

## **Remuneration policy for members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A.**

### **Part 1 General provisions SECTION 1**

1. This Remuneration Policy for Members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A. (the "Policy") has been prepared taking into account the provisions of:
  - 1) the Banking Law of August 29th 1997;
  - 2) the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005;
  - 3) the Act on Rules for Remunerating Persons Who Direct Certain Companies of June 9th 2016;
  - 4) the Act on State Property Management of December 16th 2016;
  - 5) the Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority by way of Resolution No. 218/2014 of July 22nd 2014.
2. This Policy is consistent with the values and long-term interests of Bank Ochrony Środowiska S.A. (the "Bank"), such as effective risk management, delivery of the Bank's business strategy and ensuring its stability. The Policy also fosters the development and security of the Bank by delivering on goals and objectives based on long-term growth in the shareholder value and stability of the Bank's operations. Means to achieve these objectives include in particular:
  - 1) introduction of variable remuneration components for Management Board Members, the amount of which depends on the achievement of common objectives, management objectives and individual objectives set for a given year;
  - 2) capping the amount of variable remuneration for Management Board Members (it may not exceed 100% of the fixed remuneration received by a Member of the Management Board in the previous financial year);
  - 3) making the payment of variable remuneration components for Management Board Members conditional on the Bank meeting certain capital requirements;
  - 4) making the right to variable remuneration dependent on approval by the General Meeting of the Directors' Report on the Bank's operations and the Bank's financial statements for a given financial year, and on obtaining by individual Management Board Members of liability discharge in respect of their duties for the previous financial year.
3. To avoid any conflict of interests related to this Policy, the powers related to its adoption, application and review are distributed among the Bank's governing bodies. A Member of the Supervisory Board or Management Board must notify the Bank of any conflict of interests with the Bank which has arisen or may arise. A Member of the Supervisory Board or Management Board should refrain from taking part in a discussion and from voting on a resolution concerning a matter related to this Policy in connection with which such conflict of interests has arisen or may arise. A conflict of interests may arise in particular when:
  - 1) a Member of the Supervisory Board or Management Board may make a gain or avoid a loss with regard to their remuneration as a result of a loss having been incurred by the Bank, or

- 2) a financial interest of a Member of the Supervisory Board or Management Board, as expressed in the amount of their remuneration or the terms on which their remuneration is awarded, is inconsistent with the Bank's interests.

The foregoing provision does not exclude the obligation to apply the Bank's regulations regarding the prevention and management of conflicts of interests.

## **Part 2**

### **Terms of remuneration for Supervisory Board Members**

#### **SECTION 2**

##### **Basis for serving as a Supervisory Board Member**

1. Supervisory Board Members hold their position by appointment under the General Meeting's resolution.
2. Supervisory Board Members are appointed for a joint term of three consecutive full financial years, commencing on the date of their appointment.
3. The Bank does not conclude any employment contracts, civil law service contracts or other similar contracts with Supervisory Board Members in connection with their membership of the Supervisory Board.
4. A Supervisory Board Member may be removed at any time by the General Meeting's resolution.
5. The mandate of a Supervisory Board Member expires in circumstances specified in the Commercial Companies Code of September 15th 2000 and in the Bank's Articles of Association.

#### **SECTION 3**

##### **Criteria for determining remuneration for Supervisory Board Members**

1. The terms and conditions of remuneration for Supervisory Board Members and additional benefits for serving on the Supervisory Board and its committees are compliant with Art. 10 of the Act on Rules for Remunerating Persons Who Direct Certain Companies of June 9th 2016, subject to Section 3.2.
2. The remuneration for individual Supervisory Board Members shall be determined based on the scale of the Bank's business operations, in particular the value of its assets, revenue, workforce and financial condition.

#### **SECTION 4**

##### **Amount of remuneration for Supervisory Board Members**

1. The monthly remuneration for serving on the Supervisory Board shall be the product of the average monthly remuneration in the non-financial corporate sector (net of bonuses paid from profit) in the fourth quarter of the preceding year, as announced by the President of Statistics Poland, and a factor set in the General Meeting's resolution.
2. The remuneration referred to in Section 4.1 shall be increased by 10% if a Supervisory Board Member is a member of at least one standing committee of the Supervisory Board.
3. The remuneration is payable irrespective of the number of Supervisory Board meetings.
4. Supervisory Board Members do not receive any variable remuneration.
5. Supervisory Board Members are entitled to reimbursement of expenses incurred in connection with their work on the Supervisory Board, in accordance with the rules defined by the General Meeting.

**SECTION 5**  
**Payment of remuneration to Supervisory Board Members**

1. The remuneration of Supervisory Board Members referred to in Section 4 shall be their gross remuneration, payable in accordance with the General Meeting's resolution on the rules of remunerating and determining the remuneration of Supervisory Board Members.
2. The remuneration referred to in Section 4 shall be calculated pro rata to the number of days in office where the appointment, removal or resignation took place during a month.
3. Remuneration shall not be payable for a month in which a Supervisory Board Member was absent from a Supervisory Board meeting without a good, authorised reason.
4. The Bank shall deduct obligatory taxes and contributions from the remuneration, in accordance with the rules stipulated by separate laws.

**Part 3**  
**Terms of rendering services by and remuneration of Management Board Members**

**SECTION 6**  
**Rendering of services**

1. Management Board Members are appointed and removed by the Supervisory Board following a recruitment process held to verify and evaluate the qualifications of candidates and to select the best candidate for a Management Board Member.
2. For the duration of the term of office, the Bank and a Management Board Member enter into a contract for the provision of management services based on the appointment for a single term of office until its expiry, in particular due to the end of the term, death of the Management Board Member, his or her removal or resignation. Management Board Members are appointed for a joint term of three consecutive full financial years, commencing on the date of their appointment.
3. A management service contract may also be terminated:
  - 1) at any time by mutual consent of the parties thereto;
  - 2) by the Bank, before the end of the term referred to in Section 6.2 above, subject to a three-month notice period;
  - 3) by the Bank, with immediate effect, in the event of a breach by the Management Board Member of his or her obligations set out in the contract.

**SECTION 7**  
**Remuneration of Management Board Members**

1. The total remuneration of a Member of the Management Board comprises:
  - 1) the amount of a fixed component in the form of a monthly base pay ("fixed remuneration");
  - 2) a variable component representing variable remuneration payable for the Company's financial year ("variable remuneration"). In certain/specific cases, variable remuneration shall be deferred for at least five years from the date on which the right to receive variable remuneration was established by the Supervisory Board.
2. The fixed remuneration of a Management Board Member shall be the product of the average monthly remuneration in the non-financial corporate sector (net of bonuses paid from profit) in the fourth quarter of the preceding year, as announced by the President of Statistics Poland, and a factor set by the Supervisory Board, following from the rules on remunerating Members of the Bank's Management Board, as set forth in the General Meeting's resolution.
3. The variable remuneration (non-deferred and deferred) of a Management Board Member comprises:
  - 1) Bank shares, representing at least 50% of the Member's total variable remuneration calculated for a given year;

- 2) cash, representing no more than 50% of the Member's total variable remuneration calculated for a given year.
4. The terms and conditions of remuneration for Management Board Members comply with Art. 4 of the Act on Rules for Remunerating Persons Who Direct Certain Companies of June 9th 2016, and take into account the scale of the Bank's business operations and its financial condition.
5. The management service contract with a Management Board Member, referred to in Section 6.2, provides that if such contract is terminated for reasons other than a breach by the Management Board Member of his or her principal duties thereunder, the Management Board Member may receive a severance payment equal to no more than three times his or her fixed remuneration, provided that such Member has held the position for at least 12 months prior to the termination.
6. The fixed remuneration for individual Management Board Members shall be determined based on the scale of the Bank's business operations, in particular the value of its assets, revenue, workforce and financial condition.
7. Variable remuneration for individual Members of the Management Board shall be determined based on the Bank's performance, taking into account, among other things, the Bank's cost of risk, cost of capital and liquidity risk over the long term.

#### **Part 4 Miscellaneous**

##### **SECTION 8 Establishment of the Policy**

1. The draft Policy was adopted by the Management Board and approved by the Supervisory Board based on recommendations from the Remuneration and Nominations Committee.
2. The Policy shall be adopted by a resolution of the General Meeting.
3. Responsibility for information contained in this Policy rests with Management Board Members. The Management Board is also responsible for the implementation and application of this Policy after its adoption by the General Meeting.

##### **SECTION 9 Waiver of the Policy**

1. Where necessary for furthering the long-term interests and ensuring financial stability or profitability of the Bank, the Bank may temporarily disapply this Policy.
2. A decision to apply such waiver shall be made by way of the Supervisory Board's resolution.
3. Reasons for applying such waiver shall include in particular issues related to the implementation of the Bank's Strategy and such actions which, if omitted, could adversely affect the Bank's ability to meet its liabilities when due.
4. A waiver resolution shall specify in particular:
  - 1) the period for which the waiver is applied;
  - 2) elements of the Policy that have been waived;
  - 3) reasons justifying the need for the waiver.
5. Each waiver shall be disclosed in the report referred to in Section 10.3, along with the information referred to in Section 9.4 above.

## **SECTION 10**

### **Implementation and review of the Policy**

1. This Policy is subject to an annual review by the Remuneration and Nominations Committee, which shall include an analysis of remuneration data sourced from the market.
2. The review results along with a recommendation for appropriate measures with respect to remuneration shall be presented to the Supervisory Board.
3. The Supervisory Board shall prepare an annual report on the implementation of this Policy. Based on the report, the General Meeting shall assess whether this Policy contributes to the operational safety and growth of the Bank. The General Meeting's opinion issued in the form of a resolution shall be of an advisory nature.
4. The Supervisory Board's report referred to in Section 10.3 should present a comprehensive review of remuneration, including all benefits (whatever their form) received by or payable to individual Members of the Supervisory and Management Boards in the last financial year, in accordance with this Policy. The remuneration report shall not include personal details of the Management Board and Supervisory Board Members. Responsibility for information contained in the remuneration report rests with Supervisory Board Members.
5. The remuneration report in respect of each Member of the Supervisory Board and Management Board shall include in particular:
  - 1) explanation of how it reflects the General Meeting's resolution relating to the previous remuneration report;
  - 2) the amount of total remuneration, by fixed and variable components, and mutual proportions between those components;
  - 3) explanation of how the total remuneration complies with this Policy, including how it contributes to the achievement of the Bank's long-term results;
  - 4) information on how performance criteria have been applied;
  - 5) information on an annual change in remuneration, the Bank's performance and the average remuneration of Bank employees who are not Members of the Management or Supervisory Boards, at least for the past five financial years, in aggregate, in a manner enabling comparability;
  - 6) the amount of remuneration payable by entities of the same group within the meaning of the Accounting Act of September 29th 1994 (Dz.U. of 2019, items 351, 1495, 1571, 1655 and 1680);
  - 7) number of financial instruments granted or offered, and key terms of the exercise of rights attached to those instruments, including the price and exercise date and any changes thereto;
  - 8) information on exercising the option to reclaim variable remuneration components;
  - 9) information on temporary waivers of this Policy, including explanation of their rationale and procedure, and indication of the elements that were waived.
6. The Bank shall publish the remuneration report on its website and make it available, free of charge, for at least 10 years after the end of the General Meeting that issued its opinion on the report. If the Bank makes the remuneration report available after the end of that period, the report shall not include any personal details of the Supervisory or Management Board Members.
7. The remuneration report shall be assessed by a qualified auditor to ascertain whether it includes the information required under Sections 10.4 and 10.5.

## **SECTION 11**

1. This Policy shall come into force on the date specified in the General Meeting's resolution. A resolution on this Policy shall be adopted at least every four years.
2. This Policy and the resolution on its adoption shall be published on the Bank's website along with the adoption date and voting results.