

**Report of the Supervisory Board of
Bank Polska Kasa Opieki Spółka Akcyjna
on the activities in 2021 along with assessments and
opinions prepared in accordance with regulatory
requirements**

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I. Composition and organisation of the work of the Supervisory Board in 2021

In the period from 1 January 2021 to 7 June 2021, the Supervisory Board was composed of the following members:

Beata Kozłowska-Chyła – Chairwoman of the Supervisory Board,
Joanna Dynysiuk - Deputy Chairwoman of the Supervisory Board,
Marcin Eckert – Deputy Chairman of the Supervisory Board,
Stanisław Ryszard Kaczoruk – Secretary of the Supervisory Board,
Sabina Bigos-Jaworowska - Member of the Supervisory Board,
Justyna Głębiowska-Michalak - Member of the Supervisory Board,
Michał Kaszyński - Member of the Supervisory Board,
Marian Majcher - Member of the Supervisory Board,
Małgorzata Sadurska – Member of the Supervisory Board.

On 7 June 2021, Mr Marcin Eckert resigned from the position of Deputy Chairman of the Supervisory Board of the Bank and from membership therein, effective as of rendering the resignation letter.

In connection with the above, in the period from 8 June 2021 to 9 June 2021, the Supervisory Board was composed of the following members:

Beata Kozłowska-Chyła – Chairwoman of the Supervisory Board,
Joanna Dynysiuk - Deputy Chairwoman of the Supervisory Board,
Stanisław Ryszard Kaczoruk – Secretary of the Supervisory Board,
Sabina Bigos-Jaworowska - Member of the Supervisory Board,
Justyna Głębiowska-Michalak - Member of the Supervisory Board,
Michał Kaszyński - Member of the Supervisory Board,
Marian Majcher - Member of the Supervisory Board,
Małgorzata Sadurska – Member of the Supervisory Board.

On 10 June 2021, the Supervisory Board appointed, as of the date of the resolution, Ms Małgorzata Sadurska as the Deputy Chairwoman of the Supervisory Board of the Bank for its current joint term of office.

In view of the above, on 10 June 2021, the Supervisory Board of the Bank was composed of the following members:

Beata Kozłowska-Chyła – Chairwoman of the Supervisory Board,
Joanna Dynysiuk - Deputy Chairwoman of the Supervisory Board,
Małgorzata Sadurska - Deputy Chairwoman of the Supervisory Board,
Stanisław Ryszard Kaczoruk – Secretary of the Supervisory Board,
Sabina Bigos-Jaworowska - Member of the Supervisory Board,
Justyna Głębiowska-Michalak - Member of the Supervisory Board,
Michał Kaszyński - Member of the Supervisory Board,
Marian Majcher - Member of the Supervisory Board.

On 11 June 2021, the General Meeting of the Bank, taking into account the assessment of compliance with the suitability requirements, appointed Mr Marcin Izdebski to the Supervisory Board of the Bank as of 11 June 2021 for the period until the end of the current joint term of office of the Supervisory Board of the Bank.

In the period from 11 June 2021 and 31 December 2021, the Supervisory Board was composed of the following members:

Beata Kozłowska-Chyła – Chairwoman of the Supervisory Board,

Joanna Dynysiuk - Deputy Chairwoman of the Supervisory Board,
Małgorzata Sadurska - Deputy Chairwoman of the Supervisory Board,
Stanisław Ryszard Kaczoruk – Secretary of the Supervisory Board,
Sabina Bigos-Jaworowska - Member of the Supervisory Board,
Justyna Głębiowska-Michalak - Member of the Supervisory Board,
Marcin Izdebski - Member of the Supervisory Board,
Michał Kaszyński - Member of the Supervisory Board,
Marian Majcher - Member of the Supervisory Board.

Five Members of the Supervisory Board, i.e.: Sabina Bigos-Jaworowska, Justyna Głębiowska-Michalak, Stanisław Ryszard Kaczoruk, Michał Kaszyński, and Marian Majcher meet the criteria of independence set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight. Furthermore, six Members of the Supervisory Board, i.e.: Sabina Bigos-Jaworowska, Justyna Głębiowska-Michalak, Marcin Izdebski, Stanisław Ryszard Kaczoruk, Michał Kaszyński and Marian Majcher do not have actual and material ties to a shareholder holding at least 5% of the total number of votes in the company. For information on the composition of the Supervisory Board in the context of its diversity, see Chapter VIII "Assessment of the degree of implementation of the diversity policy".

The Supervisory Board exercised permanent supervision over the Bank's activity in accordance with the rights and obligations defined in the Code of Commercial Companies, the Bank's Articles of Association and resulting from the Corporate Governance Principles and the Code of Best Practice.

In 2021, the Supervisory Board held 12 meetings by means of direct distance communication, during which it considered 234 pieces of information, analyses and motions and adopted 168 resolutions.

The Supervisory Board performed its tasks both at the meetings and as part of the works of the Board committees.

The following committees of the Supervisory Board continued their activity in 2021: (i) Audit Committee, (ii) Nomination and Remuneration Committee, and (iii) Risk Committee. Reports on the activities of these committees, approved by the Supervisory Board, form an integral part of this Report.

As at the date of preparation of the report, the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by resolution No. 10/22 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 24 January 2022, which include the requirements arising from Recommendation Z of the Polish Financial Supervision Authority, were in force.

The Supervisory Board assesses that the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, as a regulation defining the functioning of the Supervisory Board, are adequate and compliant with the provisions of law and requirements of supervisory authorities.

II. Personnel-related matters

In the period from 1 January 2021 to 14 January 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – Vice President of the Management Board of the Bank in charge of the operations of the Management Board,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadowski - Vice President of the Management Board of the Bank,
Krzysztof Kozłowski – Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,

Tomasz Styczyński – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

On 14 January 2021, the Supervisory Board of the Bank, acting pursuant to the provisions of Article 22a.1 of the Act of 29 August 1997 - Banking Law and § 18 (8) of the Bank's Articles of Association, having positively assessed the suitability requirement, appointed Mr Błażej Szczecki to the Management Board of the Bank for the current joint term of office and to the position of the Vice President of the Management Board of the Bank, effective as of 15 January 2021.

On 14 January 2021, the Supervisory Board of the Bank, acting pursuant to the provisions of Article 22a.1 of the Act of 29 August 1997 - Banking Law and § 18 (8) of the Bank's Articles of Association, having positively assessed the suitability requirement, appointed Mr Wojciech Werochowski to the Management Board of the Bank for the current joint term of office and to the position of the Vice President of the Management Board of the Bank, effective as of 15 January 2021.

On 14 January 2021, the Supervisory Board of the Bank, acting pursuant to the provisions of Article 22a.1 of the Act of 29 August 1997 - Banking Law and § 18 (8) of the Bank's Articles of Association, having positively assessed the suitability requirement, appointed Mr Jerzy Kwieciński to the Management Board of the Bank for the current joint term of office and to the position of the Vice President of the Management Board of the Bank, effective as of 1 February 2021.

In light of the above, in the period from 15 January 2021 to 31 January 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – Vice President of the Management Board of the Bank in charge of the operations of the Management Board,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Krzysztof Kozłowski – Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,
Tomasz Styczyński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,
Wojciech Werochowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

On 31 December 2020, Mr Tomasz Styczyński resigned from the function of Vice-President of the Management Board of the Bank as well as from the Management Board itself, effective as of 31 January 2021, which was reported by the Bank in the Report of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna on activities in 2020.

In view of the above, between 1 February 2021 and 3 February 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – Vice President of the Management Board of the Bank in charge of the operations of the Management Board,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Krzysztof Kozłowski – Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,
Jerzy Kwieciński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,
Wojciech Werochowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

On 4 February 2021, the Polish Financial Supervision Authority ("PFSA") unanimously agreed to appoint Mr Leszek Skiba as President of the Management Board of the Bank.

In view of the above, between 4 February 2021 and 3 August 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – President of the Management Board of the Bank,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Krzysztof Kozłowski – Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,
Jerzy Kwieciński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,
Wojciech Werochowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

On 15 February 2021, the Polish Financial Supervision Authority unanimously agreed to appoint Mr Marcin Gadomski as a Member of the Management Board of the Bank supervising risk management relevant to the Bank's operations.

On 20 July 2021, Mr Krzysztof Kozłowski resigned from the function of Vice-President of the Management Board of the Bank as well as from membership in the Management Board of the Bank, effective as at the end of 3 August 2021.

On 3 August 2021, the Supervisory Board of the Bank, acting pursuant to Article 368 § 4 of the Code of Commercial Companies, Article 22a.1 of the Act of 29 August 1997 - Banking Law and § 18 (8) of the Bank's Articles of Association, and having regard to the positive assessment of the suitability requirement, appointed Mr Paweł Strączyński to the Management Board of the Bank for the current joint term of office and to the position of the Vice President of the Management Board of the Bank, effective as of 5 August 2021.

In view of the above, on 4 August 2021 the Management Board of the Bank was composed of the following members:

Leszek Skiba – President of the Management Board of the Bank,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,
Jerzy Kwieciński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,
Wojciech Werochowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

In the period from 5 August 2021 to 4 November 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – President of the Management Board of the Bank,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Tomasz Kubiak – Vice President of the Management Board of the Bank,
Jerzy Kwieciński – Vice President of the Management Board of the Bank,
Paweł Strączyński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,

Wojciech Werochowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

On 29 October 2021, Mr Tomasz Kubiak resigned from the function of Vice-President of the Management Board of the Bank as well as from the Management Board itself, effective as at the end of 4 November 2021.

On 29 October 2021, the Supervisory Board of the Bank, acting pursuant to Article 368 § 4 of the Code of Commercial Companies, Article 22a.1 of the Act of 29 August 1997 - Banking Law and § 18 (8) of the Bank's Articles of Association, and having regard to the positive assessment of the suitability requirement, appointed Mr Piotr Zborowski to the Management Board of the Bank for the current joint term of office and to the position of the Vice President of the Management Board of the Bank, effective as of 5 November 2021.

In view of the above, in the period from 5 November 2021 to 31 December 2021, the Management Board of the Bank was composed of the following members:

Leszek Skiba – President of the Management Board of the Bank,
Jarosław Fuchs – Vice President of the Management Board of the Bank,
Marcin Gadomski - Vice President of the Management Board of the Bank,
Jerzy Kwieciński – Vice President of the Management Board of the Bank,
Paweł Strączyński – Vice President of the Management Board of the Bank,
Błażej Szczecki – Vice President of the Management Board of the Bank,
Wojciech Werochowski – Vice President of the Management Board of the Bank,
Piotr Zborowski – Vice President of the Management Board of the Bank,
Magdalena Zmitrowicz - Vice President of the Management Board of the Bank.

III. Main activities of the Supervisory Board

Meetings of the Supervisory Board

In 2021, the Supervisory Board of the Bank held 12 meetings (January 14th, February 24th, March 29th, April 23rd, May 5th, June 10th and 11th, July 8th, August 3rd, September 27th, October 29th and November 3rd, December 13th).

Attendance of the Supervisory Board Members at individual meetings has been presented below:

Date	Participating Members
January 14 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Eckert, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska
February 24 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Eckert, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska
March 29 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Eckert, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska
April 23 rd	B.Kozłowska-Chyła, M.Eckert, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska

May 5 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Eckert, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska
June 10 th and 11 th	B.Kozłowska-Chyła, J.Dynysiuk, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Kaszyński, M.Majcher, M.Sadurska
July 8 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Sadurska, S.R.Kaczoruk S.Bigos-Jaworowska, M.Izdebski, M.Kaszyński, M.Majcher
August 3 rd	B.Kozłowska-Chyła, J.Dynysiuk, M.Sadurska, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Izdebski, M.Kaszyński, M.Majcher
September 27 th	B.Kozłowska-Chyła, J.Dynysiuk, M.Sadurska, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Izdebski, M.Kaszyński
October 29 th and November 3 rd	B.Kozłowska-Chyła, J.Dynysiuk, M.Sadurska, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Izdebski, M.Kaszyński, M.Majcher
November 3 rd	B.Kozłowska-Chyła, J.Dynysiuk, M.Sadurska, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Izdebski, M.Kaszyński, M.Majcher
December 13 th	J.Dynysiuk, S.R.Kaczoruk S.Bigos-Jaworowska, J.Głębikowska-Michalak, M.Izdebski, M.Kaszyński, M.Majcher

Tasks performed by the Supervisory Board

The activity of the Supervisory Board in 2021, as it was the case in the previous years, focused both on strategic issues and on issues related to exercising supervision over the on-going operation of the Bank. Continuous adaptation of the Bank's operations to the evolving situation related to the Covid-19 pandemic was an additional challenge.

Strategic issues included primarily approval of the Strategy of the Bank for the years 2021-2024, a decision on the distribution of the Bank's profit for the year 2020 and retaining the undistributed portion of the profit for the year 2020 as well as the referral of that matter to the General Meeting for the purpose of adopting a resolution. As part of strategic issues, the Supervisory Board approved the "Capital Management Strategy – 2021", the "Multi-Annual Capital Management Strategy 2021-2024", and the "Strategy for the Management of Non-Performing Exposures (NPEs) at Bank Pekao S.A.". Furthermore, the Supervisory Board reviewed quarterly information on the "Monitoring of the achievement of the Strategy for 2021-2024" and "Strategy of Bank Polska Kasa Opieki S.A. for the years 2018-2020". Moreover, the Supervisory Board approved the "Investment Strategy of Bank Pekao S.A." and "Investment and Market Risk Policy 2021".

Furthermore, the Supervisory Board approved the "Credit Risk Policy 2020 – update", "Investment and Market Risk Policy 2020 – update", and "Credit Risk Policy 2021".

The Supervisory Board approved (i) the "ICT Security Strategy of Bank Pekao S.A. for the years 2021-2024", (ii) the "IT Strategy of Bank Pekao S.A. for the years 2021-2024", and (iii) the "Bancassurance Policy at Bank Polska Kasa Opieki Spółka Akcyjna".

In order to ensure the highest possible level of ICT security, the Supervisory Board has regularly reviewed information on the state of ICT security of the Bank.

The Supervisory Board also approved the "Financing Plan for the year 2021" and gave a positive opinion on the "Financial Plan for Bank Polska Kasa Opieki Spółka Akcyjna Capital Group for the year 2021" and its later amendment, and also approved the "Long-term Financing Plan for the years 2021-2024". The Supervisory Board approved the "Group Recovery Plan for the Bank Pekao Capital Group" and the updated "Individual Recovery Plan of Bank Pekao S.A.", and the "Risk Appetite for the year 2021" together with its later amendment.

On a regular basis, the Supervisory Board discussed with the Management Board information about macroeconomic outlook in Poland, including the prospects of GDP growth, inflation and interest rates, deposits and loans.

The Supervisory Board analysed quarterly reports on capital management, capital adequacy and liquidity situation of the Bank and the Group.

The Supervisory Board also reviewed, on a systematic basis, the following: (i) financial situation, (ii) sales results concerning key products, i.e. PLN mortgage loans, consumer loans, investment funds, (iii) quality of assets, and (iv) risk level, (v) financial results of the Bank Pekao S.A. Group and (vi) current situation of the Bank.

Furthermore, the Supervisory Board issued an opinion on the performance of the due diligence process in connection with the sale of the portfolio of non-performing receivables of retail customers, sole proprietorships and small enterprises,

The Supervisory Board has reviewed "Information on Bancassurance activities – business summary", "Annual Bancassurance Activity Risk Report for Q1-Q4 2020" and monthly information on bancassurance activities.

Within the framework of its duties set forth in § 8 of the Regulations of the Supervisory Board, the Supervisory Board adopted the work schedule of the board for the year 2021.

The Supervisory Board supervised the process of managing risks at the Bank. It approved the warning level for operating losses and warning sub-levels for event classes for the Pekao Group and for the Bank for the year 2021 as well as the "Operational Risk Management Strategy" and the "Operational Risk Management Policy". The Supervisory Board approved the results of the annual ICAAP review, the risk and capital management system review, and the "ICAAP Policy – Risk and Capital Management Principles". Furthermore, the Supervisory Board has examined information concerning the presentation of results of the review of the "Model Risk Management Principles" Policy and its amendments. The Supervisory Board approved the "Risk Culture Principles in Bank Polska Kasa Opieki Spółka Akcyjna" and updated internal capital regulations: (i) capital management policy of Bank Pekao S.A., (ii) capital planning at Bank Pekao S.A., (iii) policy of capital management plans at Bank Pekao S.A., and (iv) excessive financial leverage risk management policy at Bank Pekao S.A.

The Supervisory Board conducted an in-depth analysis of quarterly reports on financial risk management, operational risk control, loan portfolio and debt collection activities as well as risk connected with bancassurance activities.

The Supervisory Board adopted the amended "Procedure for periodic evaluation of market conditions for material transactions". Moreover, the Supervisory Board adopted the (i) "Policy for the selection of the audit firm to carry out the statutory audit of the financial statements of Bank Pekao S.A. and the rules of cooperation with the audit firm, the statutory auditor and the supervision authority" (ii) "Procedure for the selection of the audit firm to carry out the statutory audit of the financial statements of Bank Pekao S.A.", and (iii) "Policy for the identification of managerial positions at Bank Polska Kasa Opieki Spółka Akcyjna".

The Supervisory Board examined information on the prevention of money laundering and terrorism financing and on the sanctions.

The Supervisory Board gave opinions on annual and interim separate and consolidated financial statements of Bank Pekao S.A. and Bank Pekao S.A. Group, prepared in accordance with the International Financial Reporting Standards applicable in the European Union, as well as annual and interim reports on the activities of Bank Pekao S.A. Group.

The Supervisory Board of the Bank, acting on the basis of resolutions of the Ordinary General Meeting of the Bank and approvals issued by the Polish Financial Supervision Authority, adopted resolutions on the determination of the consolidated text of the Bank's Articles of Association.

In accordance with its statutory duties, the Supervisory Board reviewed and issued positive opinions on the motions, information and reports of the Management Board of the Bank for the Ordinary General Meeting of Shareholders for the fiscal year of 2020.

The Supervisory Board decided to provide information to the General Meeting of Shareholders concerning the results of the second assessment of individual and collective suitability of the Members of the Supervisory Board together with a request for their approval by the General Meeting of Shareholders.

The Supervisory Board paid a lot of attention to issues related to the functioning of internal audit processes. The Internal Audit Department Strategy 2021-2023" was approved. The Supervisory Board also approved the Audit Plan for the year 2022, which included, but was not limited to: (i) the Annual Audit Plan for the year 2022", (ii) the Strategic Audit Plan for the years 2022-2026, and (iii) the Annual and Strategic Plan of the Pekao Brokerage House. Moreover, the Supervisory Board was responsible for overseeing the schedule for the implementation of recommendations issued by the Polish Financial Supervision Authority within the framework of BION 2020 and the implementation of post-inspection recommendations issued by the Polish Financial Supervision Authority after topical inspections and examined the results of the verification of these recommendations, carried out by the Internal Audit Department. The Supervisory Board approved the Audit Chart of Bank Polska Kasa Opieki Spółka Akcyjna and also reviewed the Report on the activities of the Internal Audit Department of Bank Polska Kasa Opieki Spółka Akcyjna in 2020 and the presentation on the assessment of the Internal Audit Department performance in 2020. Furthermore, the Supervisory Board examined information about the results of the review of the Internal Control System at Bank Polska Kasa Opieki Spółka Akcyjna for the year 2020 and information on the "Internal Audit Strategy for the years 2021-2023 (Update)".

The Supervisory Board approved an amendment to the terms and conditions of remuneration of the Internal Audit Department Director.

Within the framework of its supervision over effective management of non-compliance risk, the Supervisory Board approved (i) Compliance Department Action Plan for 2022, and reviewed (ii) Compliance Department Activity Report for 2020, and (iii) quarterly reports on the activities of the Compliance Department. The Supervisory Board approved the Code of Conduct of the Pekao Group and reviewed information on compliance with "Best Practice for GPW Listed Companies 2021" by the Bank, along with the results of the gap analysis and information on the status of compliance by the Bank with the principles set out in "Best Practice for GPW Listed Companies 2021".

Furthermore, the Supervisory Board reviewed information concerning the report on the operation of the system for supervising legal compliance in regard to the functioning of Bank Polska Kasa Opieki S.A. as a trust bank and reviewed reports of the Brokerage House from the conducted review of the performance of product management obligations arising from MiFID II in regard to (i) retail activities and (ii) treasury activities. Furthermore, the Supervisory Board examined the "Report on the operation of the system for

supervising legal compliance at the Pekao Brokerage House in H1 2021".

According to the Bank's internal regulations, the Supervisory Board reviewed remunerations of the Internal Audit Department and the Compliance Department employees.

The Supervisory Board examined the "Periodical Report on Business Continuity and Crisis Management", information on "Court cases against the Bank related to loans in CHF", and information on mortgage loans in regard to low interest rates.

The Supervisory Board positively assessed compliance by the Bank, in 2020, with the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority, and compliance by Bank Polska Kasa Opieki Spółka Akcyjna with its disclosure obligations regarding compliance with the corporate governance principles as defined in the Stock Exchange Regulations. It also adopted the "Report on compliance by Bank Polska Kasa Opieki Spółka Akcyjna in 2020 with the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority on 22 July 2014 and compliance by Bank Polska Kasa Opieki Spółka Akcyjna with its disclosure obligations regarding compliance with the corporate governance principles as defined in the Stock Exchange Regulations".

Pursuant to the "Bank Pekao S.A. capital adequacy information policy", the Supervisory Board reviewed documents on the Bank Pekao S.A. Group capital adequacy. Furthermore, the Supervisory Board approved the procedure "Profitability Monitoring Policy and Contingency Plan for Profitability Improvement at Bank Pekao S.A."

The Supervisory Board made a decision on the matter regarding determination that a material transaction was concluded on arm's length terms under normal activity of the Bank.

Within the framework of its duties set forth in § 7(1) of the Regulations of the Supervisory Board, due to changes to the composition of the Supervisory Board, the Board appointed a second Deputy Chairwoman from among its members.

The Supervisory Board dealt also with issues concerned with the remuneration policy and suitability assessment. The Supervisory Board positively assessed the functioning of the "Remuneration Policy at Bank Polska Kasa Opieki Spółka Akcyjna", and adopted the "Report from the assessment of the functioning of the Remuneration Policy of the Bank in 2020". Additionally, the Supervisory Board decided to submit this Report to the General Meeting of Shareholders in order to verify whether the adopted Remuneration Policy of the Bank is conducive to the growth and security of the Bank's operations. Furthermore, the Supervisory Board examined a report from Audit PK-2020-0112 Implementation of the Remuneration Policy – variable remuneration components and decided (i) to accept the selection of an external advisor responsible for auditing the report of the Management Board of the Bank on the implementation of additional Management Objectives and (ii) to agree to the selection of a statutory auditor to be entrusted with the performance of the service consisting in the assessment of the remuneration report. Furthermore, the Supervisory Board made the decision to accept the report on the remunerations of members of the Management Board of the Bank and the Supervisory Board, provide the said report to the statutory auditor for review and present the report together with the report of the statutory auditor and their assessment to the General Meeting.

The Supervisory Board adopted (i) Prerequisites for 2021 for the Members of the Management Board of the Bank, (ii) Management Objectives for 2021 for individual Members of the Management Board of the Bank and (iii) additional Management Objectives for 2021 for the Members of the Management Board.

The Supervisory Board (i) positively assessed the compliance of the risk assessment of current and former Members of the Management Board of the Bank, (ii) assessed the degree of implementation of the Management Objectives set for current and former Members of the Management Board of Bank Polska

Kasa Opieki Spółka Akcyjna for the year 2020, and (iii) assessed the implementation of additional management objectives of Members of the Management Board of the Bank that form a prerequisite to receive variable remuneration for the year 2020, and (iv) assessed the degree of implementation of the Prerequisites set out within the framework of the Variable Remuneration Scheme for the year 2020. Furthermore, the Supervisory Board made the decision to (i) acquire and settle deferred parts of bonuses for the years 2015-2019 that fall due in 2021 in regard to current and former Members of the Management Board of the Bank and (ii) determine the amount of and grant Variable Remuneration for the year 2020 for current and former Members of the Management Board of the Bank, and to acquire the part thereof payable in advance.

The Supervisory Board adopted resolutions concerning the following: (i) the performance of a collective suitability assessment of the Management Board of the Bank and individual suitability assessment of the Members of the Management Board of the Bank, (ii) appointment of the Members of the Management Board of the Bank, (iii) determination and amendment of the terms of the individual contracts of the Members of the Management Board of the Bank, (iv) delegation of tasks and responsibilities between the Members of the Management Board of the Bank.

In connection with the decisions referred to above, the Supervisory Board made the decisions to submit requests to the Polish Financial Supervision Authority and provide the Polish Financial Supervision Authority information on (i) changes to the composition of the Management Board of the Bank, (ii) compliance with statutory requirements by members of the Management Board of the Bank, (iii) approval of a new internal division of competencies, (iv) supplementary information for requests concerning members of the Management Board of the Bank. The Supervisory Board of the Bank responded to PFSA letters addressed to the Supervisory Board.

The Supervisory Board made decisions granting Members of the Management Board of the Bank approval to sit in supervisory boards of companies which do not form part of the Capital Group of the Bank.

The Supervisory Board of the Bank made decisions to sign new contracts, sign annexes to existing contracts, and continue current contracts entered into with the trading partners of the Bank.

The Supervisory Board reviewed applications and gave non-binding opinions on financing both external entities and companies from the Bank's Group.

In fulfilling its statutory duties, in connection with the publication of the individual and consolidated annual report, the Supervisory Board adopted a statement on the functioning of the Audit Committee.

Acting pursuant to §18 (16) of the Bank's Articles of Association, the Supervisory Board approved motions of the Management Board of the Bank concerning the sale of real properties.

The Supervisory Board reviewed information on on-going projects of the Bank.

Additionally, the Supervisory Board of Bank Pekao S.A., acting pursuant to the provisions of § 14 (8) of the Bank's Articles of Association, adopted amendments to the Regulations of the Supervisory Board.

Acting pursuant to § 6 (10) of the Regulations of the Supervisory Board, the Supervisory Board adopted annual reports on the activities of Committees of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna in 2020.

Acting pursuant to § 6 (5) of the Regulations of the Supervisory Board, the Supervisory Board appointed members of the Risk Committee and the Audit Committee.

Within the scope of its competence set forth in § 18 (17) of the Bank's Articles of Association, the Supervisory Board also examined motions to enter into commitments or dispose of assets whose value in

respect of a single entity exceeded 5% of the Bank's own funds.

Additionally, the Supervisory Board of the Bank reviewed motions submitted to the Supervisory Board by its Members, including an information of a member of the Supervisory Board on the planned appointment as a member of the supervisory board in an entity from outside the Bank Pekao S.A. Group.

The Supervisory Board examined motions and information on confidential matters.

Furthermore, the Supervisory Board took note of the Report on the operation of the system for supervising legal compliance at the Pekao Brokerage House, the information on compliance of brokerage services provided by the Brokerage House in 2020 with the OTC Guidelines issued by the PFSA, and the information on the performance of brokerage services in 2020 in connection with Guidelines concerning the performance of brokerage services on the OTC derivatives market, issued by the PFSA.

The Supervisory Board examined quarterly information on the expenses of the Marketing Department related to marketing services and quarterly information on expenses under (i) agreements for legal services at Bank Pekao S.A., (ii) agreements for management consulting services at Bank Pekao S.A., (iii) agreements for legal, marketing public relations services and management consulting services in the subsidiaries of the Bank.

The Supervisory Board acknowledged regular information on the investor relations activity of the Bank and information on relations with trade unions operating at the Bank in 2020.

In the opinion of the Supervisory Board, the activities undertaken by the Supervisory Board to perform its duties in 2021 were effective.

IV. Assessment of the report on the activities of the Bank Pekao S.A. Group for the year 2021, the financial statements of the Bank and the Bank Group for the year 2021, and the proposal of the Management Board of the Bank regarding the distribution of net profit for 2021.

Assessment of the report on the activities of the Bank Pekao S.A. Group for the year 2021, the financial statements of the Bank and the Bank Group for the year 2021

Pursuant to Article 382 § 3 of the Code of Commercial Companies and in performance of its duties set forth in the Articles of Association of the Bank, the Supervisory Board of Bank Pekao S.A. issued a positive opinion on: the report on activities of the Bank Group for 2021, prepared together with the report on the Bank's activities, and the financial statements of the Bank and the Bank Group for the year 2021 in terms of their conformity with the books, documents and the facts.

As a result of this assessment, having reviewed the independent statutory auditor's report on the audit of the separate financial statements of Bank Polska Kasa Opieki Spółka Akcyjna and consolidated financial statements of the Bank Polska Kasa Opieki Spółka Akcyjna Group for 2021, the Supervisory Board gives a positive opinion on the results obtained and recommends that the General Meeting adopts resolutions approving the said reports and statements.

When making this recommendation, the Supervisory Board took the following into consideration:

The Bank's activity in 2021 was focused on maintaining further sustainable growth in all areas, on effectively strengthening its position on the retail banking market and on maintaining its position as a leader in corporate banking.

In 2021, the net profit of Bank Pekao S.A. amounted to PLN 2,236.8 million and was PLN 1,110.4 million, i.e. 98.6% y/y, higher than the result achieved in 2020. In 2021, the net profit of the Bank Pekao S.A. Group

distributable to equity holders of the Bank amounted to PLN 2,174.9 million and was at the same level as net profit achieved in 2019 before the pandemic. The said result was PLN 1,073.2 million, i.e. 97.4% y/y, higher compared to the result achieved in 2020, primarily due to higher income from operating activities and lower allowances for expected credit losses.

Profit (loss) on interest in the Group was 8.8% higher, whereas in the Bank – 7.7% higher, compared to the result achieved in 2020.

Profit (loss) on fees and commissions in the Group was 10.4% higher, whereas in the Bank – 12.0% higher, compared to the result achieved in 2020, primarily due to the adaptation of the product range to evolving market conditions, customer activity and positive sentiment on capital markets, which compensated for the negative impact of regulatory changes in the area of investment funds.

The operating costs of the Group and the Bank, taking into account the contributions and payments to the Bank Guarantee Fund in 2021, were higher by 5.1% y/y and 5.0% y/y, respectively (increase below inflation), primarily due to incurred integration costs resulting from the acquisition of a separate part of Idea Bank, reconstruction of variable remuneration costs and growing depreciation, which is related to investments in the transformation of the Bank. The cost growth rate remained in line with the assumptions of the Strategy.

The return on average equity (ROE) for the Group and for the Bank amounted to 8.7% and 9.2%, respectively.

As at the end of December 2021, credit facilities and loans at nominal value in the Group were higher by 11.3%, where in the Bank – by 12.5%. Retail customer loans were higher by 4.3% for the Group and by 2.9% for the Bank, particularly due to growth in PLN mortgage loans by 6.5% (Bank – 5.0%) y/y. Corporate loans, including non-treasury securities, were higher by 18.4%, with growth recorded in the enterprise segment (24.4% y/y) and lease receivables (for the Bank – higher by 23.4%, with growth recorded in the medium-sized enterprise segment (25% y/y)).

The Bank and the Bank Pekao S.A. Group retained a solid capital base (the combined TCR capital ratio for the Group and the Bank at the end of December 2021 amounted to 16.9% and 18.8%, respectively), and a safe liquidity profile reflected in the net loan to deposit ratio at the level of 83.3% for the Group and 79.7% for the Bank. This, together with high equity level, enables further sound and stable development of activities pursued by the Bank.

We have continued the activities undertaken in 2020 in connection with the COVID-19 pandemic, actively supporting customers in maintaining financial liquidity, accelerating the digitisation of processes and encouraging customers to use remote channels in daily banking. The economic situation in the country and in the world is monitored on an on-going basis, various scenarios of epidemic development and its impact on the economy as well as the most favourable solutions that may be applied by the Bank are being analysed. In accordance with the Strategy, activities aimed at improving efficiency and migration of processes to remote channels are under way. In 2021, the Bank reduced its network by 63 outlets. As part of the development of the franchise network, the Bank increased its network by 27 partner outlets. In the second half of the year, 82 processes which until that time were accessible only at an outlet were made available to customers in remote channels. In the "Institution of the Year 2021" ranking, 15 branches of the Bank were awarded the "Best bank branch in Poland" title; the title was awarded for the quality of customer service during a visit at the branch.

The Bank can also boast a high quality of customer service provided via the helpline. Pekao Direct was ranked 1st in the ranking of the quality of customer service provided via bank helplines and in communication via e-mail; the ranking was conducted by ARC Rynek i Opinia.

In 2021, the Bank advanced in the "Best Bank for Business" ranking, from 10th place to 4th.

In November 2021, the process of migrating more than 270 thousand customers of exIdeia Bank (retail and corporate) to the Bank's systems was completed.

At the beginning of 2021, as one of the first, we implemented the process of quick registration of a business in the Central Register and Information on Economic Activity (CEIDG). This enables customers with access to Pekao24 to register a business, obtain NIP (Tax Identification Number), REGON (National Business Registry Number), open a "*Konto Przekorzystne Biznes*" account or ancillary accounts and receive a debit card by means of a single application. Since the first half of 2021, we have also launched this process in the PeoPay application.

In accordance with strategic plans, the Bank intends to:

- be a **universal bank, a first choice bank** for our customers,
- develop a **remote** distribution and customer service **model**,
- focus on **cost- and process efficiency**,
- expand in **the most profitable market segments**.

The goal to be achieved by 2024 is a strong position among the most profitable and effective banks in Poland. The primary strategic goals are to:

- significantly improve return on equity (ROE),
- reduce the cost-to-income ration (C/I).

One of the primary strategic goals is also to increase the number of active mobile banking customers from 2 million in 2020 to 3.2 million in 2024.

The strategy is based on four pillars: Customer, Growth, Efficiency and Responsibility.

Assessment of the motion of the Management Board of the Bank concerning the distribution of net profit for the year 2021

The Supervisory Board of Bank Pekao S.A. assessed the motion of the Management Board of the Bank concerning the distribution of net profit of Bank Pekao S.A. for the year 2021.

The Supervisory Board approved the motion concerning the distribution of net profit of Bank Pekao S.A. for the year 2021, taking into consideration:

- 1) that the Bank has a strong capital position; the Common Equity Tier 1 capital ratio (CET1) of the Bank Pekao S.A. Group in December 2021, without incorporating net profit for 2021, reached the level of 15.1% (and for the Bank the CET1 amounted to 16.7%). The capital buffer of the Group above the minimum regulatory requirements for Tier 1 capital amounts to 4.4 p.p. In addition, the stress tests carried out by the European Banking Authority have confirmed the Bank's resilience to stress materialisation. Such a strong capital position ensures the safe position of the Bank, even in the event of volatility on the market, and it allows to pursue development plans,
- 2) that the Bank meets the criteria laid down by the Office of the Polish Financial Supervision Authority regarding the conditions and restrictions in profit distribution,
- 3) the directional proposals for distributing the profit of Bank Pekao S.A. for the years 2021-2024,
- 4) that the Bank has low exposure to mortgage loans denominated in CHF,
- 5) compliance with the Financial Plan and Capital Management Strategy for the year 2022,
- 6) the macroeconomic situation.

Having regard to the above, the Supervisory Board decided to recommend to the General Meeting to adopt the resolution on the distribution of net profit of Bank Pekao S.A. for 2021 in the amount of PLN 2,236,829,360.84 (in words: two billion two hundred thirty six million eight hundred twenty nine thousand three hundred sixty Polish zlotys 84/100), in accordance with the motion of the Management Board of the Bank, i.e.:

- 1) the amount of PLN 1,128,621,146.20 (in words: one billion one hundred twenty eight million six hundred twenty one thousand one hundred and forty-six Polish zlotys 20/100) to be allocated for the dividend,
- 2) the amount of PLN 1,108,208, 214.64 (in words: one billion one hundred eight million two hundred eight thousand two hundred and fourteen Polish zlotys 64/100) to be allocated to the reserve capital.

V. Assessment of the adequacy of internal regulations concerning the functioning of the Supervisory Board and the Management Board and the effectiveness of operation of these bodies

Assessment of the Management Board

The Supervisory Board assesses that the Regulations of the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna, as a regulation defining the functioning of the Management Board, are adequate and compliant with the provisions of law and requirements of supervisory authorities.

When assessing the effectiveness of the Management Board of the Bank, the Supervisory Board considered, *inter alia*, the following:

(i) good financial results, (ii) effective cost management, (iii) effective and consistent risk management, (iv) strong capital and liquidity base, (v) high level of the Bank's security, (vi) efficient internal control system, and (vii) operational effectiveness.

In the opinion of the Supervisory Board, Bank Pekao S.A. has a strong capital and liquidity structure while also maintaining the highest risk management standards and continuing to improve cost efficiency. The above means that the strategic objectives of the Bank, announced as part of the strategy of the Bank for the years 2021-2024 titled "Responsible Bank. Modern Banking", may be pursued in an efficient manner, and that the Bank may become the leader in terms of profitability in the Polish banking sector by following the path of smart growth and relying on a business model that is based on high efficiency and quality of processes.

In the opinion of the Supervisory Board, the activities undertaken by the Supervisory Board to perform its duties in 2021 were effective.

Self-assessment of the Supervisory Board

In accordance with the powers and responsibilities set forth in the Code of Commercial Companies, Banking Law, Recommendations of the Polish Financial Supervision Authority, Best Practice for GPW Listed Companies 2021, and the Bank's Articles of Association, in 2021 the Supervisory Board exercised continuous supervision over the Bank's activity. The activities of the Board were supported by the Committees operating under the Supervisory Board, i.e. Audit Committee, Nomination and Remuneration Committee, and Risk Committee.

The good financial results of the Bank in 2021, its position in the Polish banking sector, adequate capital management and efficient risk management should be deemed to stem, *inter alia*, from proper operations of

the Supervisory Board and from its fulfilment of the tasks and responsibilities imposed thereon.

Activities of the Supervisory Board and its Committees has been regulated accordingly in:

- the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 10/22 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 24 January 2022;
- the Regulations of the Nomination and Remuneration Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 167/20 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 10 November 2020;
- the Regulations of the Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 11/22 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 24 January 2022;
- the Regulations of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 12/22 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 24 January 2022.

In the assessment of the Supervisory Board, the aforesaid regulations are adequate and compliant with the law and requirements of supervisory authorities.

Taking into consideration the above, the activities of the Supervisory Board and its Committees in 2021 may be assessed as effective, professional and performed in accordance with the best practices.

With the above in mind, the Supervisory Board hereby recommends the General Meeting of Shareholders, pursuant to Article 395 § 2 (3) of the Code of Commercial Companies, to grant a discharge, in respect to the performance of their duties in 2021, to the following members of the Management Board of the Bank: Leszek Skiba for the period from 1 January 2021 to 31 December 2021, Tomasz Kubiak for the period from 1 January 2021 to 4 November 2021, Tomasz Styczyński for the period from 1 January 2021 to 31 January 2021, Magdalena Zmitrowicz for the period from 1 January 2021 to 31 December 2021, Jarosław Fuchs for the period from 1 January 2021 to 31 December 2021, Marcin Gadomski for the period from 1 January 2021 to 31 December 2021, Krzysztof Kozłowski for the period from 1 January 2021 to 3 August 2021, Błażej Szczecki for the period from 15 January 2021 to 31 December 2021, Wojciech Werochowski for the period from 15 January 2021 to 31 December 2021, Jerzy Kwieciński for the period from 1 February 2021 to 31 December 2021, Paweł Strączyński for the period from 5 August 2021 to 31 December 2021, Piotr Zborowski for the period from 5 November 2021 to 31 December 2021.

With the 2021 activities, as described above, taken into consideration, the Supervisory Board hereby recommends the General Meeting of Shareholders, pursuant to Article 395 § 2 (3) of the Code of Commercial Companies, to grant a discharge, in respect to the performance of their duties in 2021, to the following members of the Supervisory Board: Beata Kozłowska-Chyła for the period from 1 January 2021 to 31 December 2021, Joanna Dynysiuk for the period from 1 January 2021 to 31 December 2021, Stanisław Ryszard Kaczoruk for the period from 1 January 2021 to 31 December 2021, Małgorzata Sadurska for the period from 1 January 2021 to 31 December 2021, Sabina Bigos-Jaworowska for the period from 1 January 2021 to 31 December 2021, Justyna Głębiowska-Michalak for the period from 1 January 2021 to 31 December 2021, Michał Kaszyński for the period from 1 January 2021 to 31 December 2021, Marian Majcher for the period from 1 January 2021 to 31 December 2021, Marcin Eckert for the period from 1 January 2021 to 7 June 2021, Marcin Izdebski for the period from 11 June 2021 to 31 December 2021.

VI. Reports on the activities of the Supervisory Board Committees in 2021

Report on the activity of the Audit Committee in 2021

Members of the Audit Committee

The Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna ("Audit Committee") is composed of from 3 (three) to 5 (five) Members selected from among the Members of the Supervisory Board. At least one Audit Committee Member has knowledge and skills in the area of accounting or auditing the financial statements. The majority of the Audit Committee Members, including its Chairman and the Audit Committee Member having knowledge and skills in the field of accounting or auditing the financial statements, are independent from the Bank within the meaning of Article 129.3 of the Act on Statutory Auditors, Audit Firms and Public Oversight. Audit Committee Members have knowledge and skills in the Bank's industry. This condition is deemed to be met if at least one Member of the Audit Committee has knowledge and skills in that industry or if individual Members have knowledge and skills in specific areas of that industry.

During the period from 1 January 2021 to 7 June 2021, the composition of the Audit Committee was as follows:

- 1) Justyna Głębiowska-Michalak – Chairwoman of the Committee,
- 2) Marcin Eckert – Secretary,
- 3) Joanna Dynysiuk - Member of the Committee,
- 4) Sabina Bigos-Jaworowska – Member of the Committee,
- 5) Michał Kaszyński – Member of the Committee.

On 7 June 2021, Mr Marcin Eckert resigned from the position of Deputy Chairman of the Supervisory Board of the Bank and from membership therein, effective as of rendering the resignation letter.

During the period from 8 June 2021 to 7 July 2021, the composition of the Audit Committee was as follows:

- 1) Justyna Głębiowska-Michalak - Chairwoman of the Committee,
- 2) Joanna Dynysiuk - Member of the Committee,
- 3) Sabina Bigos-Jaworowska - Member of the Committee,
- 4) Michał Kaszyński - Member of the Committee.

By Resolution No. 110/21 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 8 July 2021 on the appointment to the Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, Marcin Izdebski was appointed to the Audit Committee. By Resolution No. 70/21 of the Audit Committee of 8 July 2021 on the appointment of the Secretary of the Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, Marcin Izdebski was appointed Secretary of the Audit Committee.

In view of the above, in the period from 8 July 2021 to 31 December 2021, the composition of the Audit Committee was as follows:

- 1) Justyna Głębiowska-Michalak - Chairwoman of the Committee,
- 2) Marcin Izdebski – Secretary,
- 3) Joanna Dynysiuk - Member of the Committee,
- 4) Sabina Bigos-Jaworowska - Member of the Committee,
- 5) Michał Kaszyński - Member of the Committee.

J.Głębiowska-Michalak, S.Bigos-Jaworowska and M.Kaszyński meet the criteria of independence.

The composition of the Audit Committee in 2021 met the requirements laid down in the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

Responsibilities of the Audit Committee

The Audit Committee supports the Supervisory Board in performing its responsibilities related, *inter alia*, to controlling and monitoring: the financial reporting process, the internal control and risk management systems and internal audit function effectiveness, the performance of financial review activities, the independence of the statutory auditor and the audit firm, the effectiveness of the system for monitoring compliance with applicable law and regulations.

The President of the Management Board of the Bank customarily participates in the meetings of the Audit Committee. Each meeting of the Audit Committee is attended by the Directors of the following Departments: Internal Audit, Legal Audit and Compliance, as well as other members of the Management Personnel whose functions are relevant to the agenda.

In 2021, the Audit Committee operated on the basis of the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 108/21 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 8 July 2021 and the Regulations of the Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna. The Regulations of the Audit Committee were adopted by Resolution 165/20 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 10 November 2020.

To ensure the proper level of transparency and an unbiased approach, the Chairwoman of the Audit Committee, J.Głębikowska-Michalak, held individual meetings with the Head of the Internal Audit Department and the Head of the Compliance Department, without the participation of other members of the Bank's managerial staff. The Chairwoman of the Audit Committee J. Głębikowska-Michalak held an individual meeting with the key auditor of KPMG Audyty spółka z ograniczoną odpowiedzialnością sp.k., without the participation of members of the Management Board of the Bank. Representatives of KPMG Audyty spółka z ograniczoną odpowiedzialnością sp.k. confirmed their independence with respect to the Bank and its subsidiaries, i.e. they informed they met requirements referred to in Articles 69-73 of the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

External Auditor

The audit company conducting audits of the Bank's financial statements and consolidated financial statements of the Bank's Capital Group for the years 2021 - 2023 is KPMG Audyty spółka z ograniczoną odpowiedzialnością sp.k. under the agreement of 24 July 2018 (as amended).

Audit Committee Meetings

Meetings of the Audit Committee are held depending on current needs, but in no case less frequently than four times per year, at dates that are crucial for the Bank's quarterly reporting cycle and that stem from the analysis of the annual audit plan submitted by the Head of the Internal Audit Department.

In 2021, the Audit Committee held 11 meetings (January 14th, February 24th, March 29th, April 23rd, May 5th, June 10th, July 8th, August 3rd, September 27th, and November 3rd, December 13th).

Attendance of the Audit Committee Members at the individual meetings is summarised below:

Date	Participating Members
January 14 th	J.Głębikowska-Michalak, S.Bigos-Jaworowska, J.Dynysiuk, M.Eckert and M.Kaszyński
February 24 th	J.Głębikowska-Michalak, S.Bigos-Jaworowska, J.Dynysiuk, M.Eckert and M.Kaszyński
March 29 th	J.Głębikowska-Michalak, S.Bigos-Jaworowska, J.Dynysiuk, M.Eckert and M.Kaszyński
April 23 rd	J.Głębikowska-Michalak, J.Dynysiuk, M.Eckert and M.Kaszyński
May 5 th	J.Głębikowska-Michalak, S.Bigos-Jaworowska, J.Dynysiuk, M.Eckert and M.Kaszyński
June 10 th	J.Głębikowska-Michalak, S.Bigos-Jaworowska, J.Dynysiuk and M.Kaszyński
July 8 th	S.Bigos-Jaworowska, J.Dynysiuk and M.Kaszyński
August 3 rd	J. Głębikowska-Michalak, S. Bigos-Jaworowska, J. Dynysiuk, M. Izdebski and M. Kaszyński
September 27 th	J. Głębikowska-Michalak, S. Bigos-Jaworowska, J. Dynysiuk, M. Izdebski and M. Kaszyński
November 3 rd	J. Głębikowska-Michalak, S. Bigos-Jaworowska, J. Dynysiuk, M. Izdebski and M. Kaszyński
December 13 th	J. Głębikowska-Michalak, S. Bigos-Jaworowska, J. Dynysiuk, M. Izdebski and M. Kaszyński

Principal tasks carried out by the Audit Committee in 2021

In 2021, the Audit Committee operated on the basis of the "Regulations of the Audit Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna", taking into account the provisions of the Act on Statutory Auditors, Audit Firms and Public Oversight, Recommendation L on the role of Statutory Auditors in the process of supervision of banks and savings and credit unions issued by the Polish Financial Supervision Authority and "Good practices for public-interest entities concerning the principles of appointment, composition and functioning of the Audit Committee" issued by the Polish Financial Supervision Authority, including with regard to questions contained in Part XIII of that document.

In 2021, the Audit Committee issued opinions, recommendations or adopted information on the following topics:

- Bank Pekao S.A. acknowledgement of: adoption of monthly reports on financial results of Bank Pekao S.A. Group: in October 2020, November 2020, December 2020, January 2021, February 2021, March 2021, April 2021, May 2021, June 2021, July 2021, August 2021, September 2021 and November 2021;

- assessment of the financial statements of Bank Pekao S.A. and the Bank Pekao S.A. Capital Group for the year ended 31 December 2020 and the report on the activities of the Bank Pekao S.A. Capital Group for 2020;
- assessment of the "Report of the Capital Group of Bank Pekao S.A. for Q1 2021";
- assessment of interim summary financial statements of Bank Pekao S.A. and Bank Pekao S.A. Capital Group and report on the activities of Bank Pekao S.A. Capital Group for the first half of 2021;
- assessment of the "Report of the Capital Group of Bank Pekao S.A. for Q3 2021";
- issuing an opinion on the position of the Management Board of the Bank regarding the suspension of dividend payment by Bank Polska Kasa Opieki Spółka Akcyjna in the first half of 2021 and not undertaking other activities outside the scope of current business and operating activities in accordance with the recommendation of the Polish Financial Supervision Authority;
- issuing an opinion on defining the directional proposals for distributing the profit of Bank Pekao S.A. for the years 2021-2024;
- issuing an opinion on the request of the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna regarding the distribution of profit of Bank Polska Kasa Opieki Spółka Akcyjna for 2020 and leaving an undistributed part of profit for 2020;
- issuing an opinion on the position of the Management Board of the Bank regarding the implementation of the recommendation of the Polish Financial Supervision Authority;
- acknowledgment of documents prepared by KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa;
- acknowledgment of the information concerning the recommendation of KPMG Auditor Audyt spółka z ograniczoną odpowiedzialnością sp. k., contained in the "Letter to the Management Board for the period ending on 31 December 2020";
- adoption of Information on capital adequacy of Bank Pekao S.A. Capital Group as at: 31 December 2020, 31 March 2021, 30 June 2021, 30 September 2021, and the Simplified Quarterly Report on Capital Management for: Q4 2020, Q1 2021, Q2 2021, Q3 2021;
- issuing an opinion on the "Capital Management Strategy – 2021" and the "Multiannual Capital Management Strategy 2021 – 2024";
- acknowledgment of the Capital Management report – quarterly report for the period: Q4 2020, Q1 2021, Q2 2021 and Q3 2021;
- adoption of the "Financial Plan of the Bank Pekao S.A. Capital Group for 2021" and approval of the adjustment of the "Financial Plan of the Capital Group of Bank Polska Kasa Opieki S.A. for 2021";
- assessment of independence, approval regarding the selection of a statutory auditor to be entrusted with the performance of a service consisting in the assessment of the remuneration report referred to in the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies to the extent specified in Article 90g.10 of that Act;
- adoption of the "Policy concerning the selection of an audit company to conduct statutory audit of the financial statements of Bank Pekao S.A. and the rules of cooperation with an audit company, statutory auditor and supervisory body", as well as the "Procedure for the selection of an audit company to conduct statutory audit of the financial statements of Bank Pekao S.A.";
- examination of the application concerning the order of KPMG Advisory sp. z o.o. - specific non-proprietary services;
- acknowledgement of information on expenditure related to marketing services in Q1 to Q4 2020, Q1 2021; Q1 to Q2 2021 and Q1 to Q3 2021;

- acknowledgment of information on expenses arising from agreements for specific services of Bank Polska Kasa Opieki Spółka Akcyjna and of the Bank Polska Kasa Opieki Spółka Akcyjna Capital Group;
- issuing an opinion on the request of the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna to the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna regarding the assessment of a material transaction as concluded on market terms as part of the normal operations of the Bank;
- issuing an opinion on the request of the Management Board of the Bank to increase the remuneration limit in connection with the provision of the EOD database and the provision of services of reception, scanning, archiving and recording of active category documentation and liquidation of non-archival category documentation;
- issuing an opinion on the application of the Management Board of the Bank concerning the sale of the ownership right to the utility premises and the sale of real estate;
- issuing an opinion on outsourcing of the cash processing and storage service and value transportation;
- examining the application for the establishment of the consolidated text of the Bank's Articles of Association;
- consideration of the application for amendment of the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna;
- issuing an opinion on the approval of the Bank's Strategy for the years 2021-2024;
- issuing an opinion on the revised "Procedure for periodic evaluation of market conditions for material transactions".
- issuing an opinion on the request of the Management Board of the Bank concerning the agreement for the implementation of Phase 1 and 2 of the project for the exchange / re-implementation of treasury transaction system;
- examining the application for the conclusion of an outsourcing agreement for carrying out technological migration;
- issuing an opinion on the requests of the Management Board of the Bank concerning outsourcing regarding customer service via remote channels and conducting debt collection activities and outsourcing related to the provision of services consisting in the sale of products of Bank Polska Kasa Opieki Spółka Akcyjna;
- expressing an opinion on the Report on Civil Court Proceedings pending with the participation of the Bank in 2020, in Q1 2021, in H1 2021, in Q3 2021;
- adoption of information on the status of actions concerning the public prosecutor's proceedings concerning the Fiat car tender;
- acknowledgment of the "Report to the Audit Committee on actions in the field of debt collection covering civil matters completed in H1 2021";
- adoption of the Report on the activities of the Internal Audit Department of Bank Polska Kasa Opieki Spółka Akcyjna: (i) in 2020, (ii) in Q1 2021, (iii) in Q2 2021 and (iv) in Q3 2021;
- acknowledgment of the information concerning the "Presentation of the Performance Assessment of the Internal Audit Department in 2020";
- acknowledgment of the quarterly information on the status of implementation of the audit recommendations;
- issuing a recommendation on approving the terms and conditions of remuneration of the Director of the Internal Audit Department;

- expressing an opinion on the "Strategy 2021-2023 of the Internal Audit Department";
- acceptance of the "Audit Manual of the Internal Audit Department of Bank Polska Kasa Opieki Spółka Akcyjna" and the "Quality Assurance and Improvement Programme";
- expressing an opinion on the Audit Card of Bank Polska Kasa Opieki Spółka Akcyjna;
- acknowledgment of the presentation "Key Risks & Focus Planning 2022";
- expressing an opinion on the Audit Plan for 2022, which takes into account, *inter alia*, the Annual Audit Plan for 2022, Strategic Audit Plan for 2022-2026, and Pekao Brokerage House Annual and Strategic Plans;
- adoption of the "Internal Audit Strategy 2021-2023 (Update)";
- acknowledgment of information on the review of personnel resources in the Financial Division;
- acknowledgment of information on inspections and inspections carried out at Bank Polska Kasa Opieki Spółka Akcyjna in 2020 and on penalties imposed on the Bank in 2020;
- acknowledgment of the information on the schedule of tasks aimed at implementing the recommendations issued by the Polish Financial Supervision Authority after the Supervisory Audit and Assessment (BION 2020) as at 30 June 2020;
- acknowledgment of the status of implementation of post-inspection Recommendations issued by the Polish Financial Supervision Authority;
- acknowledgment of the information on Recommendation Z from the Polish Financial Supervision Authority;
- assessment of the application of the Corporate Governance Principles for Supervised Institutions by Bank Polska Kasa Opieki Spółka Akcyjna in 2020;
- acknowledgment of the results of the review of the Internal Control System at Bank Polska Kasa Opieki Spółka Akcyjna for 2020;
- acknowledgment of the information on the acceptance for use by Bank Polska Kasa Opieki Spółka Akcyjna of "Best Practice for GPW Listed Companies 2021";
- adoption of the Bancassurance Annual Activity Risk Report for Q1 - Q4 2020, Bancassurance Quarterly Activity Risk Report for Q1 2021, Q2 2021 and Q3 2021;
- performance of an analysis on the Compliance Department Activity Report in 2020 and acknowledgment of: "Summary of the report on activities of the Compliance Department in Q1 2021" together with additional information, Report on activities of the Compliance Department in Q2 2021 and Q3 2021;
- acknowledgment of information on changes in the Compliance Department;
- issuing an opinion on the Compliance Department's Action Plan for 2022;
- adoption of the "Report on the provision of brokerage services by the Bank on the OTC market in 2020 in connection with Guidelines for OTC Derivatives issued by the PFSA";
- acknowledgment of the "Pekao Brokerage Office Report for 2020 regarding the application of the PFSA Guidelines on the provision of brokerage services on the OTC derivatives market";
- acknowledgement Report on the operation of the system for supervising legal compliance at the Pekao Brokerage House in H2 2020 and H1 2021;
- acknowledgement of: Reports of the Brokerage House on the review of the performance of product management obligations resulting from MiFID II regulations in the period from 01.01.2020 to 30.06.2020 and from 01.07.2020 to 31.12.2020 for retail activities in the period from 01.11.2019 to 30.06.2020, for retail activities in the period from 01.07.2020 to 31.12.2020 and for treasury activities in the period from 01.11.2019 to 31.12.2020;

- acknowledgment of the draft Report on the functioning of the compliance system with the law regarding the functioning of Bank Polska Kasa Opieki Spółka Akcyjna as a trust bank for the period from 01.04.2020 to 31.03.2021.;
- issuing an opinion on the Pekao Group Code of Conduct;
- acknowledgment of the Information on Investor Relations of Bank Pekao S.A. in 2021, "as at: March 2021" and "as at August 2021";
- acknowledgment of the Strategy of ESG Bank Pekao S.A. for the years 2021 – 2024, along with the Operation of the ESG Strategy for the years 2021 – 2024;
- acknowledgment of the report 'Review of the macroeconomic situation';
- adoption of the "Audit Committee Activity Report 2020".

Furthermore, the Audit Committee passed 128 resolutions in 2021 in accordance with the Rules of the Audit Committee of the Bank Polska Kasa Opieki Spółka Akcyjna Supervisory Board.

As regards the Internal Audit function, the Audit Committee regularly reviewed the reports on the activities of the Internal Audit.

The Audit Committee performed its duties in accordance with its rights and obligations.

Report on the activities of the Nomination and Remuneration Committee in 2021

Members of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna ("Nomination and Remuneration Committee") is composed of 3 (three) to 5 (five) members appointed by the Supervisory Board from among its members.

Between 1 January 2021 and 31 December 2021, the Nomination and Remuneration Committee was composed of the following members:

- 1) Beata Kozłowska-Chyła - Chairwoman of the Committee,
- 2) Małgorzata Sadurska - Secretary of the Committee,
- 3) Sabina Bigos-Jaworowska - Member of the Committee,
- 4) Joanna Dynysiuk - Member of the Committee,
- 5) Marian Majcher - Member of the Committee.

Responsibilities of the Nomination and Remuneration Committee

In 2021 the Nomination and Remuneration Committee operated on the basis of the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 108/21 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 8 July 2021 and the Regulations of the Nomination and Remuneration Committee adopted by Resolution No. 167/20 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 10 November 2020.

The purpose of the Nomination and Remuneration Committee is to support the Supervisory Board in fulfilling its duties, including by:

- submitting proposals concerning the determination of the terms and conditions of agreements governing the employment or other legal relationship between the Members of the Management Board and the Bank, including remuneration for the Members of the Bank's Management Board, as well as concerning the approval of the policy of variable components of remuneration of

persons holding managerial positions at the Bank in accordance with separate regulations and in order to submit proposals

on remuneration of the Members of the Supervisory Board to the General Meeting,

- preparing recommendations regarding the fulfilment of suitability requirements, for the purpose of appointment of the Members of the Management Board of the Bank and the Members of the Supervisory Board,
- drawing up a report for the General Meeting regarding the assessment of the functioning of the remuneration policy in place at the Bank.

The Nomination and Remuneration Committee shall act in accordance with prudent and stable risk, capital and liquidity management and with particular care for the long-term well-being of the Bank and the interest of the Bank's shareholders.

The Nomination and Remuneration Committee performed other tasks resulting from applicable laws or recommendations of supervisory authorities.

Meetings of the Nomination and Remuneration Committee

Meetings of the Nomination and Remuneration Committee are held at least twice a year.

In 2021, the Nomination and Remuneration Committee held 10 meetings (January 14th, February 24th, March 29th, April 23rd, May 5th, June 10th, July 8th, August 3rd, October 29th and continued on November 3rd, December 13th).

The participation of the Members of the Nomination and Remuneration Committee in each meeting is presented below:

Date	Participating Members
January 14 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
February 24 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
March 29 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
April 23 rd	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
May 5 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
June 10 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
July 8 th	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
August 3 rd	M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher

October 29 th and November 3 rd	B.Kozłowska-Chyła, M.Sadurska, S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher
December 13 th	S.Bigos-Jaworowska, J.Dynysiuk, M.Majcher

Principal tasks carried out by the Nomination and Remuneration Committee in 2021

In 2021 the Nomination and Remuneration Committee issued opinions, recommendations or acknowledged information on the following topics:

- discussion on and adoption of the work schedule of the Nomination and Remuneration Committee for 2021;
- adoption of the "Report on the activities of the Nomination and Remuneration Committee in 2020";
- adoption of preliminary conditions for the Variable Remuneration System for members of the Management Board of the Bank for 2021;
- making a decision on the designation or change of management goals for each member of the Management Board of the Bank for 2021 as part of the Variable Remuneration System and additional Management Objectives for all members of the Management Board of the Bank;
- assessment of the functioning of the Bank's Remuneration Policy in 2020 and adoption of the "Report on evaluation of the functioning of the Bank's Remuneration Policy in 2020";
- information on the approval by the Supervisory Board of the Bank of the selection of an external advisor who will be responsible for auditing the report of the Management Board of the Bank on the implementation of additional management objectives;
- information on consent to the selection of the statutory auditor to whom the service consisting in the assessment of the remuneration report will be entrusted;
- information on the adoption of the report on remuneration of members of the Management Board of the Bank and of the Supervisory Board, submission of the report to the statutory auditor for the purpose of assessment and presentation of the report together with the report of the statutory auditor with his/her assessment to the General Meeting, with a request for adoption of a resolution giving a positive opinion on the remuneration report;
- assessment of the achievement of additional management objectives assigned to Members of the Management Board of the Bank for 2020;
- information on the settlement of the implementation of initial conditions and management objectives by former and current members of the Management Board of the Bank in 2020 and on the decision to award variable remuneration for 2020 to former and current members of the Management Board of the Bank (i), including the assessment of the degree of implementation of the preconditions set for 2020; (ii) compliance assessment and risk assessment of former and current members of the Management Board of the Bank; (iii) assessment of the achievement of management objectives set for 2020 in the target matrices of individual former and current members of the Management Board of the Bank; (iv) determination and award of variable remuneration for 2020, as well as informing individual former and present members of the Management Board of the Bank on the determination of acquisition of its pre-paid parts;
- issuing a recommendation on settlement of deferred parts of the bonus in 2021 for the years 2015-2019 for former and current members of the Management Board of the Bank, and informing them thereof;
- approval of the "Policy for the identification of managerial positions at Bank Polska Kasa Opieki

Spółka Akcyjna";

- issuing a recommendation on the second assessment of the suitability of the individual Secretary of the Supervisory Board of the Bank and submitting the results of his/her self-assessment to the General Meeting together with the application for their approval;
- issuing a recommendation on approving the change in the terms and conditions of remuneration of the Director of the Internal Audit Department;
- adoption of information concerning the review of remuneration of employees of the Internal Audit Department, Compliance Department and review of variable remuneration of persons in managerial positions (risk takers);
- adoption of information concerning the Audit Report PK-2020-0112 Implementation of the Remuneration Policy – variable components of remuneration;
- issuing a recommendation on granting consent for the Members of the Management Board of the Bank to sit in the Supervisory Boards of entities outside the Bank's capital group;
- adoption of information on the appointment of candidates for functions in the Management Board of the Bank and on the establishment of terms and conditions and conclusion of agreements on the provision of management services;
- issuing a recommendation on the change in the composition of the Management Board of the Bank, including: (i) the process of selecting candidates for the members of the Management Board of the Bank, including discussion and analysis of proposed candidates for the members of the Management Board of the Bank, (ii) issuing a recommendation on the initial assessment of the suitability of individual candidates for the members of the Management Board of the Bank, (iii) issuing a recommendation on appointment of new members of the Management Board of the Bank, (iv) issuing a recommendation on determining the terms of remuneration and content of the management services agreement;
- adoption of information on the provision of information to the Polish Financial Supervision Authority on changes in the composition of the Management Board of the Bank and on the results of the assessment of individual suitability of appointed Members of the Management Board and of collective suitability of the Management Board;
- issuing a recommendation on approval of the internal division of competences between members of the Management Board of the Bank;
- issuing a recommendation on self-assessment of collective suitability, secondary assessment of individual and collective suitability of the Supervisory Board of the Bank;
- issuing a recommendation on the results of the secondary assessment of individual and collective suitability of Members of the Supervisory Board at the General Meeting of Shareholders;
- adoption of information on relations with trade union organisations operating at the Bank in 2020 and election of members of the Council of Employees at the Bank for the term of office 2021-2025;
- issuing a recommendation on responding to the letter of the PFSA.

Furthermore, the Nomination and Remuneration Committee adopted 69 resolutions in 2021 in accordance with the Rules of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee was performing its tasks in accordance with the scope of its rights and obligations, and was relying on the support of an external adviser who assisted the Nomination and Remuneration Committee and the Supervisory Board in issues related to remuneration terms and conditions.

Report on the activity of the Risk Committee in 2021

Members of the Risk Committee

The Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna ("Risk Committee") consists of from 3 (three) to 5 (five) Members appointed by the Supervisory Board from among its Members, with the majority of Risk Committee Members, including its Chair, being independent Members of the Supervisory Board.

In the period from 1 January 2021 to 7 June 2021, the composition of the Risk Committee was as follows:

- 1) Stanisław Ryszard Kaczoruk – Chairman of the Committee,
- 2) Marcin Eckert - Secretary of the Committee,
- 3) Michał Kaszyński - Member of the Committee,
- 4) Marian Majcher - Member of the Committee,
- 5) Małgorzata Sadurska - Member of the Committee.

On 7 June 2021, Mr Marcin Eckert resigned from the position of Deputy Chairman of the Supervisory Board of the Bank and from membership therein, effective as of rendering the resignation letter.

In the period from 8 June 2021 to 7 July 2021, the composition of the Risk Committee was as follows:

- 1) Stanisław Ryszard Kaczoruk – Chairman of the Committee
- 2) Michał Kaszyński - Member of the Committee,
- 3) Marian Majcher - Member of the Committee,
- 4) Małgorzata Sadurska - Member of the Committee.

By Resolution No 111/21 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 8 July 2021 on the selection to the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, Marcin Izdebski was appointed to the Risk Committee. By Resolution No 45/21 of the Risk Committee of 8 July 2021 on the selection of the Secretary of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, Mr Marcin Izdebski was appointed Secretary of the Risk Committee.

In view of the above, in the period from 8 July 2021 to 31 December 2021, the composition of the Risk Committee was as follows:

- 1) Stanisław Ryszard Kaczoruk – Chairman of the Committee,
- 2) Marcin Izdebski – Secretary of the Committee,
- 3) Michał Kaszyński - Member of the Committee,
- 4) Marian Majcher - Member of the Committee,
- 5) Małgorzata Sadurska - Member of the Committee.

S. R. Kaczoruk, M. Kaszyński and M. Majcher meets the independence criteria.

Responsibilities of the Risk Committee of the Supervisory Board of the Bank

In 2021, the Risk Committee operated on the basis of the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna adopted by Resolution No. 108/21 of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna of 8 July 2021 and the Regulations of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna, which were adopted by the Supervisory Board by Resolution No. 99/19 of 5 November 2019, and subsequently amended by Resolution No. 101/20 of 29 May 2020, Resolution No. 118/20 of 10 July 2020, Resolution No. 132/20 of 15 July 2020; Resolution No. 159/20 of 3 November 2020 and Resolution No. 166/20 of 10 November 2020.

The Risk Committee assists the Supervisory Board in the performance of its responsibilities relating to: supervision over the risk management system and assessment of the adequacy and effectiveness of that system. The Risk Committee shall act in accordance with prudent and stable risk, capital and liquidity management and with particular care for the long-term well-being of the Bank and the interests of shareholders.

The tasks of the Risk Committee include expressing opinions within the scope of:

- overall current and future readiness of the Bank to take risks, expressed as risk appetite,
- strategy for managing risk in the Bank's activity, as drawn up by the Management Board of the Bank, including policies concerned with credit, financial and operational risks,
- reports concerning risk profile and realisation of the risk management strategy, submitted by the Management Board of the Bank.

It is also the task of the Risk Committee to support the Supervisory Board in supervising the implementation of the risk management strategy in the Bank's operations by senior management, as well as verifying whether the overall level of prices of liabilities and assets offered to customers fully takes into account the Bank's business and risk strategies, and if the price level does not adequately reflect the types of risk in accordance with these strategies, to present proposals to the Management Board of the Bank aimed at ensuring the adequacy of prices of liabilities and assets to these types of risk.

The Risk Committee also performed other tasks resulting from applicable laws or recommendations of supervisory authorities.

Risk Committee Meetings

Meetings of the Risk Committee are held at least twice a year. In 2021, In 2021 the Risk Committee held 13 meetings (January 14th, February 24th, March 29th, April 22nd, April 23rd, May 5th, June 9th, July 8th, August 3rd, September 27th, and October 28th, November 3rd, December 13th).

The participation of the Members of the Risk Committee in individual meetings is presented below:

Date	Participating Members
January 14 th	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska
February 24 th	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska
March 29 th	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska
April 22 nd	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska
April 23 rd	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska
May 5 th	S. R. Kaczoruk, M. Eckert, M. Kaszyński, M. Majcher, M. Sadurska

June 9 th	S. R. Kaczoruk, M. Kaszyński, M. Majcher, M. Sadurska
July 8 th	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska
August 3 rd	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska
September 27 th	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska
October 28 th	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska
November 3 rd	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska
December 13 th	S. R. Kaczoruk, M. Izdebski, M. Kaszyński, M. Majcher, M. Sadurska

Principal tasks carried out by the Risk Committee in 2021

In 2021 the Risk Committee issued opinions, recommendations or adopted information on the following topics:

- expressing an opinion on the update of internal capital regulations;
- acknowledgement of the information on the "Report on the implementation of key KPI operationalisation of the applicable Strategy of Bank Polska Kasa Opieki Spółka Akcyjna for the years 2018 – 2020 for the period 3 and 4Q 2020;
- expressing an opinion and taking credit decisions in matters relating to credit risk transactions;
- adoption of information on IT system failures in selected banks between 2019 and 2020;
- expressing an opinion on the "Credit Risk Policy 2020 – update", "Investment Policy and Market Risk 2020 – update";
- acknowledgment of regular information on the area of counteracting money laundering and terrorist financing and sanctions for the period 4Q 2020 and 1, 2 and 3Q 2021;
- acceptance of regular information concerning the Bank's ICT security status. Discussion of the direction of the Bank in the field of Cybersecurity for the period 2020 and 1, 2 and 3Q 2021;
- acknowledgment of quarterly liquidity information for the period 4Q 2020 and 1, 2 and 3Q 2021;
- expressing an opinion on quarterly financial risk reviews for the period 4Q 2020 and 1, 2 and 3Q 2021;
- expressing an opinion on quarterly reports on operational risk control for the period 4Q and 1, 2 and 3Q 2021;
- expressing an opinion on quarterly reports on the credit portfolio and debt collection activities for the period 4Q 2020 and 1, 2 and 3Q 2021;
- expressing an opinion on the Financing Plan for 2021;
- expressing an opinion on the "Risk Appetite 2021";
- adoption of information on the Bank's business continuity and crisis management system in 2020

- contained in the "Interim Business Continuity and Crisis Management Report";
- expressing an opinion on the update of the "Group Recovery Plan for Bank Pekao S.A. Capital Group" and the "Individual Recovery Plan of Bank Pekao S.A.";
 - selection of the Secretary of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna;
 - consideration of the request for amendment of the Regulations of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna and amendments to the Regulations of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna;
 - adoption of information on the information material "Information on Bancassurance's activities – business summary";
 - expressing an opinion on the "Bancassurance Policy at Bank Polska Kasa Opieki Spółka Akcyjna";
 - expressing an opinion on the "Long-term Financing Plan 2021 – 2024";
 - adoption of information on the Bank's aggregate IT costs for the last years and for the years 2021 – 2024;
 - adoption of regular information on the progress of works related to the acquisition of Idea Bank data to the systems of Bank Pekao S.A.;
 - approval of the "IT Strategy of Bank Pekao S.A. for the years 2021 – 2024";
 - approval of the "ICT Security Strategy at Bank Pekao S.A. for the years 2021 – 2024";
 - adoption of information on the process of obtaining marketing consents concerning the customers of Bank Pekao S.A.;
 - adoption of information on the most important issues related to Data Management and Data Quality at the Bank;
 - expressing an opinion on the warning level of operating losses and warning sub-levels for event classes for 2021 for the Pekao Group and for the Bank, Operational Risk Management Strategy, Operational Risk Management Policy and the "Operational Risk Management Principles in the Capital Group of Bank Polska Kasa Opieki Spółka Akcyjna" Policy;
 - expressing an opinion on the "Credit Risk Policy 2021";
 - expressing an opinion on the "Investment Strategy of Bank Pekao S.A." and the "Investment Policy and Market Risk 2021";
 - adoption of the Report on the activities of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna in 2020;
 - adoption of information on the conclusion of the outsourcing agreement for the performance of technological migration ex Idea Bank S.A. to the systems of Bank Pekao S.A.;
 - expressing an opinion on the "Strategy for managing non-performing exposures (NPE) at Bank Pekao S.A.";
 - expressing an opinion on the results of the annual ICAAP review, the risk and capital management system and the "ICAAP Policy – Risk and Capital Management Principles";
 - taking note of the information on "IT system failures in selected banks in the years 2020 – 2021 according to downdetector.pl";
 - expressing an opinion on the "Model Annual Risk Report – 2020";
 - adoption of cyclical "Information on Bancassurance's activities";
 - issuing an opinion on the performance of due diligence as part of the sale of portfolios of receivables that do not belong to retail clients, sole proprietors and small entrepreneurs;
 - adoption of information on the results of audits in the areas of IT security and IT security in H1

2021;

- adoption of information on the Audit Report PK-2021-0046 "Management of incidents, reports, problems and failures in the IT environment";
- acknowledgment of quarterly Reports on "Monitoring the implementation of the 2021 – 2024 Strategy" for the period 1, 2 and 3Q 2021;
- acknowledgment of the information of the Internal Audit Department regarding the implementation of the audits recommendations: I) PK-2020-0050 Management of electronic access channels taking into account information security, development and maintenance of channels, II) PK-2020-0066 Ensuring the correct functioning of control mechanisms in information systems in accordance with SWIFT CSP-CSCF V2020 requirements;
- adoption of information on the status of preparing the Bank to use services in public clouds;
- adoption of information on court cases against the Bank concerning CHF loans;
- adoption of information concerning the report "Complaints of the Bank's Customers in 2021, with particular emphasis on credit complaints";
- adoption of information of the Internal Audit Department regarding the performance of audits: I) follow up audit – management of banking account classes, II) network risk assessment – Q3 2021, III) management of personal data security in accordance with the requirements of GDPR, IV) operation of control mechanisms in information systems in accordance with SWIFT CSP-CSCF V2021, V) project management, including development of IT systems at Centrum Kart S.A.;
- expressing an opinion on the results of the review of the Model Risk Management Policy and the updated Policy;
- adoption of information on the status of preparation of the Bank for the entry into force of requirements resulting from Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting infringements of Union law;
- expressing an opinion on the information on "Mortgage credits in relation to low interest rates";
- expressing an opinion on the information "Policy for Monitoring Profitability and Emergency Plan for Improving Profitability at Bank Pekao S.A.";
- expressing an opinion on the information "Principles of risk culture at Bank Polska Kasa Opieki Spółka Akcyjna";
- adoption of information on "NPL sensitivity to changes in interest rates";
- adoption of information on "Key Risks & Focus Planning 2022";
- adoption of information from the Internal Audit Department in the scope of I) fraud / Warszawa ul. Towarowa 25 – with modus operandi and implemented IAD detection mechanisms, II) results of audits at Pekao Leasing: "Tax and insurance management at Pekao Leasing", "Management of leasing contracts and sales channel at Pekao Leasing", "Credit risk management, portfolio review – verification audit and asset management at Pekao Leasing", III) results of audit "Counterparty risk management";
- adoption of information on "IT Costs and Expenditure".

In addition, in 2021, the Risk Committee adopted 78 resolutions, in accordance with the Regulations of the Risk Committee of the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna.

The Risk Committee performed its tasks in accordance with its powers and responsibilities.

VII. Assessment of the situation of the Bank in 2021, including the assessment of the internal control systems, risk management, compliance and internal audit functions

In accordance with the Best Practice for GPW Listed Companies 2021, the Supervisory Board of Bank Polska Kasa Opieki Spółka Akcyjna assessed the Bank's situation in 2021, including assessment of internal control and risk management systems functioning at the Bank.

General assessment of the Bank's situation

The Management Board of the Bank, acting pursuant to § 18 (22) of the Bank's Articles of Association, § 10 (3) of 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 in connection with item 3.2.2. of Procedure "Strategic Planning, Budgeting, Forecasting and Monitoring of Financial Plans at Bank Pekao S.A.", presented the Supervisory Board of the Bank, on a monthly basis, with a report containing information on the financial results and the degree of implementation of the Financial Plan. Based on the presented information, it is the assessment of the Supervisory Board that the general economic and financial situation of Bank Pekao S.A. is stable. Bank Pekao S.A. meets all requirements of safe operations and of capital adequacy, and it ensures safety of funds entrusted by customers, presenting exceptional capital strength and resilience. The Supervisory Board of Bank Pekao S.A. positively assesses the results achieved in 2021 by the Bank and the Capital Group of Bank Pekao S.A.

The Bank's activity in 2021 was focused on maintaining further sustainable growth in all areas, effective strengthening of its position on the retail banking market and its leader position in corporate banking.

In 2021, the net profit of Bank Pekao S.A. amounted to PLN 2,236.8 million and was PLN 1,110.4 million, i.e. 98.6% y/y, higher than the result achieved in 2020. In 2021, the net profit of the Bank Pekao S.A. Group distributable to equity holders of the Bank amounted to PLN 2,174.9 million and was at the same level as net profit achieved in 2019 before the pandemic. The said result was PLN 1,073.2 million, i.e. 97.4% y/y, higher compared to the result achieved in 2020, primarily due to higher income from operating activities and lower allowances for expected credit losses.

Profit (loss) on interest in the Group was 8.8% higher, whereas in the Bank – 7.7% higher, compared to the result achieved in 2020.

Profit (loss) on fees and commissions in the Group was 10.4% higher, whereas in the Bank – 12.0% higher, compared to the result achieved in 2020, primarily due to the adaptation of the product range to evolving market conditions, customer activity and positive sentiment on capital markets, which compensated for the negative impact of regulatory changes in the area of investment funds.

The operating costs of the Group and the Bank, taking into account the contributions and payments to the Bank Guarantee Fund in 2021, were higher by 5.1% y/y and 5.0% y/y, respectively (increase below inflation), primarily due to incurred integration costs resulting from the acquisition of a separate part of Idea Bank, reconstruction of variable remuneration costs and growing depreciation, which is related to investments in the transformation of the Bank. The cost growth rate remained in line with the assumptions of the Strategy.

The return on average equity (ROE) for the Group and for the Bank amounted to 8.7% and 9.2%, respectively.

As at the end of December 2021, credit facilities and loans at nominal value in the Group were higher by 11.3%, where in the Bank – by 12.5%. Retail customer loans were higher by 4.3% for the Group and by 2.9% for the Bank, particularly due to growth in PLN mortgage loans by 6.5% (Bank – 5.0%) y/y. Corporate loans, including non-treasury securities, were higher by 18.4%, with growth recorded in the enterprise

segment (24.4% y/y) and lease receivables (for the Bank – higher by 23.4%, with growth recorded in the medium-sized enterprise segment (25% y/y)).

The Bank and the Bank Pekao S.A. Group retained a solid capital base (the combined TCR capital ratio for the Group and the Bank at the end of December 2021 amounted to 16.9% and 18.8%, respectively), and a safe liquidity profile reflected in the net loan to deposit ratio at the level of 83.3% for the Group and 79.7% for the Bank. This, together with high equity level, enables further sound and stable development of activities pursued by the Bank.

We have continued the activities undertaken in 2020 in connection with the COVID-19 pandemic, actively supporting customers in maintaining financial liquidity, accelerating the digitisation of processes and encouraging customers to use remote channels in daily banking. We are monitoring the economic situation in the country and in the world on an on-going basis, and analysing various scenarios of epidemic development and its impact on the economy as well as the most favourable solutions that may be applied. In accordance with the Strategy, we are taking measures aimed at improving efficiency and migration of processes to remote channel. In 2021, the Bank reduced its network by 63 outlets. As part of the development of the franchise network, the Bank increased its network by 27 partner outlets. In the second half of the year, 82 processes which until that time were accessible only at an outlet were made available to customers in remote channels. In the "Institution of the Year 2021" ranking, 15 branches of the Bank were awarded the "Best bank branch in Poland" title; the title was awarded for the quality of customer service during a visit at the branch.

We can also boast a high quality of customer service provided via the helpline. Pekao Direct was ranked 1st in the ranking of the quality of customer service provided via bank helplines and in communication via e-mail; the ranking was conducted by ARC Rynek i Opinia.

In 2021, we advanced in the "Best Bank for Business" ranking, from 10th place to 4th.

In November 2021, we completed the process of migrating more than 270 thousand customers of exIdeia Bank (retail and corporate) to the systems.

At the beginning of 2021, as one of the first, we implemented the process of quick registration of a business in the Central Register and Information on Economic Activity (CEIDG). This enables customers with access to Pekao24 to register a business, obtain NIP (Tax Identification Number), REGON (National Business Registry Number), open a "Konto Przekorzystne Biznes" account or ancillary accounts and receive a debit card by means of a single application. Since the first half of 2021, we have also launched this process in the PeoPay application.

Bank Pekao is a universal commercial bank offering a full range of banking services to retail and institutional customers. It operates mainly in Poland. The Bank Pekao S.A. Group comprises financial institutions operating in the banking, asset management, brokerage services, transaction consulting, leasing, and factoring markets. Since 2017, Bank Pekao S.A. has been part of PZU S.A. group, the largest financial institution in Central and Eastern Europe.

In accordance with strategic plans, the Bank wants to:

- be a **universal bank, a first choice bank** for our customers,
- develop a **remote** distribution and customer service **model**,
- focus on **cost- and process efficiency**,
- expand in **the most profitable market segments**.

The goal to be achieved by 2024 is a strong position among the most profitable and effective banks in Poland. The primary strategic goals are to:

- significantly improve return on equity (ROE),
- reduce the cost-to-income ratio (C/I).

One of the primary strategic goals is also to increase the number of active mobile banking customers from 2 million in 2020 to 3.2 million in 2024.

Our strategy is based on four pillars: Customer, Growth, Efficiency and Responsibility.

The Bank invests in training and professional development of its employees (in line with their skills and capabilities), creates a friendly work environment and implements the highest standards in human resources management.

Similarly to previous years, activity of the Bank in 2021 was awarded and distinguished for achievements and innovation of offered solutions in the competitions organised by the prestigious foreign and domestic magazines. The Supervisory Board expresses congratulations for the awarded distinctions and agrees with the Management Board that awards for innovative products and services are of particular importance.

The PeoPay KIDS application was identified as one of the 9 best innovations in the world in the Efma-Accenture Banking Innovation Awards 2021 competition, in the Offering Innovation category.

For the fifth time in a row, Bank Pekao S.A. received "The Best Investment Bank in Poland" title awarded in a prestigious competition organised by the international magazine Global Finance.

Bank Pekao S.A. has once again received the highest five-star note in the prestigious Private Banking ranking organised by Forbes magazine. This is a distinction confirming the high quality of services in this area and the availability of solutions addressing the needs of an exceptionally demanding group of customers. The justification mentions the unique, rich investment offer and credit cards with bundle of added services.

In the "Diamenty Top Industry" competition, in 2021 we were awarded the "Financing Leader for the Industry" statuette. The aforementioned award shows that we offer a wide spectrum of financial solutions for the industry and we meet the expectations of businesses from that sector, enabling them to grow and implement new investments.

Bank Pekao S.A. is implementing the ESG Strategy of Bank Pekao S.A. for the years 2021-2024 "Responsible Bank supporting sustainable growth", announced in June 2021, as planned.

The ESG Strategy is based on three pillars: "Environment", "Social Responsibility" and "Governance".

It is the first document of Bank Pekao S.A. regulating its responsibility for the natural environment, social environment and rules enforced within the organisation. In each of these areas, the Bank has set for itself specific objectives which it will pursue in the following years:

- **"environment"** means objectives which include increasing commitment to financing sustainable projects, supporting energy transition and the transition to a low-carbon economy, and achieving its own climate neutrality by 2030,
- **"social responsibility"** means objectives which include actions to promote the sustainable development of the society, the economy and prosperity, focusing on providing assistance, equal opportunities and preventing exclusion, including through charity and employee volunteer programmes,

- **"governance"** means objectives that include ensuring the highest standards of corporate governance: an ethical approach to business that takes into account ESG issues and promotes the development, diversity and equality of employees in a modern, inclusive organisation.

Bank Pekao S.A. is even more engaged in the energy and environmental transition of Poland as well as environmental protection in line with the principles of the European Green Governance than ever before. As part of these measures, the Bank plans to organise financing for new sustainable projects, both through new financing for sustainable projects including green and social projects and by supporting the issue of ESG bonds of customers of the Bank.

Implementation of the ESG Strategy in 2021:

- Bank Pekao S.A. provided financing for sustainable projects in the amount of nearly PLN 1 billion, including green consumer loans (balance sheet volume increase by more than 4 times y/y), green corporate mortgages (21% growth in balance sheet volume y/y), green loans to strategic customers (9% growth in balance sheet volume y/y).
- Support for the issue of ESG bonds of customers of the Bank amounted to nearly PLN 6 billion, where the main customers were strategic customers and public sector customers.
- The share of green financing increased to 4.1%, mainly due to green bonds of strategic customers and public sector customers taken up by the Bank and the financing of new loan agreements.
- The share of carbon-intensive financing declined to 1.2% due to the reduction of loan sales and the issue of bonds for entities from carbon-intensive sectors (i.e. coal and lignite mining, electricity and heat production using coal and lignite, carbon-intensive industrial processing, trade, electricity distribution and transmission, retail sale of coal and production of coal furnaces). This reduction resulted in a decrease in nominal balance sheet exposure by nearly PLN 11 million compared to 2020.
- In 2021, the implementation of environmentally friendly solutions was continued, with particular emphasis on reducing power consumption and reducing negative environmental impacts.
- The Bank has undertaken 5 key initiatives to implement the ESG Strategy and over 60 supporting initiatives.
- In 2021, the number of hours worked as part of voluntary service has gradually increased. 1,170 employees participated in 110 initiatives organised with the support of the Bank and contributed more than 6,351 hours of voluntary service.
- On 5 May 2021, Bank Pekao S.A. acceded to the Partnership Initiative for the Common Implementation of Environment-Related Sustainable Development Goals "Together for the Environment" in cooperation with the National Foundation for Environmental Protection. It is a declaration to actively support and implement projects related to the implementation of environment-related Sustainable Development Goals of the UN. Within its framework, the Bank and 21 other business representatives announced their climate commitments on 16 September 2021, i.e.: to limit the carbon footprint by 2030 - achieving own climate neutrality (1 and 2 GHG Protocol) and reduce the emission of CO₂ in the value chain (3 GHG Protocol).

In accordance with the objectives set out in the Strategy, the Bank will continue to implement environmentally friendly improvements at its locations and will focus on monitoring the consumption of raw materials and less waste activities. Bank Pekao S.A. wants to be responsible towards future generations by working towards climate neutrality. The goal in this area is to reduce own emissions in 2024 and then achieve own climate neutrality in 2030.

The Bank's involvement in ESG activities is assessed by the market in international rankings and indices.

The priority of Bank Pekao S.A. also remains to increase its position in rankings concerning activities beneficial to the environment, society and corporate governance. In 2021, for the third time in a row, Bank Pekao S.A. qualified for the Bloomberg Gender-Equality Index, which distinguishes stock exchange companies from around the world for respecting the principle of gender equality. The Bank improved its result from 73% to 79%, where the average for all companies from the index was at 71%.

ESG ratings of Bank Pekao S.A. as at the end of 2021 were as follows:

- MSCI ESG Ratings "A",
- FTSE4Good Russell "3.1",
- WIG-ESG - Shares in the index "5.6%",
- Bloomberg Gender Equality-Index "79/100",
- Sustainalytics "26.9",
- Vigeo Eiris "47/100",
- Ranking Odpowiedzialnych Firm (Ranking of Responsible Businesses) "11th Position (84/100 points) out of 70 included businesses".

The Bank once again received a distinction under the Friendly Workspace programme – for a modern approach to human resources policy, development opportunities, respect and support, and balance between work and private life. The Bank also received a special award for high level of organisational culture, modern standards in relations with employees, commitment towards a health-friendly workplace, including for comprehensive action to protect the health of employees in the context of COVID-19.

For the twelfth consecutive time, we have obtained the Top Employer certificate by distinguishing ourselves with our human resources strategy. For the first time, we have been ranked among the top 10 best rated employers in Poland.

Being granted the Top Employer certificate confirms the Bank's commitment to creating a better working environment by implementing high standards in the field of human resources management and HR practices.

Assessment of the internal control system

The Supervisory Board assessed the functioning of the internal control system at Bank Pekao S.A. on the basis of an opinion of the Audit Committee and information from the statutory auditor, the Management Board of the Board, the Internal Audit Department, the Compliance Department, described in the Tasks carried out by the Supervisory Board section.

Bank Pekao S.A. has in place an internal control system compliant with the guidelines set forth in Recommendation "H" of the Polish Financial Supervision Authority, which includes:

- 1) control function (control mechanisms, independent monitoring of compliance with control mechanisms, reporting within the control function),
- 2) independent compliance unit (Compliance Department),
- 3) independent internal audit unit (Internal Audit Department) - this applies to all organisational units of the Bank and its subsidiaries.

The Supervisory Board positively assesses the functioning of the internal audit function at Bank Pekao S.A., which ensures: effective and efficient operation of the Bank, reliable financial reporting, compliance with risk management rules in force at the Bank, compliance of the Bank's operations with applicable laws, internal regulations and market standards. The internal control rules, including the procedures of implementation and monitoring of control mechanisms approved by the Bank Pekao S.A. Management Board and

Supervisory Board have been adapted to the Bank's organisational structure, the size and profile of risks identified in the document "ICAAP Policy - Risk and Capital Management Principles", as well as to the scale of the Bank's operations. These rules are reviewed and assessed as part of the internal audit procedure.

The Internal Control System in place at the Bank covers all organisational levels and is imposed by the statutory bodies of the Bank, by the specific organisational units, supervisors at all managerial levels and by all employees. The general objectives of the Internal Control System are as follows:

- 1) ensure effective and efficient operation of the Bank,
- 2) ensure reliable financial reporting,
- 3) ensure compliance with risk management principles in effect at the Bank,
- 4) ensure compliance of the Bank's operations with applicable laws, internal regulations, and market standards.

Within the framework of the overall objectives of the internal control system, the Bank identifies specific objectives of the internal control system and records them in the control function matrix in conjunction with material processes, key controls and their monitoring.

The Internal Control System functioning at the Bank comprises three lines of defence:

- 1) the first line of defence – managing risk in the Bank's operating activity,
- 2) second line of defence - control of risk management by employees at specially designated positions or organisational units, irrespective of the risk management at the first line of defence,
- 3) the third line of defence – includes an independent Internal Audit unit.

The Bank ensures independent monitoring of compliance with control mechanisms in all processes functioning at the Bank through:

- 1) horizontal monitoring as part of the first line of defence and vertical monitoring of the first line of defence by the second line of defence,
- 2) horizontal monitoring as part of the second line of defence,
- 3) horizontal monitoring as part of the third line of defence.

The independent monitoring of compliance with control mechanisms takes place through: on-going verification and testing.

Dedicated structures fully cover the key risk areas on the so-called three lines of defence.

Control functions in regard to subsidiaries are exercised via the Bank's representatives in supervisory boards of these subsidiaries.

The Management Board of the Bank is responsible for designing, implementing and operating an independent, adequate and effectively functioning Internal Control System in all organisational units, business units and at all organisational positions of the Bank.

The Supervisory Board exercises supervision over the implementation of the Internal Control System and assurance of its adequate and effective functioning.

Assessment of the risk management system

The Supervisory Board positively assesses the risk management system functioning in the Bank and in the Pekao Group. The Supervisory Board performed that assessment on the basis of an opinion of the Risk Committee and information from the Management Board of the Bank described in the Tasks carried out by the Supervisory Board section.

Risk management follows a comprehensive and consolidated approach and extends to all units of the Bank

and its subsidiaries.

The risk management strategy formulated in the "ICAAP Policy - Risk and Capital Management Principles", adopted by the Bank's Management Board in accordance with the applicable regulatory requirements, has been approved by the Supervisory Board. The said policy is subject to regular reviews and necessary updates in order to adjust it to the best market practices, legal regulations and changes at the Bank and in its operating environment, as well as in order to maintain its validity and adequacy to the scale and complexity of the operations performed by the Bank and by the Group.

In accordance with applicable laws and supervisory regulations, the Management Board of the Bank is responsible for achieving the strategic risk management goals. The Supervisory Board, supported by the Risk Committee:

- supervises the compliance of the policy of the Bank on taking different types of risk with the strategy and financial plan of the Bank,
- assesses the adequacy and effectiveness of the risk management system,

especially by defining the Bank's risk appetite and approving the following documents adopted by the Management Board: risk management strategy, capital management strategy, loan policy, investment and market risk policy, operational risk strategy and policy, model policy, and by reviewing regular reports of the Management Board on the management of particular types of risk as well as the report from the annual review of ICAAP, risk and capital management system.

The Bank's risk management system forms an integral component of the Bank's management system. The system is adapted to the Bank's organisational structure and it is adequate to the activities conducted by the Bank, to the size and profile of Tier I and Tier II risks present in the Bank's operations.

As part of the risk management system, the Bank uses formal procedures to identify, measure and monitor risks, as well as risk mitigating limits. The system of managerial information in the Bank enables the effective monitoring of risk levels. Risks are monitored with regard to profitability and the capital required to cover them.

The management of credit risk, liquidity risk, market risk and operational risk is carried out by the Risk Management Division, which is supervised by the relevant Vice President of the Management Board. The management of other risks is shared between the Risk Management Division and the other divisions involved in their control.

An important role in credit risk management is played by the Credit Committee, in market and liquidity risk management - by the Asset, Liability and Risk Committee, in operational risk management - by the Risk Committee and the Bank Security Committee, and in model risk management - by the Model Risk Committee. Effective risk management is one of the Bank's strengths.

Assessment of the compliance risk management system

The Supervisory Board supervises the compliance risk management process with the support of the Audit Committee. The Supervisory Board assesses the effectiveness of compliance risk management based on accepted periodic and annual reports of the Compliance Department, information from the Management Board and opinions of the Audit Committee. The Supervisory Board reviews and approves the annual report of the Compliance Department. The Supervisory Board also approves the Compliance Plan for the subsequent year.

The Supervisory Board has positively assessed the compliance risk management system, whose purpose is to ensure the compliance of activities performed by the Bank and its employees with the provisions of law,

internal regulations and market standards, in the processes functioning within the Bank.

The Bank has a separate compliance unit - the Compliance Department - which is independent in organisational and operational terms and reports directly to the President of the Bank's Management Board. The Compliance Department is the key element of ensuring compliance within the Bank.

The Bank ensures compliance through the use of appropriately designed compliance risk control mechanisms/controls and other compliance risk management tools, such as opinions and compliance risk estimations. As part of its control function, the Compliance Department designs and supervises implementation of control mechanisms aiming to ensure compliance with the laws, internal regulations and market standards, or implements these control mechanisms on its own. It also independently monitors compliance with those mechanisms by other organisational units of the Bank. The Compliance Department is also responsible for the implementation, within the Bank's risk management function, of the compliance risk management process, which involves identification, assessment, control and monitoring of the compliance risk related to the Bank's operation, as well as reporting it. The reports on the performance of tasks by the Compliance Department are submitted, along with the level of the compliance risk estimated, to the Management Board and to the Supervisory Board. The Bank exercises supervision over compliance risk related to the activities of its subsidiaries.

The assumptions of the compliance risk management process are defined in regulations prepared by the Management Board and approved by the Supervisory Board, i.e. Bank Pekao S.A. Compliance Policy and Bank Pekao S.A. Compliance Department Rules. The key elements supporting this process include:

- a) supervision of the Supervisory Board and responsibility of the Management Board for effective management of compliance risk,
- b) properly defined organisational structure and HR policy,
- c) internal regulations concerning compliance,
- d) compliance risk identification, assessment, control, monitoring and reporting processes,
- e) training activities,
- f) continued cooperation of the Compliance Department with the Internal Audit Department and with other organisational units performing duties as part of the compliance risk control and management functions.

In order to ensure compliance with applicable laws, internal regulations and market standards, each employee of the Bank applies appropriate control mechanisms or performs independent monitoring of adherence to control mechanisms, within the scope of the professional duties assigned to him/her.

The Supervisory Board positively assesses cooperation with the Compliance Department.

Assessment of the internal audit function

The Supervisory Board supervises the internal audit area with the support of the Audit Committee.

In 2021, the Internal Audit Department (IAD) ensured adequate independence, human resources and funds necessary to operate effectively. The IAD reports directly to the President of the Management Board of the Bank and is functionally subordinated to the Audit Committee and the Supervisory Board.

The Supervisory Board assesses the Internal Control System, including the internal audit function, on the basis of reports from the Internal Audit Department summarising the results of audit activity, presentations of the evaluation of the results of Internal Audit activity and, *inter alia*, information from the Management Board and the opinion of the Audit Committee. The Supervisory Board approves the Annual and Multi-Annual Audit Plan and the Audit Strategy.

The Supervisory Board has approved the amendment of the terms and condition for the remuneration of the Internal Audit Department Director and accepted the report on the activities of the Internal Audit Department in 2020. The Internal Audit Department Director approved the organisational independence of the activities of the Internal Audit Department in 2020.

In 2021, the "Internal Audit Department Strategy 2021-2023" and the Annual Audit Plan for the year 2022 together with the Strategic Audit Plan for the year 2022 – 2026 and the Annual and Strategic Plan of the Pekao Brokerage House.

The positive assessment of the internal audit function also takes into account the evaluation of key performance indicators, presented annually to supervisory authorities by the Internal Audit Department Director, to ensure that the set objectives are being achieved.

The Internal Audit Department Director presented quarterly reports on the activity of the Internal Audit Department to the Audit Committee and annual reports on the activity to the Supervisory Board. The Internal Audit also provided an adequate information on the evaluation of the adequacy and effectiveness of internal control systems and risk management.

The Supervisory Board positively assesses the functioning of internal audit in Bank Pekao S.A.

VIII. Assessment of the degree of implementation of diversity policy

The Supervisory Board positively assesses the degree of implementation of the diversity policy in Bank Pekao S.A. The objectives of that policy have been defined in the "Gender equality and diversity policy with regard to the Bank's employees, including Members of the Supervisory Board, Members of the Management Board and persons holding key functions at Bank Polska Kasa Opieki Spółka Akcyjna" in force at the Bank, which defines the objectives and criteria of diversity, including to the extent set out in the Best Practice for GPW Listed Companies. The primary objective of the diversity policy of the Bank, which the aforementioned strategy aims to achieve, is to ensure high quality performance of tasks by employees of the Bank, including the selection of competent persons to perform functions on the Supervisory Board, the Management Board and other key functions at the Bank, by applying first of all objective substantive criteria and taking into account the benefits arising from diversity, understood as differences between persons resulting due to gender, education, age, professional experience, geographical origin and other characteristics. The adopted diversity strategy ensures the selection of persons with diverse knowledge, skills and experience, adequate to their functions and duties, which complement each other across the entire composition of the Management Board/Supervisory Board.

Furthermore, the following guidelines on gender equality shall apply to all HR processes and decisions implemented/taken at the Bank:

- 1) striving for representation of both genders in external recruitment processes by preparing lists of recommended candidates including at least one candidate of each gender;
- 2) seeking to ensure representation of both sexes in internal recruitment processes, by drawing up lists of recommended candidates for a given post, which contain at least one candidate of each sex,
- 3) eliminating discriminating criteria in relation to gender while preparing job offers and descriptions;
- 4) informing external partners acting in recruitment and training areas about the scope and contents of the Policy and the Bank's commitment to implementation of its goals;
- 5) assuring equal professional development opportunities to all Bank employees (training, coaching, mentoring, and other development actions at work) of any gender, accounting for professional duties, effectiveness, professional potential in accordance with the Bank's organisational needs, standards,

and criteria defined in separate internal regulations;

- 6) ensuring equal treatment of employees of the Bank in terms of remuneration and additional benefits, regardless of gender;
- 7) promoting balance in professional and private life of employees by taking advantage of possibilities provided for in relevant regulations in this field and such available facilities like:
 - a) offering flexible working models in a manner consistent with the applicable provisions of law, in particular the provisions of labour and social security law and internal regulations, taking into account business and organisational requirements and needs;
 - b) supporting employees during and after long-term absence by avoiding discrimination during and after long-term absence, enabling employees to remain in contact with the company during long-term absences, and facilitating return after a long-term absence in accordance with applicable law, in particular: labour and social security law and internal regulations of the Bank;
- 8) incorporating issues related to gender equality in training programmes, including, without limitation, those addressed to management staff, adaptation programmes and other forms of training and communication.

As at 31 December 2021, the Management Board of the Bank was composed of 9 persons (1 woman, 8 men). All persons have a university degree with an economic or legal profile, some of them have an Executive Master of Business Administration (MBA) degree and participated in specialist training both domestically and abroad at reputable international universities (IESE, Wharton, CEIB, IMD, INSEAD or Stanford).

The majority, 78% of the members of the Management Board of the Bank, were between 30 and 50 years old, while 22% of the members of the Management Board of the Bank are over 50 years old.

As at 31 December 2021, the Supervisory Board of the Bank was composed of 9 persons (5 women, 4 men). All persons have a university degree with a legal, economic or technical profile. Four members of the Supervisory Board hold the title of Legal Counsel, one person holds a diploma for the completion of Master of Business Administration (MBA) studies, whereas the Chairwoman of the Supervisory Board holds a PhD in legal sciences. All members of the Supervisory Board meet the requirements for candidates for members of supervisory bodies and managing bodies specified in the Act on the Principles of State Asset Management (*Dziennik Ustaw* 2016, item 2259).

The majority, 55% of the members of the Supervisory Board of the Bank, were above 50 years old, while 45% of the members of the Supervisory Board of the Bank were between 30 and 50 years old.

The composition of the Supervisory Board ensures the diversity of experience in management, supervision and expands the competence of the management board as regards the functioning of the Bank and management assessment.

The policy being implemented by the Bank takes into consideration requirements arising from generally applicable provisions of law, aimed at entities from the Banking sector, and recommendations of authorities exercising control and supervision over that sector, especially recommendations included in the Joint Guidelines of the European Banking Authority and the European Securities Markets Authority on the assessment of the suitability of members of the management body and key function holders, pursuant to which the expected minimum share of representatives of an underrepresented gender in statutory bodies of the Bank must be clarified at the level of the policy implemented by the Bank and, as a general rule, must be specified jointly for the Supervisory Board of the Bank and the Management Board of the Bank, as has been applied in the aforesaid Policy implemented by the Bank. The total share of representatives of an underrepresented gender in the Supervisory Board of the Bank and the Management Board of the Bank is

consistent with the target set in the Policy implemented by the Bank and amounts to 33.3%.

IX. Assessment of the validity of expenditures for culture, sports, charitable institutions, media, social organisations, trade unions

Bank Pekao S.A. and entities of the Pekao Group, as responsible organisations and active participants in social life, also comply with the guidelines included in the "Best Practice for GPW Listed Companies 2021" issued by the Warsaw Stock Exchange in 2021, including principle 1.5 to the extent of undertaken charitable and sponsorship activities. In 2021, Bank Pekao S.A. and entities from the Pekao Group implemented a number of initiatives to support culture, sports, charitable institutions, media and social organisations. As a general rule, Bank Pekao and entities from the Pekao Group do not provide support in the form of sponsorship or charitable activity to trade unions and political parties.

The list below shows expenditures borne in this respect in 2021 and mentions key initiatives.

The expenditures of the Bank and entities from the Pekao Group by areas included in recommendation 1.5 of the Best Practice for GPW Listed Companies in 2021 (gross):

- Support for culture: PLN 697 thousand, including:
 - donation to the Royal Castle.
- Support for sports: PLN 2,415 thousand, including:
 - Sponsorship of the Polish Basketball League,
 - Sponsorship of the Pekao Szczecin Open tennis tournament.
- Support for charitable institutions.
- Support for public benefit organisations.
- Support for social organisations: PLN 411 thousand, including:
 - Support for the protection of the species of European bison.
- Support for the media: PLN 751 thousand
 - A number of activities related to galas, contests and economic discussions, such as eForum by "Parkiet" and "Rzeczpospolita".
- Support for trade unions – PLN 0.

In accordance with principle 1.5 of Best Practice for GPW Listed Companies 2021, in the Statement on non-financial information of the Bank Pekao S.A. Capital Group for the year 2021 which forms an integral part of the Report on the activities of the Bank Pekao S.A. Capital Group for the year 2021, the Bank disclosed expenditures borne in 2021 by the Bank and entities from the Pekao Group to support culture, sports, charitable institutions, media, social organisations, trade unions, etc.

It is the assessment of the Supervisory Board that the expenses incurred by Bank Pekao SA in 2021, referred to above, were reasonable and consistent with the ESG Strategy "Responsible Bank Supporting Sustainable Growth" adopted by the Management Board of the Bank for the years 2021-2024 and priorities adopted by the Management Board of the Bank as regards corporate social responsibility.

Expenditures for sponsorship and charitable activities were made in accordance with the regulation titled "Principles for granting donations and sponsorship by Bank Polska Kasa Opieki Spółka Akcyjna" in force at the Bank.

Assessment of the Bank's policy concerning sponsorship and charitable activities

The Supervisory Board has prepared and presents to the Ordinary General Meeting the assessment of rationality of the Bank's policy concerning sponsorship and charitable activities.

The major objectives of sponsorship activity of Bank Pekao S.A. include: building the image of the Bank as the leading financial institution in the area of CSR activities, as institution close to customers and communities in which the Bank operates, distinguishing the Bank's brand among the brands of its market competitors, popularisation of the Bank and its products in the public opinion, inducing positive connotations between the given event and the Bank, forming and strengthening the positive opinion about the Bank and its products, and ensuring a permanent communication platform for promotional activities for business divisions of the Bank as well as strong and positive relations with customers of the Bank. The Policy of the Bank in this respect is regulated by internal regulations, i.e. the Ordinance of the President of the Management Board of the Bank. The aforesaid Ordinance defines rules, procedure and competencies related to granting donations and sponsorships by Bank Polska Kasa Opieki Spółka Akcyjna.

In its charitable and sponsorship activity, the Bank supports the selected organisations and institutions which carry out different projects in the following areas:

- 1) high culture;
- 2) sport;
- 3) aid provided to the children in need; campaigns aimed at children and youths as well as financial education of children and youths,
- 4) environmental protection, taking into special account the protection of European bison,
- 5) responsible economic development;
- 6) support provided to young consumer groups;
- 7) useful innovations;
- 8) development of entrepreneurship;
- 9) propagation of ethics in business activity;
- 10) local and regional initiatives, important from the standpoint of developing and supporting local communities,
- 11) campaigns for seniors and aid for families.

Before a donation is made or sponsorship agreement is concluded, the Bank performs a risk assessment (due diligence), in accordance with regulations on counteracting corruption and conflict of interest in force at the Bank.

The Supervisory Board positively assesses the sponsorship and charitable activity policy pursued by the Bank.

X. Assessment of compliance with corporate governance principles by Bank Polska Kasa Opieki Spółka Akcyjna in 2021 and the manner in which Bank Polska Kasa Opieki Spółka Akcyjna performs disclosure obligations related to their application, as set out in the Warsaw Stock Exchange Rules and in the provisions on current and periodic information provided by issuers of securities

In order to comply with requirements laid down in specific principle II.Z.10.3 of the *Best Practice for GPW Listed Companies 2016* and specific principle 2.11.4. of the *Best Practice for GPW Listed Companies 2021*, compliance with corporate governance principles by Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter

referred to as the "Bank") in 2021 and the manner in which the Bank performs disclosure obligations related to their application, as set out in the Warsaw Stock Exchange Rules and in the provisions on current and periodic information provided by issuers of securities, were analysed in 2021.

The corporate governance principles set out in the Warsaw Stock Exchange Rules in 2021 were:

- *"Best Practice for GPW Listed Companies 2016"* (hereinafter referred to as: **"Best Practice 2016"**) issued by the Warsaw Stock Exchange by means of Resolution No 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 13 October 2015.
 - in effect until 30.06.2021,
- *"Best Practice for GPW Listed Companies 2021"* (hereinafter referred to as: **"Best Practice 2021"**) issued by the Warsaw Stock Exchange by means of Resolution No 13/1834/2021 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 29 March 2021.
 - in effect as of 01.07.2021.

Compliance with the Best Practice 2016 by the Bank

On 22 December 2015, by Resolution No. 497/XII/15, the Management Board of the Bank adopted the Best Practice 2016 for application by the Bank.

The analysis of compliance with the Best Practice 2016 in 2021, the results of which were confirmed by units responsible for compliance with individual recommendations and specific principles, showed that in 2021 the Bank complied with the Best Practice 2016 to the extent specified below.

The Bank partially complied with recommendation No. VI.R.3. and specific principle No. II.Z.7 of the "Best Practice", pursuant to which the Bank must apply the provisions of Annex I to the Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (hereinafter referred to as "Commission Recommendation")¹ to the scope of duties and operation of committees operating under the supervisory board. The Bank did not apply the Commission Recommendation to the composition of the Nomination and Remuneration Committee as regards the number of independent members (pursuant to recommendations laid down in the Commission Recommendation, the Nomination and Remuneration Committee must be composed at least in its majority of independent members of the Supervisory Board. In the case of the Bank, 3 out of 5 Committee members do not meet this requirement due to the need to ensure consistent standards of remuneration of the management board and key executives within the group.

To the remaining extent, the recommendations and specific principles of the Best Practice 2016 were complied with by the Bank.

Disclosure obligations arising from the Warsaw Stock Exchange Rules and the Best Practice 2016

Disclosure obligations concerning compliance with corporate governance principles laid down in the Best Practice 2016 were specified in the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (hereinafter referred to as "Warsaw Stock Exchange Rules"). The rules for the submission of current reports concerning compliance with specific principles of corporate governance laid down in the Warsaw Stock Exchange Rules are laid down in the Resolution of the Management Board of GPW No. 1309/2015 of 17 December 2015.

¹ OJ.L.2005.52.5 the document is publicly available on the website at: <http://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX%3A32005H0162>

1. § 29.3 of the Warsaw Stock Exchange Rules stipulates that if a specific principle of corporate governance is not complied with on a continuous basis or is incidentally breached, the issuer is under an obligation to publish a report on that issue. The report must be published on the official website of the issuer and according to the procedure applied for the submission of current reports. Pursuant to Resolution No. 1309/2015 of the Management Board of GPW, reports on compliance with the specific principle of corporate governance must be submitted via the Electronic Information Database (EID).

In 2021, i.e. in the period from 1 January 2021 to 30 June 2021, the Bank did not publish any report due to the fact that there was no permanent or incidental breach of the specific principle of the Best Practice 2016.

2. From 1 January 2016 until 30 June 2021, companies were under an obligation – pursuant to the specific principle I.Z.1.13 of the Best Practice – to publish information on compliance with recommendations and specific principles laid down in the Best Practice, regardless of reports concerning possible non-compliance with specific principles laid down in the Best Practice 2016.

In view of the above, from 1 January 2016 until 30 June 2021 the Bank published on its website "INFORMATION ON COMPLIANCE BY BANK POLSKA KASA OPIEKI SPÓŁKA AKCYJNA WITH RECOMMENDATIONS AND SPECIFIC PRINCIPLES LAID DOWN IN THE BEST PRACTICE FOR GPW LISTED COMPANIES 2016".

Compliance with the Best Practice 2021 by the Bank

On 3 August 2021, by means of Resolution No. 392/VIII/21, the Management Board of Bank Pekao S.A. adopted the Best Practice 2021 for compliance by Bank Pekao S.A.

The analysis of compliance with the Best Practice 2021 in the period from 1 July to 31 December 2021, the results of which were confirmed by units responsible for compliance with individual specific principles, showed that in the aforementioned period the Bank complied with the Best Practice 2021 to the extent specified below.

The Bank did not comply with specific principles: 2.1; 2.2; 2.4, 6.4 of the "Best Practice 2021" concerning the diversity policy, open ballot voting by the management board and supervisory board, and the remuneration of Members of the Supervisory Board.

The Bank did not comply with specific principles 2.1. and 2.2. of the "Best Practice 2021", pursuant to which the condition for ensuring the gender diversity of corporate bodies is the share of the minority in a given body at the level not lower than 30%.

The Bank has a "Gender equality and diversity policy with regard to the Bank's employees, including Members of the Supervisory Board, Members of the Management Board and persons holding key functions at Bank Polska Kasa Opieki Spółka Akcyjna" approved by the Supervisory Board, which lays down diversity goals and criteria, including to the extent specified in the Best Practice for GPW Listed Companies 2021. The policy being implemented by the Bank was developed taking into consideration requirements arising from generally applicable provisions of law, aimed at entities from the Banking sector, and recommendations of authorities exercising control and supervision over that sector, especially recommendations included in the Joint Guidelines of the European Banking Authority and the European Securities Markets Authority on the assessment of the suitability of members of the management body and key function holders, pursuant to which the expected minimum share of representatives of an underrepresented gender in statutory bodies of the Bank must be clarified at the level of the Policy implemented by the Bank and, as a general rule, must be specified jointly for the Supervisory Board of the Bank and the Management Board of the Bank, as has been applied in the aforesaid Policy implemented by the Bank. The total share of representatives of an underrepresented gender in the Supervisory Board of the

Bank and the Management Board of the Bank is consistent with the target set in the Policy implemented by the Bank and exceeds 30%. The Bank shall present the aforementioned Policy, in the part concerning the Supervisory Board, to the General Meeting for its approval.

The Bank also did not comply with specific principle 2.4. of the "Best Practice 2021", pursuant to which votes of the supervisory board and management board must be open, unless provisions of law stipulate otherwise. The Bank does not share the view of the Corporate Governance Committee of WSE that, as a general rule, all resolutions adopted by the Management Board of the Bank and the Supervisory Board must be adopted in a transparent way, i.e. after they have been duly discussed and all members of the body have expressed their opinions. Therefore, both the Regulations of the Supervisory Board and the Regulations of the Management Board of the Bank provide for voting by open ballot, as a general rule, but include exceptions that permit a vote by secret ballot in cases stipulated by law and in other expressly mentioned cases:

1) the Regulations of the Supervisory Board stipulate that the Chair must order a vote by secret ballot only in one case, i.e. at the request of at least one member of the Supervisory Board, as an exception from the rule of open votes (§ 11 (8) of the Regulations). The other provisions of the Regulations referring to a vote by secret ballot have already been repealed or amended by the Supervisory Board,

2) the Regulations of the Management Board of the Bank stipulate that resolutions are to be adopted by open ballot. As an exception to this rule, the Regulations state that only in situations defined by law or in other justified cases, the President of the Management Board may order a secret ballot (§ 8 (2) of the Regulations).

Due to the special nature of the banking sector, it is the opinion of the Bank that it is not possible to enumerate in law all situations in which a secret ballot would be the optimal solution from the perspective of corporate governance of the Bank. Therefore, the Bank does not completely exclude the option to vote by secret ballot in cases other than stipulated by law. The Bank has limited the aforesaid option to cases mentioned above, considering this solution as an optimal compromise between full transparency of the decision-making process at the Bank and the need to ensure that members of the Management Board of the Bank and the Supervisory Board are able to adapt to special circumstances.

The Bank also did not comply with specific principle 6.4. of the "Best Practice 2021", pursuant to which the remuneration of members of committees, in particular the audit committee, must take into account additional workload related to work in these committees. The principles of remuneration applicable to members of the Supervisory Board of the Bank, defined by the General Meeting, do not provide for additional remuneration for members of committees operating under the Supervisory Board, with the exception of an increase in remuneration for the chairpersons of the said committees. The Bank shall propose to the General Meeting to introduce appropriate amendments to the principles of remuneration applicable to members of the Supervisory Board at the next General Meeting.

Disclosure obligations arising from the Warsaw Stock Exchange Rules and the Best Practice 2021

Disclosure obligations concerning compliance with corporate governance principles laid down in the Best Practice 2021 were specified in the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (hereinafter referred to as "Warsaw Stock Exchange Rules"). Rules for the submission of current reports concerning compliance with specific principles of corporate governance laid down in the Warsaw Stock Exchange Rules are defined in Resolution No. 14/1835/2021 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) of 29 March 2021 amending the Warsaw Stock Exchange Rules.

1. § 29.3 of the Warsaw Stock Exchange Rules states that in order to ensure comprehensive information on the current status of compliance with corporate governance principles, the issuer must publish information indicating which principles are being observed by them and which principles are not being complied with on a continuous basis. As regards principles which are complied with by the issuer, the information must include a detailed explanation of circumstances and reasons of non-compliance with that principle. If the status of compliance with the principles changes or there are circumstances justifying a change to the explanations regarding non-compliance or compliance with the principle, the issuer is under an obligation to promptly update previously published information.

Furthermore, pursuant to § 29 (3a) of the Warsaw Stock Exchange Rules, if the specified corporate governance principle was breached incidentally, the issuer must promptly publish information on that fact, indicating the circumstances and reasons for breaching the said principle and explaining how they intend to remove any effects of non-compliance or what steps they intend to take to reduce the risk of non-compliance with that principle in the future, and whether in the last two years there were any cases of an incidental breach of that principle.

Pursuant to Resolution No. 691/2021 of the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. of 1 July 2021 on the provision by listed companies of information concerning compliance with corporate governance principles, listed companies provide this information to the Stock Exchange via the Electronic Information Database ("EID") in the manner specified in Resolution No. 646/2011 of the Management Board of the Warsaw Stock Exchange of 20 May 2011 (as amended), and publish this information on their corporate website immediately after it is provided.

Pursuant to § 29 (3) of the Warsaw Stock Exchange Rules, by means of Report No. 1/2021 of 4 August 2021 the Bank published Information on compliance by the Bank with "Best Practice 2021", where the Bank included explanations for principles with which the Bank does not comply, i.e. specific principles: 2.1; 2.2; 2.4, 6.4 concerning the diversity policy, open ballot voting by the management board and supervisory board, and the remuneration of Members of the Supervisory Board.

The above information did not change until 31.12.2021 and there was no need to update it. There was also no incidental breach of any principle, therefore there was no grounds to publish the report referred to in § 29 (3a) of the Warsaw Stock Exchange Rules.

2. As of 1 July 2021, pursuant to CORPORATE GOVERNANCE COMMITTEE RECOMMENDATIONS ON COMPLIANCE WITH "BEST PRACTICE FOR GPW LISTED COMPANIES 2021" issued by the Warsaw Stock Exchange (GPW), when applying principle 1.1. on running a corporate website, companies must use it to present information on compliance with corporate governance principles published on the basis of the Warsaw Stock Exchange Rules.

On its website, the Bank publishes "Information on the status of compliance with Best Practice for GPW Listed Companies 2021 by Bank Pekao S.A."

Disclosure obligations concerning corporate governance principles arising from the Regulation of the Minister of Finance on the current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent.

In 2021, the Bank prepared the *Statement of Bank Polska Kasa Opieki Spółka Akcyjna on compliance with corporate governance principles in 2020* and included it in the Report on the activities of Bank Pekao S.A. for the year 2020 and in the Report on the activities of the Bank Pekao S.A. Capital Group for the year 2020. The statement was prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on the current and periodic information provided by issuers of securities and on conditions

under which information required by legal regulations of a third country may be recognised as equivalent, and contained all elements specified in § 70 (6)(5) of the aforementioned regulation.

When making the statement on compliance with corporate governance principles, the Bank also implemented the Commission Recommendation 2014/208/EU of 9 April 2014 on the quality of corporate governance reporting ("comply or explain").

In addition, the *Statement of Bank Polska Kasa Opieki Spółka Akcyjna on compliance with corporate governance principles in 2020* was published on the website of the Bank, which was consistent with the requirement of special principle I.Z.1.12 laid down in Best Practice 2016.

Summary

In 2021, the Bank applied the corporate governance principles set out in the Warsaw Stock Exchange Rules by complying with Best Practice 2016 and Best Practice 2021 nearly to the full extent.

Disclosure obligations concerning compliance by the Bank with corporate governance principles laid down in:

- the Rules of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange Rules)

and

- the Regulation of the Minister of Finance on the current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent,

were fulfilled by the Bank in 2021 by:

- ✓ publishing the following on the Bank's website:
 - information on compliance by Bank Polska Kasa Opieki Spółka Akcyjna with recommendations and specific principles laid down in the Best Practice for GPW Listed Companies 2016,
 - information on compliance by Bank Polska Kasa Opieki Spółka Akcyjna with principles laid down in the Best Practice for GPW Listed Companies 2021,
- ✓ publishing Report No. 1/2021 of 4 August 2021 containing Information on compliance by the Bank with "Best Practice 2021", in accordance with the requirements of the Stock Exchange,
- ✓ including the *Statement of Bank Polska Kasa Opieki Spółka Akcyjna on compliance with corporate governance principles in 2020* in the Report on the activities of Bank Pekao S.A. for the year 2020, in the Report on the activities of the Bank Pekao S.A. Capital Group for the year 2020 and in the Annual Report of the Bank. The statement was prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 *on the current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent*,
- ✓ publishing the *Statement of Bank Polska Kasa Opieki Spółka Akcyjna on compliance with corporate governance principles in 2020* on the website of the Bank.

ASSESSMENT OF THE SUPERVISORY BOARD

In order to perform the assessment referred to in specific principle II.Z.10.3. of Best Practice 2016 and principle 2.11.4. of Best Practice 2021, the Supervisory Board thoroughly examined the results of analyses

concerning compliance by the Bank with Best Practice 2016 and Best Practice 2021 in the year 2021, and actions of the Bank aimed at compliance with the aforementioned corporate governance principles to the greatest possible extent. The Supervisory Board does not raise any objections regarding compliance with corporate governance principles by Bank Polska Kasa Opieki Spółka Akcyjna in 2021 and the manner in which Bank Polska Kasa Opieki Spółka Akcyjna performs disclosure obligations related to their application, as set out in the Warsaw Stock Exchange Rules and in the provisions on current and periodic information provided by issuers of securities, and positively assesses the operations of the Bank to that extent as adequate and consistent with requirements laid down in these provisions.

XI. Assessment of internal governance of Bank Polska Kasa Opieki Spółka Akcyjna, its adequacy, effectiveness and implementation

The Supervisory Board assessed internal governance of Bank Polska Kasa Opieki Spółka Akcyjna, its adequacy, effectiveness and implementation after examining the assessment of the Management Board of the Bank in that regard and on the basis of:

- an opinion of the Audit Committee, and
- conclusions and information presented to the Supervisory Board or its committees by the Management Board of the Bank in the area of internal governance, including information on the status of implementation of Recommendation Z of the Polish Financial Supervision Authority concerning corporate governance principles at banks,
- the results of the assessment of the internal control system, risk management system and compliance with corporate governance principles and other market standards applied at the bank, performed by the Supervisory Board.

The Supervisory Board positively assesses the Bank's internal governance, which has been defined in the Bank's Articles of Association and internal regulations adopted by the Bank.

It is the assessment of the Supervisory Board that the said governance is adequate to the scale of activities pursued by the Bank, compliant with the law, transparent and effective. Internal governance of the Bank consists of:

- the bank management system,
- the organisational structure of the bank,
- rules of operation, rights, duties and responsibilities, and mutual relations between the supervisory board, the management board and key function holders at the bank.

The organisational structure of the Bank ensures effective and prudent management of the Bank, both on a stand-alone basis and at the level of the Group.

The Supervisory Board of the Bank is responsible for effective performance of continuous supervision over all areas of activity pursued by the Bank, including over the implementation of the management system in the Bank and the assessment of adequacy and effectiveness of that system. The Bank provides the Supervisory Board with access to information, resources and support necessary for the Supervisory Board to perform its duties.

The Supervisory Board exercises continuous supervision over the Bank's operations in all areas of its activity, having regard to the Bank's role as a parent company with respect to its subsidiaries. The Supervisory Board makes decisions on matters reserved for the Supervisory Board pursuant to the provisions laid down in the Articles of Association of the Bank, generally applicable provisions of law, and

recommendations of supervision authorities.

The Management Board of the Bank manages the operations of the Bank, including by deciding how to perform tasks, controls and supervises the process of performing tasks and analyses the achieved results. The scope of duties of the Management Board includes matters not reserved for other statutory bodies of the Bank under legal regulations or the Articles of Association of the Bank. The Management Board regularly, and when necessary – immediately, informs the Supervisory Board about events and circumstances relevant to the assessment of the situation of the Bank and its management. The Bank, as the parent company in the Group, ensures proper internal governance throughout the Group, corresponding to the structure, activity and risk of the Group, and exercises appropriate ownership supervision over subsidiaries.

The duties of the Supervisory Board and the Management Board of the Bank are coordinated in a way that ensures the effective operation of these bodies in order to implement the bank management strategy and risk management strategy.

The Bank ensures an appropriate composition of the Supervisory Board and the Management Board and an internal regulation concerning the appointment and dismissal of Members of these Bodies that has been approved by the General Meeting of Shareholders. Furthermore, the Management Board of the Bank has also implemented a written policy for identifying key function at the bank as well as appointing and dismissing key function holders, approved by the Supervisory Board.

Members of the Supervisory Board and the Management Board as well as key function holders at the Bank meet the suitability requirement, i.e. have knowledge, skills and experience necessary to perform functions or hold positions and perform duties as well as provide a guarantee that the said duties will be duly performed.

In the event of any conflict of interests or a possibility that a conflict of interest may occur, members of the Supervisory Board shall inform the Supervisory Board of this fact and exclude themselves from the discussion and from voting on the adoption of a resolution on a matter in which a conflict of interest has occurred or may have occurred.

In the event of any conflict of interest or a possibility that a conflict of interest may occur, members of the Management Board shall inform the Management Board of this fact and exclude themselves from the discussion and from voting on the adoption of a resolution on a matter in which a conflict of interest has occurred or may have occurred.

The Bank has established appropriate standards of conduct and standards for managing conflicts of interest.

The Bank has the Code of Conduct of the Pekao Group (hereinafter referred to as the "Code"), adopted by resolution No. 621/XII/21 of 3 December 2021 of the Management Board of the Bank and approved by resolution No. 167/21 of the Supervisory Board of the Bank of 13 December 2021.

The Code is a document containing the key values and principles applicable in all areas of the Bank's activity and in its organisational culture, affecting the decisions, procedures and organisational system of the Bank.

The Code must be read in conjunction with applicable internal regulations and best practices, which include:

- the Principles of Best Banking Practices of the Polish Bank Association,
- the Best Practice for GPW Listed Companies,
- the Charter of Best Practices in the Financial Market adopted by Resolution of the Polish Financial

Supervision Authority.

Provisions laid down in the Code:

- refer to the values defined and adopted by the Bank, identification with them and indicate their role;
- emphasise the role and importance of the ethical culture of the Bank, which forms the foundation of its activities and actions promoting ethical conduct;
- emphasise the promotion by the Management Board of the Bank and Management Boards of Group Companies of adopted high ethical and professional standards, with particular focus on the awareness of the importance of risk in the activities offered by the Bank and Group Companies and the risk culture – the Bank adopted the Principles of Risk Culture;
- indicate that the Management Board of the Bank and the Management Boards of Group Companies periodically verify and assess compliance with the Code and inform the Supervisory Board of the Bank and Supervisory Boards of Group Companies, as the case may be, about the results of performed assessments.

The Rules for Managing Conflicts of Interest in the Pekao Group in force at the Bank set forth the rules for managing conflicts of interest and define circumstances that cause or may cause a conflict of interest in the activities of the Bank. The said rules are included in the Policy for Managing the Conflict of Interest in the Pekao Group approved by the Supervisory Board, which must be observed together with specific principles of conduct laid down in the Regulations for Managing Conflicts of Interest in the Pekao Group. These documents set out the methodology for managing conflicts of interest that allows to identify and assess compliance risk connected with a specific conflict, choose appropriate measures to prevent or minimise negative consequences, eliminate conflicts of interest and monitor them.

The Bank defines circumstances in which conflicts of interest are most frequently identified, taking into consideration both areas potentially at risk of a conflict of interest and types of relations concerning the Bank, employees, entities from the Pekao Group and third parties, especially customers and trading partners of the Bank. The identified types of conflicts of interest and the measures to manage them that should be applied by Employees identifying conflicts of interest are included in the Conflicts of Interest Matrix.

As a result of the analysis of provisions laid down in Recommendation Z conducted by the Bank, internal regulations of the Bank concerning conflict of interest management were adapted to its requirements.

The Supervisory Board assesses the functioning of the Bank's internal governance regarding standards of conduct and conflicts of interest as compliant with the provisions laid down in Recommendation Z of the PFSA.

Bank Pekao S.A. has an Outsourcing Policy adopted by the Management Board of the Bank and Order No. D/68/2021 that expands its contents; both of the above documents regulate the rules and procedure for outsourcing operations, including: duties of Bank units supervising outsourcing agreements (work orders) and duties of supporting units participating in the outsourcing process, competence to make outsourcing decisions, rules for assessing trading partners and performing risk analyses, and rules for keeping a register of agreement and communicating with the PFSA. Issues related to outsourcing are covered by the management information system.

In December 2021, internal regulations of the Bank on outsourcing operations were adapted to the requirements laid down in Recommendation Z. As a result of the said changes, the Supervisory Board will receive from the Management Board of the Bank, twice a year, information on the assessment of the performance of agreements in terms of validity and compliance with internal regulations on outsourcing.

The Remuneration Policy of the Bank sets out the rules and regulations concerning the determination, monitoring and control of remuneration schemes and practices applied by the Bank, forms a component of governance, and results from the business strategy of the Bank. The policy reflects the mission and values in the Bank's approach to remuneration schemes; defines remuneration pillars, the management of structure, corporate and organisational processes; confirms requirements related to the compliance of remuneration schemes with generally applicable laws; defines principles for monitoring market practices and approach to the issue of remuneration schemes ensuring the continuity of the Bank's operations. The provisions laid down in Recommendation Z of the Polish Financial Supervision Authority are reflected in the Remuneration Policy in force at the Bank. Each year the Supervisory Board of the Bank assesses the functioning of the Remuneration Policy at the Bank and presents a report to the General Meeting of Shareholders in order for the General Meeting to verify whether the adopted Remuneration Policy of the Bank is conducive to the growth and security of the Bank's operations.

As regards the Dividend Policy, the Supervisory Board of the Bank has positively assessed the motion of the Management Board of the Bank concerning directional proposals for the distribution of profit earned by the Bank for the years 2021-2024:

- a. allocation of 50%-75% of profit earned by the Bank for the year 2021 for the dividend payable for the year 2021,
- b. allocation of 50%-75% of profit earned by the Bank for the year 2022 for the dividend payable for the year 2022,
- c. allocation of 50%-75% of profit earned by the Bank for the year 2023 for the dividend payable for the year 2023,
- d. allocation of 50%-75% of profit earned by the Bank for the year 2024 for the dividend payable for the year 2024.

When assessing the motion of the Management Board of Bank Pekao S.A. concerning the directional distribution of the profit of Bank Pekao S.A. for the years 2021-2024, the Supervisory Board of Bank Pekao S.A. took into account the following:

- a. planned growth targets (strategic goals) of the Bank and the Capital Group of the Bank,
- b. the macroeconomic situation and situation on financial markets in Poland and globally,
- c. the current level of capital adequacy ratios of the Bank at individual and consolidated level (both Tier 1 and Tier 2),
- d. the combined buffer requirements at individual and consolidated level,
- e. planned or possible amendments to legal regulations that have or may have an impact on capital adequacy,
- f. the position of the Polish Financial Supervision Authority ("PFSA") on the assumptions of the dividend policy,
- g. investor expectations.

In accordance with the Code of Commercial Companies, the decision on the distribution of the profit of Bank Pekao S.A. falls within the competence of the Ordinary General Meeting and is presented to the Ordinary General Meeting every year for approval. The proposal of the Management Board of Bank Pekao S.A. may change, including the Management Board of Bank Pekao S.A. may recommend in individual years that profit for that year be distributed differently than specified above, especially depending on:

- a. recommendations of the PFSA concerning profit distribution or positions of the PFSA related to profit distribution,
- b. a significant change in the growth rate of risk-weighted assets,

- c. a significant deterioration of the macroeconomic situation and situation on financial markets in Poland or globally,
- d. the introduction of regulations that have or may have material impact on the capital adequacy of the Bank or its capital group,
- e. the imposition of additional capital buffers on the Bank.

The distribution of net profit of Bank Pekao S.A. for the year 2021 was consistent with the directional proposal to distribute the profit for the years 2021-2024, as it provided for the payment of 50.5% of net profit of Bank Pekao S.A. for the year 2021.

On the basis of information presented in the chapter "Assessment of the risk management system", the Supervisory Board positively assesses the risk management system functioning in the Bank and in the Pekao Group, especially as consistent in that regard with guidelines on corporate governance principles in force at the Bank.

As regards the process of implementing new products, the Supervisory Board of Bank Polska Kasa Opieki S.A. approved an update to the New Product Implementation Process Policy at Bank Pekao S.A. (Policy) on the basis of the Articles of Association of Bank Polska Kasa Opieki S.A. and Resolution No. 19//22 of the Management Board of the Bank of 12 January 2022. The reason for the update is to both mitigate regulatory and operational risk due to the regulatory requirements laid down in Recommendation Z of the Polish Financial Supervision Authority ("PFSA") and EBA Guidelines EBA/GL/2021/05 of 2 July 2021 on internal governance ("EBA Guidelines") as well as to adapt the provisions laid down in internal documents to the changing structure/responsibilities in organisational units of the Bank.

The aim of the Policy is to promote best practices and standards related to the process of introducing New Products at the Bank by defining rules concerning, *inter alia*:

- a. the analysis of factors influencing the process of evaluating the implementation of New Products,
- b. documentation necessary for the assessment and approval of the New Product,
- c. the organisation of the New Product approval process, and
- d. the organisation of the process of developing, monitoring and updating the Product Catalogue.

In accordance with § 12, the introduction of a New Product to the Bank's Product Range or the Implementation of an Insurance Product for distribution requires prior approval by the Management Board of the Bank.

If the Management Board of the Bank did not take into consideration negative opinions expressed by the Compliance Department or units in the Risk Management Division as to the validity of approval granted for a New Product or Implementation of an Insurance Product when approving a New Product or the Implementation of an Insurance Product for distribution, the Management Board of the Bank promptly informs the Supervisory Board of the decision made and states reasons why the Management Board disregarded the opinions of the aforementioned organisational units.

As regards the information policy and disclosures, the Supervisory Board of the Bank, acting pursuant to the Articles of Association of the Bank, "Information Policy of Bank Pekao S.A. regarding capital adequacy" and 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, approved disclosures related to capital adequacy titled "Information on the capital adequacy of the Bank Pekao S.A. Capital Group as at 31 December 2021", which included qualitative and quantitative information on capital adequacy.

All information distributed or published through the Marketing Department is provided by substantive units of the Bank and verified prior to its publication/distribution by the Compliance Department or, where required, by the Legal Department.

These issues have been regulated in the Regulation titled "Principles of the information policy of Bank Polska Kasa Opieki Spółka Akcyjna regarding contacts with investors and securities market analysts, media and customers".

The document regulating the rules of marketing communication of Bank Pekao S.A. is the Regulation titled "Rules for developing marketing communication of Bank Polska Kasa Opieki Spółka Akcyjna", which contains guidelines for all organisational units on how to conduct promotional activities and prepare advertising and advertising communication for customers and stakeholders of the bank.

The aim of the regulation is to ensure that promotional activities are carried out and advertising and advertising communication is developed in a proper, transparent way that is clear to customers and stakeholders of the Bank, in compliance with the applicable laws, guidelines of supervisory authorities and trade institutions of which the bank is a member, and in line with the principles of fair trading on the financial market, good practices and the customer's statements of intent.

Acting pursuant to the aforementioned regulations, the Bank develops and implements, in all channels including bank outlets, corporate website at pekao.com.pl and external marketing channels, communication concerning:

- rules applicable to the bank products and services offered by the bank (especially: accounts, payment cards, electronic banking, savings and investment products, cash loans, housing loans, insurance),
- the terms and conditions of: promotions, contests, special offers, lotteries,
- costs connected with using products and services.

When providing information on types and conditions of provided services, the Bank, acting in the best interest of the customer:

- provides customers with full, reliable and personalised information about the service, its provider, rules for filing complaints and, where possible, supports customers in filing a complaint,
- exercises due diligence to present information on the product to the fullest possible extent and show differences between individual services offered with an indication of benefits offered by a given service and related risks, enabling the customer to make an informed choice,
- exercises due diligence to ensure that advertising: does not contain information that is untrue or partially true or does not refer to recommendations that became invalid,
- indicates the existence of fees and commissions and the place where documents containing full information on the service being advertised are available,
- applies appropriate graphic solutions that do not hinder the consumer in examining material information concerning the service being advertised, especially information required by law and recommendations of supervisory authorities,
- provides the sources of the presented information, if advertising communication refers to the results of polls, statistical surveys, rankings, ratings or other data,
- focuses on services offered by the bank, does not refer to services offered by other bank, and does not create a negative image of competitors,

- acts pursuant to the provisions of generally applicable law and guidelines of supervisory authorities, the principles of fair trading on the financial market, good practices and statements of intent of the Customer concerning these actions,
- ensures that graphic solutions used in Advertising Communication that do not hinder the consumer in examining material information concerning the Service being advertised, especially information required by law and recommendations of Supervisory Authorities,
- where Advertising Communication is addressed to the Customer via means of electronic communication, the Bank makes every effort to ensure their security while also providing information that the Bank does not require the disclosure of data, including passwords and logins,
- ensures that included links do not lead directly to transaction services.

Pursuant to Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation, hereinafter referred to as "taxonomy" or "EU taxonomy") and its implementing acts:

- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Delegated Regulation to Article 8 of the Taxonomy Regulation), and
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives,
- the Bank is primarily obliged to disclose the proportion of exposures to activities described in accordance with technical screening criteria meeting climate change adaptation or mitigation objectives.

The said obligation entered into force as of 1 January 2022 and covers the reporting period for the year 2021.

Due to the fact that the EU taxonomy is a set of legal acts under continuous development and businesses are under an obligation to disclose the proportion of their activities described in the taxonomy as of 2022, on the basis of internal data the Bank estimated the required proportion of exposure to activities described in the taxonomy (disclosure under Annex XI to the Delegated Regulation to Article 8 of the Taxonomy Regulation). The subject-matter analysis covered entities to which the Taxonomy Regulation applies pursuant to Article 1 (2) of that Regulation.

Pursuant to Article 10 (3) of the Delegated Regulation, the Bank, as a financial enterprise, from 1 January 2022 to 31 December 2023 discloses only data specified in the aforementioned regulation.

As at the present moment, Bank Pekao does not have targets related to ensuring the growth of the volume of exposures consistent with the taxonomy in its business strategy and does not take these targets into consideration in cooperation with customers and trading partners. Work is still under way on regulations concerning sustainable financing, which the Bank analyses and plans to take into consideration in future disclosures. The shares presented above differ from ratios reported in accordance with the ESG Strategy of the Bank due to the application of a different calculation methodology.

Pursuant to Article 3 (1) of Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter referred to as: SFDR), entities providing investment advisory services in the Pekao Group (Pekao TFI, Pekao Brokerage House), as financial market participants, were under an obligation to publish on their website information on the integration of sustainability risks in their investment decision-making process.

On 10 March 2021, Pekao TFI:

- pursuant to Article 3 (1) of SFDR – published the "Strategy for the integration of sustainability risks in the investment decision-making process on sustainability-related disclosures in the financial services sector",
- pursuant to Article 4 of SFDR – issued a Statement that as at the present moment it does not take into consideration key adverse effects of investment decisions on sustainable development factors.
- pursuant to Article 5 of SFDR – informed that the remuneration policy applicable to persons whose duties include tasks that have a material impact on the risk profile of the Investment Fund Company, managed funds and portfolio of its clients, was amended accordingly.

On 10 March 2021, the Pekao Brokerage House:

- pursuant to Article 3 (1) of SFDR – published the "Strategy of the Pekao Brokerage House for the integration of sustainability risks as part of supplying investment advisory services",
- pursuant to Article 4 of SFDR – issued a Statement that as at the present moment the Pekao Brokerage House does not take into consideration adverse effects on sustainable development factors in the investment advisory process.

Bank Pekao S.A., as a member of the United Nations Global Compact, fully identifies with the 10 Principles of Global Compact, supports the efforts of that organisation towards sustainable development and undertakes numerous initiatives promoting respect for human rights, improvement of working conditions, environmental protection and the fight against corruption.

10 Principles of the United Nations Global Compact:

1. support and respect the protection of internationally proclaimed human rights;
2. ensure that your company does not participate in any way in the violation of human rights;
3. respect the freedom of association;
4. eliminate all forms of forced or compulsory labour;
5. eradicate all forms of child labour;
6. effectively combat discrimination in the workplace;
7. take a preventive approach to environmental protection;
8. develop initiatives and practices aimed at promoting environmental responsibility
9. use and disseminate environmentally responsible technologies, and
10. fight corruption in all of its forms, including extortion and bribery.

The individual principles of the UN Global Compact are reflected in the policies and internal regulations of the Bank and the Pekao Group and have been described in the Business Strategy and ESG Strategy of Bank Pekao S.A.

XII. Summary

The Supervisory Board assesses the situation of the Bank as satisfying and stable. The assessment is justified by: (i) good financial results, (ii) effective cost management, (iii) effective and consistent risk management, (iv) strong capital and liquidity base, (v) high level of the Bank's security, (vi) efficient internal control system, and (vii) operational effectiveness.

In the opinion of the Supervisory Board, Bank Pekao S.A. has a strong capital and liquidity structure while also maintaining the highest risk management standards and continuing to improve cost efficiency. The above means that the strategic objectives of the Bank, announced as part of the strategy of the Bank for the years 2021-2024 titled "Responsible Bank. Modern Banking", may be pursued in an efficient manner. and that the Bank may become the leader in terms of profitability in the Polish banking sector by following the path of smart growth and relying on a business model that is based on high efficiency and quality of processes.