

**Self-assessment report  
of the Supervisory Board of Bank Ochrony Środowiska S.A.  
on the adequacy of internal regulations regarding the functioning of the  
Supervisory Board, and on effectiveness of the Supervisory Board's activities  
in 2022  
(including information for the General Meeting on the adoption of  
the Rules of Procedure for the Supervisory Board)**

The obligation to prepare the self-assessment report arises from the provisions of Recommendation Z of the Polish Financial Supervision Authority on the principles of internal governance in banks.

*According to Recommendation No. 8.9, 'It is recommended that the adequacy of internal regulations for the functioning of the supervisory board and the management board, as well as the effectiveness of these bodies, be regularly assessed and evaluated. The supervisory board conducts the assessment for the management board, while the general meeting (meeting of representatives) evaluates the performance of the supervisory board. The assessment process can be facilitated by engaging external advisors to provide assistance.'*

According to the PFSA's position document issued on April 4th 2023, it is recommended that both the Supervisory Board and the General Meeting adopt relevant resolutions to ensure the proper fulfilment of the requirements outlined in Recommendation No. 8.9.

**1. Self-assessment on the adequacy of internal regulations regarding the functioning of the Supervisory Board, including information for the General Meeting on the adoption of the Rules of Procedure for the Supervisory Board**

The Supervisory Board operates in accordance with relevant legal regulations, such as the Banking Law, the Commercial Companies Code Act, and the Accounting Act. Additionally, the Board considers resolutions and recommendations issued by the Polish Financial Supervision Authority, as well as other applicable regulations and internal policies, including the Bank's Articles of Association and the Rules of Procedure for the Supervisory Board.

The Supervisory Board conducted a thorough review of the internal regulations governing its own functioning, relying on the information and documents provided by the Management Board.

**1.1. Articles of Association of the Bank** *(consolidated text established by Resolution No. 42/2021 of the Supervisory Board dated April 22nd 2021, based on Resolution No. 6/2021 of the Extraordinary General Meeting of BOŚ S.A. dated March 30th 2021).*

The Bank's Articles of Association play a crucial role in defining the essential aspects of the Supervisory Board's functioning. These provisions encompass key elements such as the duration and terms of office for Supervisory Board members, the composition and size of the Board, procedural aspects related to meetings and decision-making processes, and the scope of authority vested in the Supervisory Board. Upon reviewing the Bank's Articles of Association, it was

determined that certain amendments were necessary to align them with the requirements set forth in Recommendation Z of the Financial Supervision Authority and the provisions of the Law of February 9th 2022 amending the Commercial Companies Code and certain other laws, which came into force on October 13th 2022.

Proposed amendments to the Articles of Association regarding the Supervisory Board were introduced in Art. 19<sup>1</sup> and Art. 20<sup>2</sup> of the Bank's Articles of Association. After a thorough review and having received a favourable opinion from the Supervisory Board, the proposed amendments to the Articles of Association have submitted for consideration during the current General Assembly. The proposed amendments to the Articles of Association are included in the draft resolutions of the General Meeting under agenda item 25.

The adoption of the proposed amendments by the General Meeting and their subsequent registration by the Court will ensure that the Bank's Articles of Association are adequate, up-to-date, and consistent with the Bank's other corporate documents.

**1.2. Rules of Procedure for the Supervisory Board** (*Resolution No. 69/2022 of the Supervisory Board dated November 23rd 2022*).

In accordance with Recommendation Z, the Supervisory Board hereby notifies the Annual General Meeting of the adoption of the Rules of Procedure for the Supervisory Board and the assessment of the Rules' 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.'*

In accordance with the provisions of Art. 19.8 of the Bank's Articles of Association, the adoption of the Rules of Procedure for the Supervisory Board falls within the competence of the Supervisory Board.

The Rules of Procedure for the Supervisory Board were adopted through Resolution No. 69/2022 of the Supervisory Board on November 23rd 2022. This resolution repealed the previously effective Rules of Procedure adopted by Resolution No. 112/2021 of the Supervisory Board on December 15th 2021, as well as Resolution No. 44/2022 of the Supervisory Board on July 27th 2022, which amended the Rules of Procedure.

The amendment made to the Rules in July 2022 was driven by the decision of the Supervisory Board to dissolve the Bank's Strategy and Development Committee. This necessitated aligning the document with the new organizational structure and removing references to the committee.

The Supervisory Board, when making the decision to dissolve the Committee, took into consideration that the Committee had successfully fulfilled its

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<sup>1</sup> Editing of the provision in Art. 19.3, clarification of the provision in Art. 19.6, and addition of Art. 19.9.

<sup>2</sup> Clarification of the provisions in Art. 20.4 regarding the Internal Audit Committee and in Art. 20.11 regarding the powers of the Supervisory Board.

purpose. Its main role was to assist the Management Board in updating the Bank's Development Strategy, and this task was accomplished with the adoption of the Strategy, including the updated financial projections for 2021-2023, in June 2022.

The subsequent revision of the Rules of Procedure took place in November 2022. The main objective of this amendment was to align the Supervisory Board Regulations with the provisions of the Act of February 9th 2022, which amended the Commercial Companies Code and other relevant acts. The amended act came into force on October 13th 2022. In particular, the following were introduced to the Rules of Procedure for the Supervisory Board:

- 1) provisions under Art. 382.3(1) of the Commercial Companies Code, indicating new elements to be included in the annual report of the Supervisory Board, i.e.:
  - assessment of the performance by the Management Board of the disclosure obligations referred to in Art. 380(1) of the Commercial Companies Code<sup>3</sup> (Section 5.2.6.g. of the Rules of Procedure);
  - assessment of the manner in which the Management Board prepares and/or submits to the Supervisory Board information, documents, reports, and/or clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code<sup>4</sup>; (Section 5.2.6.h of the Rules of Procedure);
  - Information on the aggregate amount of consideration payable by the Bank for any audits ordered by the Supervisory Board in the financial year by the selected adviser referred to in Art. 382(1) of the Commercial Companies Code; (Section 5.2.6.i of the Rules of Procedure);

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<sup>3</sup> Art. 380(1)

**Section 1.** The Management Board shall provide the Supervisory Board, without any notice therefrom, with information on:

- 1) resolutions passed by the Management Board and the matters resolved on;
- 2) the condition of the Company, including with respect to its assets, and any material circumstances relating to the management of the Company, including, without limitation, its operations, capital projects and human resources;
- 3) progress in the delivery of the Company's pre-defined business development objectives, including any deviations from their delivery plans and reasons for such deviations;
- 4) transactions and other events or circumstances which have or may have a material effect on the Company's assets, profitability or liquidity;
- 5) any changes in issues that have been previously communicated to the Supervisory Board if such changes have or may have a material effect on the Company's condition.

**Section 2.** Proper performance by the Management Board of its obligations under Section 1.2–5 shall require that the Management Board provide to the Supervisory Board corresponding information on the Company's subsidiaries and associates.

**Section 3.** The information referred to in Section 1 and Section 2 shall be provided:

- 1) Section 1.1-3 – at each meeting of the Supervisory Board, unless the Supervisory Board decides otherwise;
- 2) Section 1.4-5 – immediately after the occurrence of relevant events or circumstances.

<sup>4</sup> Art. 382.4 – In order to perform its duties, the supervisory board may examine any company documents or assets and request preparation and/or submission of any information, documents, reports or clarifications concerning the company, including, without limitation, its business or assets, from the management board, commercial proxies, if any, and any persons whom the company employs under an employment contract or engages on a regular basis to perform specific activities, whether under a piecework or service contract or other similar arrangement. The scope of the request can also extend to information, reports, or explanations related to subsidiaries and affiliated companies that are in the possession of the management board or other individuals mentioned above.

- 2) In connection with Art. 390(1).4 of the Commercial Companies Code, provisions were introduced indicating that *'a delegated member of the supervisory board (...) and the supervisory board committee should report to the supervisory board at least once a quarter in a financial year on their performance of such supervisory duties and their results'*. The relevant provisions are included in the subsequent chapters of the Rules of Procedure relating to the individual committees of the Supervisory Board (Sections 6.15, 7.9, 8.9, 9.9 of the Rules of Procedure);
- 3) In connection with Art. 382.4 and 382(1) of the Commercial Companies Code, the title of the chapter 'Problem Teams' was changed to: 'Supervisory activities and advisor to the Supervisory Board', accordingly amending the provisions of Section 11 and adding a new Section 11';
- 4) Pursuant to Art. 389 of the Commercial Companies Code, the provisions of Section 13 and Section 14 of the Rules of Procedure governing the meetings of the Supervisory Board were amended and supplemented accordingly. These modifications address the convening of meetings and the adoption of resolutions on matters not originally included in the proposed agenda (amendments were made in Sections 13.1, 13.5, 13.9, 13.10, 13.13, as well as in Sections 14.21 and 14.22 of the Rules of Procedure);
- 5) Pursuant to Art. 387(1) of the Commercial Companies Code, a new provision, point 3, was added to Section 19 of the chapter 'Duties of members of the Supervisory Board'. This new point specifies that a member of the Supervisory Board is prohibited from disclosing the Bank's confidential information related to matters covered by the Rules of Procedure, even after the termination of their term of office. Additionally, a new provision, point 13, was added to Section 19, which states that a member of the Supervisory Board is expected to exercise the necessary diligence in the performance of their duties and demonstrate loyalty to the Bank, taking into account the professional nature of their role.

Each of the amendments to the Rules of Procedure included editorial changes and clarifications informed by daily practice, observations on how the Rules functioned and organisational support of the Supervisory Board, both during and outside its meetings.

Based on the information presented, the Supervisory Board of the Bank acknowledges that the Rules of Procedure for the Supervisory Board are deemed suitable and meet the necessary requirements. The Board is satisfied that these rules comply the relevant laws, recommendations, and other internal regulations of the Bank.

The Rules of Procedure for the Supervisory Board are posted on the Bank's website at: <https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/dokumenty-korporacyjne>.

- 1.3. Rules of procedure for the committees appointed by the Supervisory Board, i.e.:
- **Rules of Procedure for the Internal Audit Committee** (Resolution No. 22/2023 of the Supervisory Board of March 20th 2023)
  - **Rules of Procedure for the Risk Committee** (Resolution No. 23/2023 of the Supervisory Board of March 20th 2023),

- **Rules of Procedure for the Remuneration and Nominations Committee** (Resolution No. 24/2023 of the Supervisory Board dated March 20th 2023)
- **Rules of Procedure for the Environmental Protection Committee** (Resolution No. 25/2023 of the Supervisory Board of March 20th 2023)

In the current year, the rules of procedure for all Supervisory Board committees were reviewed. As a result of the review:

- The **Rules of Procedure for the Internal Audit Committee** were amended (Resolution No. 22/2023 of the Supervisory Board dated March 20th 2023). The amendments implemented Recommendation Z 9.3 into the wording of the Rules with regard to the authentication of minutes of meetings of committees of the Supervisory Board. The Rules of Procedure for the Internal Audit Committee provide comprehensive guidelines regarding: a) the authority and function of the Committee, b) the specific tasks and responsibilities assigned to the Committee, c) the composition requirements for the Committee, d) the procedures and protocols governing the Committee's operations, e) the duties and obligations of the Committee members.

The Supervisory Board of the Bank acknowledges that the Rules of Procedure for the Internal Audit Committee are deemed suitable and meet the necessary requirements. The Board is satisfied that these rules comply the relevant laws, recommendations, and other internal regulations of the Bank;

- The **Rules of Procedure of the Risk Committee** were amended (Resolution No. 23/2023 of the Supervisory Board dated March 20th 2023). The primary purpose of the amendment was to ensure compliance with the EBA Guideline/GL/2021/04, which outlines the principles of cooperation with the Remuneration and Nominations Committee, as well as Recommendation Z 9.3, which pertains to the authentication of minutes of Supervisory Board committee meetings. The Rules of Procedure for the Risk Committee provide comprehensive guidelines regarding: a) the authority and function of the Committee, b) the specific tasks and responsibilities assigned to the Committee, c) the composition requirements for the Committee, d) the procedures and protocols governing the Committee's operations.

The Supervisory Board of the Bank acknowledges that the Rules of Procedure for the Risk Committee are deemed suitable and meet the necessary requirements. The Board is satisfied that these rules comply the relevant laws, recommendations, and other internal regulations of the Bank;

- The **Rules of Procedure for the Remuneration and Nominations Committee** were amended (Resolution No. 24/2023 of the Supervisory Board dated March 20th 2023). The primary purpose of the amendment was to ensure compliance with the EBA Guidelines/GL/2021/04, which provide guidance on the powers of the Committee and its cooperation with other committees of the Supervisory Board, including the Risk Committee. Additionally, the amendment aimed to meet the requirements set forth in Recommendation Z, specifically concerning the authentication of minutes of Supervisory Board committee meetings. The Rules of Procedure for the

Remuneration and Nominations Committee provide comprehensive guidelines regarding: a) the authority and function of the Committee, b) the specific tasks and responsibilities assigned to the Committee, c) the composition requirements for the Committee, d) the procedures and protocols governing the Committee's operations.

The Supervisory Board of the Bank acknowledges that the Rules of Procedure for the Remuneration and Nominations Committee are deemed suitable and meet the necessary requirements. The Board is satisfied that these rules comply the relevant laws, recommendations, and other internal regulations of the Bank;

- The **Rules of Procedure for the Environmental Protection Committee** were amended (Resolution No. 25/2023 of the Supervisory Board of March 20th 2023). The amendments implemented Recommendation Z 9.3 into the wording of the Rules with regard to the authentication of minutes of meetings of committees of the Supervisory Board. The Rules of Procedure for the Environmental Protection Committee provide comprehensive guidelines regarding: a) the specific tasks assigned to the Committee, b) the composition requirements for the Committee, c) the procedures and protocols governing the Committee's operations.

The Supervisory Board of the Bank acknowledges that the Rules of Procedure for the Environmental Protection Committee are deemed suitable and meet the necessary requirements. The Board is satisfied that these rules comply the relevant laws, recommendations, and other internal regulations of the Bank;

#### **1.4. Rules governing support services for the Management Board and the Supervisory Board of Bank Ochrony Środowiska S.A. (Order No. D 43/2021 of the President of the Management Board dated August 31st 2021).**

The Rules establish detailed guidelines for the Rules of Procedure of both the Management Board and the Supervisory Board. They comprehensively regulate the technical and organisational aspects related to the preparation and conduct of meetings for the Boards. This includes specific provisions on the preparation, arrangement, storage, and delivery of materials and invitations for meetings of the Management Board and the Supervisory Board. Additionally, the Rules outline the procedures for preparing accurate and comprehensive minutes of the meetings held by these bodies.

#### **1.5. Rules of internal legislation (Order No. E 5/2021 of the President of the Management Board of May 25th 2021).**

The Rules complement the Rules governing support services for the Management Board and the Supervisory Board of Bank Ochrony Środowiska S.A. The Rules provide comprehensive guidelines and procedures for all legislative activities at Bank Ochrony Środowiska S.A. This includes activities related to the preparation, issuance, storage, and distribution of internal regulations within the Bank, including those that are issued or approved by the Supervisory Board.

**1.6. Resolution on the procedure for reimbursing members of the Supervisory Board for expenses related to their Board duties***(Resolution No. 71/2017 of the Supervisory Board dated October 4th 2017)*

The resolution was adopted in accordance with Art. 392.3 of the Commercial Companies Code. It provides detailed guidelines on the service standards and eligible expenses for which a Board member is entitled to 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 work of the Supervisory Board or its committees.

**1.7. Policy for the assessment of the suitability of candidates for members of the Supervisory Board, members of the Supervisory Board and the Supervisory Board of Bank Ochrony Środowiska S.A.**

A review of the existing "Policy for the assessment of the suitability of candidates for members of the Supervisory Board, members of the Supervisory Board, and the Supervisory Board as a whole," (Suitability Assessment Policy) introduced by Resolution No. 37/2022 of the Annual General Meeting of BOŚ dated June 30th 2022, highlighted the necessity of amending this Policy. The main reason for the amendment is to incorporate the provisions of Recommendation Z and the updated Guidelines on the assessment of the suitability of members of the management body and key function holders issued by the European Banking Authority and the European Securities and Markets Authority (EBA/GL/2021/06) into this document. The draft of the revised Suitability Assessment Policy, presented to today's General Meeting, has been prepared considering the aforementioned guidelines and recommendations. It has been formulated in compliance with the provisions outlined in the "Methodology for Assessing the Suitability of Members of Bodies of Entities Supervised by the Polish Financial Supervision Authority," issued by the Polish Financial Supervision Authority.

The draft Policy focuses on several key aspects, including:

- the consideration of a candidate or member's competence in anti-money laundering and terrorist financing, as well as ESG risks, during the suitability assessment process,
- the evaluation of Supervisory Board members' suitability as potential candidates for Supervisory Board committees, taking into account requirements for independence and relevant expertise.

The revised draft of the "Policy for the assessment of the suitability of candidates for members of the Supervisory Board, members of the Supervisory Board and the Supervisory Board of the Bank as a whole" is presented to the General Meeting for adoption as item 24 of today's agenda.

Based on the information provided, the Supervisory Board concludes that the documents pertaining to the functioning of the Supervisory Board are

satisfactory. These documents are deemed to be up-to-date, compliant with relevant laws and recommendations, and aligned with other internal regulations of the Bank.



## 2. Self-assessment on the effectiveness of the Supervisory Board.

with the summary of the Supervisory Board's activities in 2022 as outlined in the 2022 Supervisory Board Report, which is being presented for approval at today's General Meeting of the Bank.

In 2022, the Supervisory Board convened 13 meetings and conducted five voting procedures without convening a meeting, resulting in the adoption of the proposed resolutions.

The number of Supervisory Board meetings significantly exceeded the applicable minimum required both under Art. 19.2 of the Bank's Articles of Association (*"Meetings of the Supervisory Board are convened by the chairperson as necessary, at least once every quarter"*) and Art. 389.3 of the Commercial Companies Code (*"Meetings of the Supervisory Board should be convened as necessary, but no less frequently than three times in a financial year"*).

As a rule, all members of the Supervisory Board attended its meetings. The few absences were justified.

To ensure a diverse composition of the Supervisory Board, persons appointed to the Supervisory Board represented/represent various educational backgrounds and skills, high qualifications and extensive professional experience. Each member of the Supervisory Board made an effort to stay up to date with the Bank's situation, not only because of the position held, but also because of their education, experience and interests. Important observations and opinions of Supervisory Board members were recorded in the minutes of Supervisory Board meetings.

All Supervisory Board members performed their functions actively, showing the required commitment to the work of the Supervisory Board as a collective body. Supervisory Board members committed sufficient time to perform their duties related to serving on the supervisory body, including on the committees of the Supervisory Board (each Supervisory Board member sat/sits on at least one Committee). It was also agreed that all members of the Supervisory Board, including those who are not members of a Committee, may attend meetings of that Committee (members of the Supervisory Board actively avail themselves of that opportunity). Active commitment of each member of the Supervisory Board allowed the Supervisory Board to duly perform its tasks as a collective supervisory body.

The responsibilities required of the Supervisory Board were fulfilled in a timely manner and with utmost care. Decisions were made following thorough consideration and taking account of the Management Board's arguments. In 2022, the activities of the Supervisory Board covered matters included in the Supervisory Board's annual framework Work Plan, as well as those related to the Bank's day-to-day operations.

The Supervisory Board has favourably assessed its own performance in 2022. In the light of the requirements set out in the Code and the Articles of Association, the Supervisory Board duly performed its duties related to the ongoing

supervision of the Bank, as demonstrated in particular in the ongoing monitoring of:

- progress in implementing the Group Recovery Plan ("GRP") and the Bank's current financial situation. Due to its materiality to the Bank, this issue was discussed at each meeting. The Supervisory Board reviewed regular (monthly) information on the Bank's financial results, both in relation to the GRP and against peer performance. The Supervisory Board paid particular attention to the need to take more active and effective steps to enhance the Bank's revenue, including by increasing the balances of loans and scale of lending activity;
- progress in implementing the Bank's Development Strategy. On a quarterly basis, the Board reviewed information regarding the progress made in achieving the Bank's strategic goals, including targets related to WNDB (Weighted New Deposits Balance), ROE (Return on Equity), C/I (Cost-to-Income ratio), share of green assets, ESG (Environmental, Social, and Governance) rating, and employee engagement. The Board also assessed the implementation of strategic initiatives and projects, considering the anticipated benefits and the actual outcomes achieved in relation to each initiative; The Supervisory Board also monitored the level of execution of strategic goals against the assumptions outlined in the Financial Plan.
- exposure of the Bank to financing wind farms. The Management Board – in line with the Supervisory Board's expectations – regularly presented at Supervisory Board meetings information about the wind farm portfolio and the condition of individual farms as well as information about managing the related risk. The measures taken have resulted in a significant improvement in the structure of the wind farm portfolio, with the current portfolio consisting entirely of healthy exposures;
- The situation of the Bank's clients with organisational or commercial ties to the conflict zone (Ukraine, Belarus, Russia) as well as clients at risk of being adversely affected by the energy crisis. Information in this regard was periodically submitted at meetings of the Supervisory Board;
- The quality of managing different types of banking risk. Detailed information in this regard was reviewed on a quarterly basis by both the Supervisory Board and the Risk Committee;
- The quality of compliance risk management as well as the results of internal control and audit procedures and the results of external audits. Detailed information in this regard was reviewed on a quarterly basis by both the Supervisory Board and the Internal Audit Committee;
- Pro-environmental activities of the Bank, including the financing of environmental projects, in particular in partnership with the National and the Provincial Funds for Environmental Protection and Water Management – as part of the mission stated in the Articles of Association of BOŚ S.A. Detailed reports on that subject were reviewed on a quarterly basis by both the Supervisory Board and the Environmental Protection Committee.

In addition to the regular assessment of the Bank's standing after the end of each month and quarter, as demonstrated by taking the above measures, key matters addressed by the Supervisory Board in 2022 included:

- steps to optimise the composition of the Management Board, including the temporary assignment of a Supervisory Board Member to assume the responsibilities of the President of the Management Board following the removal of the previous President of the Management Board from office;
- Consideration and, if thought fit, passing resolutions on matters falling within the exclusive powers of the Supervisory Board, including in particular:
  - Assessment of the delivery of management objectives, objectives for areas within their respective remits and individual objectives set for members of the Management Board for 2021;
  - Setting management objectives, objectives for areas within their respective remits and individual objectives for members of the Management Board for 2022;
- Review and assessment of the Bank's and the BOŚ Group's financial statements for 2021, the Directors' Report on the operations of the Bank and the BOŚ Group in 2021, as well as reviewing and issuing opinions on materials to be presented to the Annual General Meeting of BOŚ S.A. held on June 30th 2022;
- Monitoring of the Bank's operating expenses, including in the context of outsourced services, the Bank's organisational structure and human resources;
- Consideration and approval of a number of documents submitted to the Supervisory Board by the Management Board, including in particular:
  - Banking risk management strategy at BOŚ S.A. and policies for management of individual types of risk, including: Concentration risk management policy, Credit risk management policy, Liquidity risk management policy, Policy to manage market risk in the trading book, Policy to manage interest rate risk in the banking book, Summary of total internal quantitative limits for financial risk at BOŚ S.A.,
  - Model risk management policy at Bank Ochrony Środowiska S.A.,
  - Model operational management policy at Bank Ochrony Środowiska S.A.,
  - Liquidity Strategy of BOŚ S.A. for 2022–2023,
  - Long-term plan to raise and maintain stable external funds at Bank Ochrony Środowiska S.A. for 2022-2023,
  - Capital plan of Bank Ochrony Środowiska S.A.,
  - Disclosure policy – rules governing disclosure by BOŚ S.A. of qualitative and quantitative information on capital adequacy,
  - Policy of the Bank to manage capital and the ICAAP process,
  - Rules governing the operation of the Compliance Department and the unit's 2022 Action Plan,
  - Internal audit chart – rules governing the operation of the internal audit function at BOŚ S.A.,
  - Policies and procedures for the selection of the audit firm and policies on the provision of additional services by the audit firm at BOŚ S.A.,
  - Internal control system at BOŚ S.A.,
  - Code of Ethics of Bank Ochrony Środowiska S.A.,
  - Compliance Policy of Bank Ochrony Środowiska S.A.,
  - Update of the Development Strategy of Bank Ochrony Środowiska S.A. for 2021–2023.

Furthermore – in accordance with the requirements set out in the Commercial Companies Code, the ‘Principles of Corporate Governance for Supervised Institutions’ and Recommendation Z issued by the Polish Financial Supervision Authority, the Best Practice for WSE Listed Companies and the Act on State Property Management – the Supervisory Board:

- assessed the Bank’s standing in 2022 on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function (Appendix 1 to the Report of the Supervisory Board for 2022);
- assessed the implementation of the Remuneration Policy in 2022 and prepared a draft assessment for the corporate body responsible for determining whether the Policy supports the Bank’s development and security of operations (Appendix 2 to the Report of the Supervisory Board for 2022);
- assessed the validity of expenses incurred by the Bank and its Group to sponsor culture, sports, charities, media, social organisations, trade unions, etc. (Appendix 3 to the Report of the Supervisory Board for 2022);
- assessed Bank Ochrony Środowiska S.A.’s compliance with the ‘Principles of Corporate Governance for Supervised Institutions’, issued by the Polish Financial Supervision Authority on July 22nd 2014, compliance with the principles of corporate governance, and the fulfilment by the Bank of the disclosure requirements regarding compliance with the corporate governance principles, as defined in the Warsaw Stock Exchange Rules and regulations on current and periodic reports in 2022 (Appendix 4 to the Report of the Supervisory Board for 2022);
- assessed the performance by the Management Board of the disclosure obligations referred to in Art. 380<sup>1</sup> of the CCC and assessment of the manner in which the Management Board prepares or submits to the Supervisory Board information, documents, reports or explanations requested under the procedure set forth in Art. 382.4 of the CCC (Appendix 5 to the Report of the Supervisory Board for 2022);
- assessed the degree of implementation of the diversity policy for the Management Board and the Supervisory Board of the Bank (Appendix 6 to the Report of the Supervisory Board for 2022);
- assessed the Directors’ Report on the operations of the BOŚ Group in 2022, prepared together with the Directors’ Report on the operations of the Bank, as well as the Bank’s and the BOŚ Group’s financial statements for 2022, for their consistency with the accounting records, supporting documents and facts. The Supervisory Board issued a relevant statement, which was published on March 22nd 2023, together with the Bank’s and the Group’s annual report for 2022.

The Supervisory Board also:

- considered and approved the ‘Report on expenses incurred in 2022 on entertainment and on legal, marketing, public relations, social communication and management consultancy services in 2021’, presented to the Annual General Meeting by the Management Board,

- conducted this Self-Assessment on the adequacy of internal regulations regarding the functioning of the Supervisory Board (including the Rules of Procedure for the Supervisory Board) and on the effectiveness of the Bank's Supervisory Board in 2022.

The Bank's Supervisory Board, in fulfilment of its duties:

- positively assesses its effective performance in 2022, acknowledging that it duly fulfilled its responsibilities in exercising continuous supervision over the Bank;
- affirms the up-to-date and adequate nature of the internal regulations governing its operations;
- requests the General Meeting to provide a positive assessment of:
  - the adequacy of internal regulations pertaining to the Supervisory Board, including the Rules of Procedure for the Supervisory Board;
  - the effectiveness of the Supervisory Board's activities in 2022.

For the Supervisory Board of Bank Ochrony Środowiska S.A.  
Chairman

Piotr Sadownik