAŁD – ALBATROS FOUNDATION	1,664.00
3.	BOŚ Bank	RAKIETY ONCOLOGY FOUNDATION	10,000.00
4.	BOŚ Bank	DONATION OF FURNITURE TO THE UNIVERSITY CLINICAL CENTRE OF THE MEDICAL UNIVERSITY OF WARSAW	1,038.45
5.	BOŚ Bank	DONATION OF COMPUTER EQUIPMENT TO VOCATIONAL AND CONTINUING EDUCATION CENTRE NO. 2 IN RACIBÓRZ	49.68
6.	BOŚ Bank	DONATION OF COMPUTER EQUIPMENT TO VOCATIONAL AND CONTINUING EDUCATION CENTRE NO. 2 IN RACIBÓRZ	514.28
7.	BOŚ Bank	ZWIERZĘCA KRAINA ANIMAL WELFARE FOUNDATION	2,040.00
8.	BOŚ Bank	WARSAW INSTITUTE OF BANKING FOUNDATION	10,000.00
9.	BOŚ Bank	BO JA KOCHAM PSY FOUNDATION	483.00
10.	BOŚ Bank	PEGASUS SHELTER	2,075.00
11.	BOŚ Bank	BUTTERFLY ADVERTISING AGENCY – AGNIESZKA BOROWY	4,400.00
12.	BOŚ Bank	URTICA FOR CHILDREN FOUNDATION	7,000.00
13.	BOŚ Bank	OCCASIONAL CORPORATE GIFTS	24.13
14.	BOŚ Bank	OCCASIONAL CORPORATE GIFTS	104.90
15.	BOŚ Bank	BANK OCHRONY ŚRODOWISKA FOUNDATION	1,550,000.00
16.	DM BOŚ	BANK OCHRONY ŚRODOWISKA FOUNDATION	300,000.00
17.	DM BOŚ	TOUR DE FUNDACJA – CHARITABLE INITIATIVE	33,000.00
18.	DM BOŚ	POLISH RESCUE ORGANISATION	30,000.00
19.	DM BOŚ	ZDĄŻYĆ Z POMOCĄ FOUNDATION FOR CHILDREN	27,500.00
20.	DM BOŚ	POLISH HUMANITARIAN ACTION	18,000.00
21.	DM BOŚ	ADOPTION FAMILY FOUNDATION	18,000.00
22.	DM BOŚ	POŻYWIENIE DAREM SERCA FOUNDATION	18,000.00
23.	DM BOŚ	ROBINSON CRUSOE FOUNDATION	18,000.00
24.	DM BOŚ	LITTLE PRINCE HOSPICE FOR CHILDREN IN LUBLIN	18,000.00
25.	DM BOŚ	ST. PADRE PIO HOSPICE IN PUCK	18,000.00
26.	DM BOŚ	WARSAW HOSPICE FOR CHILDREN FOUNDATION	18,000.00
27.	DM BOŚ	CARITAS POLSKA	18,000.00
28.	DM BOŚ	ANNA DYMNA MIMO WSZYSTKO FOUNDATION	18,000.00
29.	DM BOŚ	EWA BŁASZCZYK AKOGO FOUNDATION	18,000.00
30.	DM BOŚ	POLISH RED CROSS	14,000.00

31.	DM BOŚ	SOCIETY OF FRIENDS OF THE MUSEUM OF MODERN ART IN WARSAW	10,000.00
32.	DM BOŚ	AVALON FOUNDATION – DIRECT ASSISTANCE FOR THE DISABLED	2,000.00
33.	DM BOŚ	SERCE DLA MALUSZKA FOUNDATION	2,000.00
34.	DM BOŚ	UNIVERSITY FOUNDATION "GERMAN LAW SCHOOL IN WARSAW"	150.00
		<b>TOTAL</b>	<b>2,189,927.44</b>

The Bank and DM BOŚ also acted as sponsors or partners in a range of social, educational and environmental initiatives and events:

<b>No.</b>	<b>Company</b>	<b>Event</b>	<b>Gross amount</b>
1.	BOŚ Bank	PARTNERSHIP IN THE EVENT HELD ON 26 SEPTEMBER 2024: GENERAL ASSEMBLY OF THE ASSOCIATION OF POLISH COUNTIES	7,955.12
2.	DM BOŚ	SUMMER STOCK EXCHANGE SCHOOL 2024 – GPW FOUNDATION	3,000.00
3.	DM BOŚ	COLLABORATION AS PART OF FINANCIAL EDUCATION DAY 2024 – GPW FOUNDATION	10,000.00
4	DM BOŚ	DM BOŚ AS A PARTNER IN THE DEVELOPMENT OF AN EDUCATIONAL BOOK AND INVESTMENT-THEMED GAME FOR YOUNG PEOPLE AND ADULTS – FOUNDATION FOR FINANCIAL EDUCATION FOR CHILDREN AND YOUTH	30,000.00
5.	DM BOŚ	DM BOŚ AS A PARTNER IN AN EDUCATIONAL PROGRAMME FOR YOUNG PEOPLE – FOUNDATION FOR FINANCIAL EDUCATION FOR CHILDREN AND YOUTH	15,000.00
		<b>TOTAL</b>	<b>65,955.12</b>

In 2024, the BOŚ Group allocated PLN 339,927.44 to charitable activities (DM BOŚ: PLN 298,650.00; the Bank: PLN 41,277.44) and PLN 1,850,000.00 to support activities undertaken pursuant to the BOŚ Foundation's Articles of Association (DM BOŚ: PLN 300,000.00; the Bank: PLN 1,550,000.00). The Group allocated PLN 65,955.12 to sponsorship activities (DM BOŚ: PLN 58,000.00; the Bank: PLN 7,955.12).