



Report on the remuneration of members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A. for 2023

Warsaw, 2024

Contents

- I. INTRODUCTION..... 3
- II. REPORT ON REMUNERATION FOR EACH MEMBER OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF THE BANK..... 10
 - 1. Aggregate remuneration amount, broken down into the components referred to in Art. 90d.3.1 of the Public Offering Act, and the relative proportions of these components..... 10
 - 2. and 3. Explanation of how the aggregate remuneration aligns with the adopted remuneration policy, including how it contributes to the company’s long-term performance and how the performance criteria have been applied..... 16
 - 4. Year-on-year changes in remuneration, company performance, and the average remuneration of employees other than members of the Supervisory Board or Management Board over at least the last five financial years, on an aggregate basis, presented in a manner that enables comparison.....21
 - 5. Amount of remuneration from entities of the same group within the meaning of the Accounting Act of 29 September 1994..... 24
 - 6. Number of financial instruments awarded or offered and the principal conditions for exercising rights attached to these instruments, including price and exercise date, and any changes thereof 24
 - 7. Exercising the option to reclaim variable remuneration components.....25
 - 8. Deviations from the Remuneration Policy implementation procedure and temporary disapplication of the Remuneration Policy in accordance with Art. 90f of the Public Offering Act, including explanation of the reasons and procedure for the disapplication and identification of the disappplied elements27
- III. SUMMARY27

I. INTRODUCTION

This report presents an overview of the remuneration and all benefits received by and payable to individual members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A. (“BOŚ S.A.” or the “Bank”) in 2023.

In 2023, the Bank concentrated its efforts on preserving profitability, with a focus on interest and commission margins, increasing the sale of loans and bonds to maintain their desired level over time, and enhancing the loan portfolio’s quality, all while upholding strict cost control measures. The Bank also undertook effective measures to reduce concentration risks in its loans and deposits, as well as to enhance the quality of the loan portfolio. In 2023, the BOŚ Group achieved a net profit of PLN 78.4 million, compared with PLN 128.2 million in 2022. The Group’s performance improved mainly in terms of net interest income.

Composition of the Supervisory Board and the Management Board in 2023

As at 1 January 2023, the composition of the Supervisory Board was as follows:

- 1) Piotr Sadownik – Chair of the Supervisory Board,
- 2) Iwona Marciniak – Deputy Chair of the Supervisory Board,
- 3) Andrzej Matysiak – Secretary of the Supervisory Board,

Members of the Supervisory Board:

- 4) Piotr Bielarczyk,
- 5) Paweł Sałek,
- 6) Emil Ślązak – delegated to temporarily serve as President of the Management Board,
- 7) Aleksandra Świdowska,
- 8) Tadeusz Wyrzykowski.

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

- on 8 February 2023, Emil Ślązak, then member of the Supervisory Board, submitted his resignation in connection with his appointment as Vice President of the Bank’s Management Board, which took effect on the same date;
- on 23 June 2023, the Annual General Meeting of BOŚ S.A. appointed the following persons to the Supervisory Board:
 - 1) Wojciech Krawczyk,
 - 2) Marian Niemirski,

- 3) Waldemar Trelka,
- 4) Paweł Trętowski;
- on 23 June 2023, the Supervisory Board passed resolutions to:
 - delegate Paweł Trętowski, with effect from 23 June 2023, to temporarily serve as Vice President of the Management Board, and entrust him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of BOŚ S.A., but no longer than until 23 September 2023;
 - delegate Iwona Marciniak, with effect from 24 June 2023, to temporarily serve as Vice President of the Management Board until the date of completion of the recruitment procedure for the position of member of the Management Board of BOŚ S.A., but no longer than until 24 September 2023;
- on 29 June 2023, the Supervisory Board resolved to appoint Iwona Marciniak as Vice President of the Management Board with effect from 29 June 2023. As a result, Iwona Marciniak resigned from the Supervisory Board with effect from the same day;
- on 6 September 2023, the Supervisory Board appointed Tadeusz Wyrzykowski as Deputy Chairman of the Supervisory Board;
- on 21 September 2023, the Supervisory Board resolved to delegate Paweł Trętowski, with effect from 25 September 2023, to temporarily serve as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of BOŚ S.A., but no longer than until 25 December 2023;
- On 25 October 2023, Paweł Sałek resigned from his position on the Supervisory Board;
- On 15 December 2023, the Supervisory Board delegated, with effect from 28 December 2023, Paweł Trętowski, Member the Supervisory Board, to temporarily serve as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of BOŚ S.A., but no longer than until 28 March 2024.

As at 31 December 2023, the composition of the Supervisory Board was as follows:

- 1) Piotr Sadownik – Chair of the Supervisory Board,
- 2) Tadeusz Wyrzykowski – Deputy Chair of the Supervisory Board,

3) Andrzej Matysiak – Secretary of the Supervisory Board.

Members of the Supervisory Board:

4) Piotr Bielarczyk,

5) Wojciech Krawczyk,

6) Marian Niemirski,

7) Aleksandra Świdorska,

8) Waldemar Trelka,

9) Paweł Trętowski – delegated to temporarily serve as Vice President of the Management Board.

As at 1 January 2023, the composition of the Management Board was as follows:

1) Emil Ślężak – Member of the Supervisory Board delegated to temporarily serve as President of the Management Board,

2) Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board,

3) Robert Kasprzak – Vice President of the Management Board,

4) Jerzy Zań – Vice President of the Management Board.

In 2023, the following changes took place in the composition of the Management Board:

- effective 8 February 2023, Emil Ślężak was appointed by the Supervisory Board as Vice President of the Management Board responsible for managing the Management Board's activities. At the same time, the Supervisory Board passed a resolution to seek approval from the Polish Financial Supervision Authority for the appointment of Emil Ślężak as President of the Management Board of Bank Ochrony Środowiska S.A.;
- on 18 April 2023, Robert Kasprzak tendered his resignation as Vice President of the Management Board of Bank Ochrony Środowiska S.A., with effect from 30 April 2023;
- on 24 May 2023, the Supervisory Board resolved to terminate the management contract with the Bank's Vice President Jerzy Zań by mutual agreement. Under the agreement, Jerzy Zań ceased to serve as Vice President of the Management Board on the date of the General Meeting that approved the financial statements of the Bank and the Group for 2022, i.e. on 23 June 2023;
- on 23 June 2023, Emil Ślężak tendered his resignation as Vice President of the Management Board responsible for managing the Management Board's activities;
- on 23 June 2023, the Supervisory Board:
 - delegated Paweł Trętowski, with effect from 23 June 2023, to

temporarily serve as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of BOŚ S.A., but no longer than until 23 September 2023;

- delegated Iwona Marciniak, with effect from 24 June 2023, to temporarily serve as Vice President of the Management Board until the date of completion of the recruitment procedure for the position of member of the Management Board of BOŚ S.A., but no longer than until 24 September 2023;
- on 29 June 2023, the Supervisory Board:
 - appointed Iwona Marciniak as Vice President of the Management Board as of that date;
 - appointed Sebastian Bodzenta as Vice President of the Management Board, with effect from 10 July 2023;
- on 25 September 2023, the Supervisory Board delegated Paweł Trętowski, Member the Supervisory Board, to temporarily serve as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 25 December 2023;
- on 21 September 2023, the Supervisory Board delegated Paweł Trętowski, Member the Supervisory Board, to temporarily serve as Vice President of the Management Board, with effect from 25 September 2023, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 25 December 2023;
- on 15 December 2023, the Supervisory Board:
 - decided to extend the second stage of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A. until 28 March 2024;
 - delegated, with effect from 28 December 2023, Paweł Trętowski, Member the Supervisory Board, to temporarily serve as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of BOŚ S.A., but no longer than until 28 March 2024.

As a result, as at 31 December 2023, the composition of the Management Board was as follows:

- 1) Paweł Trętowski – Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board responsible for managing the activities of the Management Board,
- 2) Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board,
- 3) Sebastian Bodzenta – Vice President of the Management Board,
- 4) Iwona Marciniak – Vice President of the Management Board.

Remuneration of Supervisory Board and Management Board members

The remuneration of members of the Supervisory Board of the Bank is governed by:

- 1) Resolution No. 30/2017 of the Annual General Meeting of BOŚ S.A. of 6 June 2017 on the rules of remunerating and determining the remuneration of members of the Supervisory Board (as amended),
- 2) Resolution No. 40/2023 of the Annual General Meeting of BOŚ S.A. of 23 June 2023 on the adoption of the Remuneration Policy for Members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A. (the “Remuneration Policy”).

The terms and conditions of remuneration for Supervisory Board members and additional benefits for serving on the Supervisory Board and its committees are compliant with Art. 10 of the Act on Rules for Remunerating Persons Who Direct Certain Companies of 9 June 2016.

The remuneration of members of the Management Board of the Bank is governed by:

- 1) Resolution No. 28/2017 of the General Meeting of BOŚ S.A. of 6 June 2017 on the rules of remunerating members of the Management Board,
- 2) Resolution No. 32/2017 of the Supervisory Board of BOŚ S.A. of 21 June 2017 on remunerating members of the Management Board (as amended),
- 3) Resolution No. 40/2023 of the Annual General Meeting of BOŚ S.A. of 23 June 2023 on the adoption of the Remuneration Policy for Members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A.,
- 4) Resolution No. 417/2021 of the Management Board of Bank Ochrony Środowiska S.A. of 7 December 2021 on the implementation of the BOŚ S.A. Remuneration Policy, approved by Resolution No. 119/2021 of the Supervisory Board of BOŚ S.A. of 15 December 2021, Resolution No.

62/2023 of 23 June 2023 and Resolution No. 121/2023 of 29 November 2023 (the “RT Remuneration Policy”).

The Remuneration Policy was developed taking into account the provisions of:

- 1) Banking Law of 29 August 1997,
- 2) Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005,
- 3) Act on Rules for Remunerating Persons Who Direct Certain Companies of 9 June 2016,
- 4) Act on State Property Management of 16 December 2016,
- 5) Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority by way of Resolution No. 218/2014 of 22 July 2014.

The Remuneration Policy was adopted by the Bank’s Annual General Meeting on 17 June 2020, and then on 23 June 2023, pursuant to Art. 90d of the Public Offering Act. The Remuneration Policy is consistent with the values and long-term interests of Bank Ochrony Środowiska S.A., such as effective risk management, delivery of the Bank’s business strategy and ensuring its stability. The Policy supports the Bank’s development and security of its operations by implementing provisions and furthering goals and objectives focused on long-term growth in the shareholder value and stability of the Bank’s operations.

The RT Remuneration Policy was developed based on the following regulations:

- 1) Banking Law of 29 August 1997, implementing Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms,
- 2) Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on risk management and internal control systems and remuneration policy at banks (the “Minister’s Regulation”).

The RT Remuneration Policy aims to support the implementation of the Bank’s strategy and long-term interests, limit conflicts of interest, and contribute to sound and effective risk management. The RT Remuneration Policy is reviewed annually.

The RT Remuneration Policy is gender neutral.

Development, adoption and implementation of the RT Remuneration Policy lie within the remit of the Management Board. The RT Remuneration Policy is approved by the Supervisory Board, after the Remuneration and Nomination Committee of the Supervisory Board provides its opinion thereon.

In connection with the position of the Polish Financial Supervision Authority on conservative approach to payment of variable remuneration, the RT Remuneration Policy includes provisions reflecting prudent approach to the payment of variable components of remuneration in justified cases, such as the occurrence of a crisis situation or events having an adverse impact on the economy, which may affect the financial market, the capital base of the Bank and/or its financial results. If such events occur, the variable remuneration – regardless of its amount – will be settled in accordance with the following principles:

- a) 40% of the accrued variable remuneration will be non-deferred variable remuneration, payable in the year when the performance evaluation was made,
- b) 60% of the accrued variable remuneration will be deferred variable remuneration, to be divided into four equal tranches. The tranches will be awarded and disbursed annually over a period of four consecutive years following the year in which the non-deferred variable remuneration was awarded to a given member of the Management Board.

At least 50% of the non-deferred variable remuneration and each subsequent tranche of the deferred remuneration will be disbursed in Bank shares.

In view of the need to implement Recommendation Z of the Polish Financial Supervision Authority regarding internal governance at banks, pursuant to Section 9 of the *BOŚ S.A. Remuneration Policy, attached as an appendix to Resolution 417/2021 of the Management Board of BOŚ S.A. of 7 December 2021, approved by Resolution No. 119/2021 of the Supervisory Board of Bank Ochrony Środowiska of 15 December 2021*, it was agreed that the ratio of the average aggregate annual gross remuneration of members of the Management Board of the Bank to the average aggregate annual gross remuneration of other employees may not exceed 1:16.

In 2023, the ratio stood at 1:6.32, not exceeding the prescribed cap.

The remuneration of members of the Supervisory Board and Management Board does not include any cash or non-cash benefits awarded to their close persons, within the meaning of Art. 90g.5 of the Public Offering Act.

II. REPORT ON REMUNERATION FOR EACH MEMBER OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF THE BANK:

1. Aggregate remuneration amount, broken down into the components referred to in Art. 90d.3.1 of the Public Offering Act, and the relative proportions of these components

Remuneration of Supervisory Board members

Supervisory Board members serve based on their appointments and receive remuneration solely on this basis. The General Meeting determines the amount of remuneration for a Supervisory Board member by way of resolution.

The terms and conditions of remuneration for Supervisory Board members and additional benefits for serving on the Supervisory Board and its committees are compliant with Art. 10 of the Act on Rules for Remunerating Persons Who Direct Certain Companies of 9 June 2016.

The remuneration of a Supervisory Board member is not linked to the Bank's performance.

No remuneration in the form of financial instruments is awarded to Supervisory Board members.

Table 1. Remuneration of Supervisory Board members for 2022 and 2023

Full name and position	period of service on the Supervisory Board	remuneration paid in 2022 (PLN thousand)		remuneration paid in 2023 (PLN thousand)	
		fixed	other benefits*	fixed	other benefits*
Piotr Sadownik – Chair	30 Jun 2022 – present	78.6	0.9	229.9	3.4
Tadeusz Wyrzykowski	30 Jun 2022 – present	72.2	0	168.3	0
Andrzej Matysiak Secretary	23 Jun 2021 – present	154	0	183.9	0
Piotr Bielarczyk Member	30 Jun 2022 – present	72.2	0	160.9	1.8
Wojciech Krawczyk – Member	23 Jun 2023 – present	0	0	84	0.4
Marian Niemirski – Member	23 Jun 2023 – present	0	0	84.03	0.3
Aleksandra Świdorska – Member	30 Jun 2022 – present	72.2	0	160,	2.4
Waldemar Trelka – Member	23 Jun 2023 – present	0	0	84.0	0.4
Paweł Trętowski – Member	23 Jun 2023 – present	0	0	1.3	0
Emil Ślązak – Deputy Chair	15 Feb 2016 – 8 Feb 2023	184.2	3.0	0	0

Iwona Marciniak Deputy Chair	30 Jun 2022 – 29 Jun 2023	82.6	0	88.4	1.5
Ireneusz Purgacz Deputy Chair	18 Jun 2019 – 30 Jun 2022	82.1	0	0	0
Paweł Sałek Secretary	18 Jun 2019 – 25 Oct 2023	154.0	2.5	131.5	2
Leszek Banaszak Member	19 Oct 2020 – 30 Jun 2022	71.9	0	0	0
Robert Czarnecki – Member	19 Oct 2020 – 30 Jun 2022	71.9	1.2	0	0
Janina Goss – Member	23 Jun 2016 – 10 Dec 2022	135.7	0	0	0
Marcin Jastrzębski Member	25 Aug 2020 – 30 Jun 2022	71.9	1.2	0	0
Piotr Wróbel Member	5 Aug 2020 – 30 Jun 2022	71.9	1.2	0	0
Zbigniew Dynak Member	23 Jun 2021 – 30 Jun 2022	72	0	0	0

Source: the Bank.

* Other benefits – Employee Capital Plan contributions paid by BOŚ S.A.

Remuneration of Management Board members

Key information on remuneration in 2022 and 2023

The aggregate remuneration of a Management Board member comprises:

- 1) fixed component, which is the monthly base pay (“fixed remuneration”),
- 2) variable component, which is variable pay for the Bank’s financial year, determined in accordance with the rules provided for in the RT Remuneration Policy (“variable remuneration”).

The fixed remuneration is determined by the Supervisory Board as the product of the average monthly remuneration in the enterprise sector (net of bonuses paid from profit) in the fourth quarter of the preceding year, as announced by the President of Statistics Poland, and a multiple set by the Supervisory Board in accordance with the rules of remunerating members of the Management Board, as set forth in Resolution No. 28/2017 of the General Meeting of BOŚ S.A. of 6 June 2017.

The fixed remuneration of individual Management Board members is determined by reference to the scale of the Bank’s operations, in particular the value of its assets, revenue, workforce and financial condition.

The rules for determining the variable remuneration of Management Board members are defined in their management service contract (the “Contract”), the template of which was established in Resolution No.

32/2017 of the Supervisory Board of BOŚ S.A. of 21 June 2017 on remunerating members of the Management Board, and in the RT Remuneration Policy.

Variable remuneration for Management Board members is paid annually upon approval of the Directors' Report on the Bank's operations and the Bank's financial statements for the previous financial year, discharge from liability granted to the Management Board member, and satisfaction of the conditions for the variable remuneration as specified in the Contract and the RT Remuneration Policy. The performance assessment, which includes both financial and non-financial criteria, is conducted based on a reference period of at least three years, allowing for the consideration of the Bank's business cycle and risks related to its operations. The Remuneration and Nomination Committee presents the Supervisory Board with a recommendation regarding the amount of variable remuneration for Management Board members. The Supervisory Board decides on the amount of variable remuneration awarded to each Management Board member by way of resolution.

The total amount of variable remuneration awarded for a financial year to Management Board members may not exceed 100% of their fixed remuneration for that year.

In 2022 and 2023, this proportion was not exceeded in the case of variable remuneration paid to Management Board members.

The variable remuneration of a Management Board member comprises:

- 1) Bank shares, representing at least 50% of the member's aggregate variable remuneration calculated for a given year,
- 2) cash, representing no more than 50% of the member's aggregate variable remuneration calculated for a given year.

'Bank shares' include real shares or phantom shares, i.e. cash benefits equivalent to the value of real shares, also referred to as virtual shares.

The Supervisory Board awards 60% of the variable remuneration for the previous year in the year of the assessment, with this tranche comprising at least half in Bank shares, representing at least 50% of the aggregate variable remuneration, and a maximum of half in cash. The remaining 40% of the variable remuneration is awarded by the Supervisory Board over five years (for the variable remuneration for 2021 and subsequent years, with previous periods settled over a three-year period), in equal annual tranches paid in arrears. Each annual tranche consists of at least half in Bank shares and a maximum of half in cash. The amount of each

tranche depends on the outcomes of the management services provided by the Management Board member, the performance of the business line within their remit of responsibility, and the performance of the BOŚ Group and the Bank in the period covered by the assessment.

The remuneration terms and conditions for Management Board members comply with the provisions of Art. 4 of the Act on Rules for Remunerating Persons Who Direct Certain Companies of 9 June 2016, and take into account the scale of the Bank's operations and its financial condition.

Rules governing payment of other components of remuneration (non-compete, severance pay) for Management Board members

To ensure that a Management Board member refrains from engaging, directly or indirectly, in activities competitive with the Bank after the end of service, a non-compete clause is established if the member has served for at least three (3) months. The non-compete clause is effective for six (6) months after the end of service. During the non-compete period, the Management Board member is entitled to a monthly compensation equal to 50% of their fixed monthly remuneration immediately prior to the end of their service.

If the Management Board member fails to comply with or improperly fulfils the obligations arising from the non-compete clause, they are required to pay the Bank a contractual penalty equal to 50% of their fixed monthly remuneration immediately prior to the end of their service, for the entire period of the agreed non-compete clause, regardless of the actual non-compete period.

In the event of termination of management services for reasons other than a violation of fundamental duties under the Contract, the Management Board member may be awarded severance pay equal to three times their fixed remuneration, provided they have served for at least twelve months prior to the termination of the Contract.

In 2023, the following non-compete periods applied following the termination of the management service contracts:

- management services contract with Wojciech Hann terminated on 23 November 2022: non-compete period of six months, as stipulated in his contract. Compensation was disbursed in instalments starting from December 2022;
- management services contract with Emil Ślązak terminated on 23 June 2023: non-compete period of six months, as stipulated in his

contract. Compensation was disbursed in instalments starting from July 2023;

- management services contract with Jerzy Zań terminated on 23 June 2023: non-compete period of six months, as stipulated in his contract. Compensation was disbursed in instalments starting from July 2023.

No severance payments were made in 2022. In 2023, Jerzy Zań received cash compensation for the termination of the management service contract.

Other benefits – additional benefits to which Management Board members are entitled and which are necessary to perform their duties

During the term of the management service contract, Management Board members have the right to use the following technical equipment and resources essential for the performance of their duties, which constitute the Bank' property:

- 1) access to office space and equipment at the Bank's head office,
- 2) exclusive use of a company car, with the option for Management Board members to waive this right as outlined in the Contract,
- 3) use of a desktop and notebook computer,
- 4) use of a mobile phone, modem, and data transmission devices,
- 5) use of a credit card with a limit of up to PLN 20,000,
- 6) reimbursement of documented expenses incurred in the performance of their duties, subject to the terms specified in the Contract.

Additionally, the Bank covers the costs of individual training for Management Board members related to their management services and contractual obligations, up to the amount of PLN 20,000 VAT-inclusive per year.

The established rules for remunerating Management Board members do not include funding or coverage of costs associated with personal matters.

Table 2. Total remuneration of Management Board members for 2022 and 2023

Full name and position	Period of service on the Management Board	Reporting period	1		2		3	4	5
			Fixed remuneration		Variable remuneration				
			fixed	other benefits*	non-deferred	deferred ***			
Paweł Trętowski – member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board responsible for managing its activities	23 Jun 2023 – 23 Sep 2023 25 Sep 2023 – 25 Dec 2023 28 Dec 2023 – present	1 Jan 2022 – 31 Dec 2022	0	0	0	0	0	0	n/a
		1 Jan 2023 – 31 Dec 2023	331,000	0	0	0	0	331,000	0%
Arkadiusz Garbarczyk – Vice President, First Deputy President of the Management Board****	6 Dec 2017 – present	1 Jan 2022 – 31 Dec 2022	579,713	11,828	104,348	104,483	0	800,372	35.3%
		1 Jan 2023 – 31 Dec 2023	579,713	14,231	253,247	115,768	0	962,959	62.13%
Sebastian Bodzenta – Vice President of the Management Board	10 Jul 2023 – present	1 Jan 2022 – 31 Dec 2023	0	0	0	0	0	0	n/a
		1 Jan 2023 – 31 Dec 2023	246,199	3,049	0	0	0	249,248	0%
Iwona Marciniak – Vice President of the Management Board	29 Jun 2023 – present	1 Jan 2022 – 31 Dec 2022	0	0	0	0	0	0	n/a
		1 Jan 2023 – 31 Dec 2023	267,670	0	0	0	0	267,670	0%
Emil Ślęzak – acting President of the Management Board	24 Nov 2022 – 23 Jun 2023	1 Jan 2022 – 31 Dec 2022	67,991	197	0	0	0	68,188	0%
		1 Jan 2023 – 31 Dec 2023	309,538	4,241	0	0	161,031	474,810	0%
Wojciech Hann – President of the Management Board	9 Nov 2020 – 23 Nov 2022	1 Jan 2022 – 31 Dec 2022	601,184	0	114,465	0	0	715,649	19.04%
		1 Jan 2023 – 31 Dec 2023	0	0	215,945	9,157	134,193	359,295	n/a
Robert Kasprzak – Vice President of the Management Board	15 Feb 2021 – 30 Apr 2023	1 Jan 2022 – 31 Dec 2022	449,459	4,050	0	0	0	453,509	0%
		1 Jan 2023 – 31 Dec 2023	171,768	3,825	165,688	6,472	0	347,753	90.04%
Marzena Koczut – Vice President of the Management Board	21 Dec 2020 – 23 May 2022	1 Jan 2022 – 31 Dec 2022	204,690	13,894	76,973	0	0	295,557	35.21%
		1 Jan 2023 – 31 Dec 2023	0	0	100,359	5,132	0	105,491	n/a
Jerzy Zań – Vice President of the Management Board	4 Nov 2019 – 23 Jun 2023	1 Jan 2022 – 31 Dec 2022	515,300	9,121	92,754	0	0	617,175	17.69%
		1 Jan 2023 – 31 Dec 2023	247,630	137,020	243,393	12,368	128,825	769,236	66.49%
Bogusław Białowąs – President of the Management Board	16 Jun 2017 – 17 Jun 2020	1 Jan 2022 – 31 Dec 2022	0	0	0	90,722	0	90,722	n/a
		1 Jan 2023 – 31 Dec 2023	0	0	0	83,012	0	83,012	n/a

Source: the Bank.

* Other benefits – Employee Capital Plan contributions paid by BOŚ S.A., cash compensation.

** Non-deferred variable remuneration – the cash portion of the variable remuneration that is not subject to deferral, awarded and paid in a given year.

*** Deferred variable remuneration – the deferred portion (both cash and non-cash) of the variable remuneration awarded in previous years, paid according to the tranche maturity dates in a given year. The value of the non-cash tranches is calculated as the product of the number of allocated Bank shares and the weighted average price of Bank shares in trading sessions on the Warsaw Stock Exchange (GPW) from 1 December of the year preceding the award date to 31 January of the year in which the variable remuneration is awarded.

**** The summary does not include non-deferred variable remuneration for 2022 awarded in the form of phantom shares, the first tranche of deferred variable remuneration for 2021, and the third tranche of deferred variable remuneration for 2019, which have been or will be settled at the arithmetic mean of closing prices established in the first five sessions following the end of their retention period and paid after the retention period in January and May 2024.

2. and 3. Explanation of how the aggregate remuneration aligns with the adopted remuneration policy, including how it contributes to the company's long-term performance and how the performance criteria have been applied

The Bank remunerates members of the Supervisory Board and Management Board exclusively in accordance with the Remuneration Policy and the RT Remuneration Policy.

Members of the Supervisory Board of BOŚ S.A. receive only fixed remuneration, in accordance with the rules defined in a resolution of the Bank's General Meeting. The remuneration for individual Supervisory Board members is calculated as the product of the average monthly remuneration in the enterprise sector (net of bonuses paid from profit) in the fourth quarter of the preceding year, as announced by the President of Statistics Poland, and a multiple of:

- 1) 2.5 – for the Chair of the Supervisory Board,
- 2) 2.0 – for the Deputy Chair of the Supervisory Board,
- 3) 2.0 – for the Secretary of the Supervisory Board,
- 4) 1.75 – for other members of the Supervisory Board.

Applying an objective market indicator in the calculation of the

remuneration amount ensures that the supervisory body has the independence necessary to perform its functions, including in relation to the Management Board. The total remuneration paid consists of a fixed monthly component, increased by 10% if a Supervisory Board member serves on at least one standing committee of the Supervisory Board. Supervisory Board members may participate in Employee Capital Plans (PPK).

Members of the Management Board of BOŚ S.A. may receive variable remuneration in addition to fixed remuneration. The ratio of variable remuneration to fixed remuneration may not exceed 100% annually. The fixed remuneration awarded under the Contract takes into account the individual scope of responsibility, professional experience, and skills appropriate to the entrusted managerial duties, in accordance with Art. 4 of the Act on Rules for Remunerating Persons Who Direct Certain Companies dated 9 June 2016, as well as the scale of the Bank's operations and its financial condition.

Members of the Bank's Management Board are eligible to participate in Employee Capital Plans (PPK) on a voluntary basis.

Variable remuneration awarded to Management Board members is entirely dependent on the Bank's performance and the delivery of objectives linked to that performance for a given financial year.

The total amount of variable remuneration linked to the Bank's performance is calculated based on the assessment of the individual member's performance and the performance of the area/business line within their remit of responsibility. The term 'performance' is understood to mean the actual delivery of efficiency, financial, sales and other individual (including non-financial) objectives set forth in the Bank's strategy and/or financial plan for a given year.

Measurement of financial performance, considering long-term risk adjustments, is conducted using the return on risk-adjusted assets (RORAA) and the net stable funding ratio (NSFR).

The Supervisory Board sets common objectives for each financial year that apply to all Management Board members. These objectives may include, without limitation:

- 1) growth in net profit of the Bank and its Group,
- 2) achievement or change of certain economic and financial ratios, including:
 - a) C/I ratio of the Bank and its Group,
 - b) return on risk-adjusted assets (RORAA) of the Bank and its Group,

- c) return on equity (ROE) of the Bank and its Group,
- 3) delivery of the Bank's and its Group's strategy, as demonstrated by the achievement or change of other metrics that measure management efficiency, solvency, financial liquidity, market position improvement, customer base expansion, or increased customer satisfaction.

The objectives for the Bank's Management Board for 2022 were determined by Supervisory Board Resolutions No. 17–21/2022. Additionally, the objectives for the President of the Management Board were updated by Supervisory Board Resolution No. 31/2022. For 2023, the objectives were set by Supervisory Board Resolutions No. 10–13/2023 dated 8 February 2023. Subsequently, due to changes in financial assumptions made during the year, the Supervisory Board assigned new objectives through Resolutions No. 89–92/2023 dated 6 September 2023, including for newly appointed Management Board members. The objectives for the Bank's Management Board members contain diverse criteria regarding financial results and non-financial criteria, linked to their respective areas of supervision. These criteria include achieving specific financial metrics that objectively gauge the Bank's economic condition and market position.

In 2023, one of the objectives set by the Bank's Supervisory Board was to maintain a low-risk ESG rating. In December 2023, Bank Ochrony Środowiska S.A. received an ESG Risk rating of 12.2 from Morningstar Sustainalytics. This achievement not only upheld the Bank's low-risk status in terms of mitigating negative financial impacts from ESG factors but also marked an improvement in this area. The rating placed the Bank second in Poland and among the 6% top-rated banks globally (out of over 1,000 financial institutions assessed by the firm) and among the top 5% of the total of over 15,800 companies worldwide covered by Morningstar Sustainalytics. The 2023 rating was influenced by the continued implementation of the ESG Strategy, disclosures in the ESG Report, and various initiatives addressing environmental, social, and corporate governance issues.

The achievement of the objectives referred to above is evaluated by the Bank's Supervisory Board following the Remuneration and Nomination Committee's recommendation and influences the amount of variable remuneration. In the period covered by this report, resolutions were passed to evaluate the delivery of the objectives for 2022 (Supervisory Board Resolutions No. 55–56/2023 of 23 June 2023 and Resolutions No.

106–109/2023 of 25 October 2023). Furthermore, in 2023, the Supervisory Board settled the tranches of the deferred variable remuneration determined for 2019 and 2021, determined the remuneration due for 2022, and settled its non-deferred portion.

The achievement of the 2023 objectives will be evaluated in 2024 upon approval of the Directors' Report on the Bank's operations and the Bank's financial statements for the previous financial year, and upon granting discharge from liability to Management Board members in respect of their duties.

The process of awarding and disbursing variable remuneration components to Management Board members is governed by the regulations referred to in the RT Remuneration Policy, including the Minister's Regulation, which means that, in addition to delivering the objectives, it is closely tied to the performance achieved by the Bank in the financial year for which variable remuneration components may be awarded over the following five (5) years.

Therefore, performance-related criteria, particularly those relating to long-term performance, have been integrated into several aspects of the process:

- objectives established for Management Board members;
- the individual annual assessment of each Management Board member, which, as per the RT Remuneration Policy, covers the performance of the Management Board member, the performance of the area/business line within their remit of responsibility, and the Bank's overall performance;
- payment rules, where 40% of Management Board members' variable remuneration for a given year is deferred for five (5) years (applicable to variable remuneration for 2021 and subsequent years, with prior periods settled over a 3-year term). Each of these five (or three) equal portions of remuneration is independently awarded following the verification of performance for the subsequent financial year;
- the split of the variable remuneration into two portions:
 - the initial portion, representing up to 50% of the total, is paid in cash;
 - the second portion, representing at least 50% of the total, is allocated in Bank shares;

however, if real shares are unavailable for this purpose, the variable remuneration should be disbursed in phantom shares at a price reflecting the arithmetic mean of closing prices over the first five (5) sessions following the retention period (a six-month period from the day

the variable remuneration component is awarded to the Management Board member by way of the Supervisory Board's resolution).

Decisions on reducing, withholding, or refusing the disbursement or delivery of variable remuneration are made by the Supervisory Board in accordance with the Contract and the RT Remuneration Policy.

For Management Board members, the disbursement of variable remuneration (for each portion) may be:

- 1) reduced or withheld, e.g. in circumstances referred to in Art. 142.1 of the Banking Law;
- 2) reduced:
 - a) when the Bank's performance falls significantly short of the approved financial plan for the year;
 - b) in the event of proven misconduct or material errors by a Management Board member, such as conduct contrary to the Code of Ethics of Bank Ochrony Środowiska S.A., or violation of fundamental duties under the Contract;
 - c) in the event of proven significant failures or errors in risk management and internal control on the part of a Management Board member, leading to a reassessment of the initial circumstances under which the variable remuneration was determined.

Additionally, the Supervisory Board may refuse the disbursement or delivery of variable remuneration, particularly if a Management Board member:

- 1) has been involved in or has been responsible for actions that resulted in significant losses to the Bank;
- 2) failed to meet appropriate standards ensuring sound and prudent management of the Bank;
- 3) was removed from the Management Board due to a gross violation of fundamental duties as specified in the Contract;
- 4) resigned from their position.

Notwithstanding the above, Management Board members are required not to use personal hedging strategies or compensation and liability insurance that would neutralise measures taken by the Bank under the variable remuneration policy, except for mandatory insurance as required by special regulations.

4. Year-on-year changes in remuneration, company performance, and the average remuneration of employees other than members of the Supervisory Board or Management Board over at least the last five financial years, on an aggregate basis, presented in a manner that enables comparison

Table 3. Comparison of changes in remuneration and company performance over the last five reported financial years

Full name	Year-on-year change	2018	2019	2020	2021	2022	2023
Remuneration of Supervisory Board members (PLN thousand)							
Piotr Sadownik – Chair		110	121	107	0	80	233
<i>Year-on-year change</i>		-	10%	-12%	-	-	193%
Tadeusz Wyrzykowski – Deputy Chair		0	0	0	0	72	168
<i>Year-on-year change</i>		-	-	-	-	-	134%
Andrzej Matysiak – Secretary		127	135	116	68	154	184
<i>Year-on-year change</i>		14%	6%	-14%	-41%	126%	19%
Piotr Bielarczyk Member		0	0	0	0	72	163
<i>Year-on-year change</i>		-	-	-	-	-	126%
Wojciech Krawczyk – Member		0	0	0	0	0	84
<i>Year-on-year change</i>		-	-	-	-	-	-
Marian Niemirski – Member		0	0	0	0	0	84
<i>Year-on-year change</i>		-	-	-	-	-	-
Aleksandra Świdarska Member		0	0	0	0	72	163
<i>Year-on-year change</i>		-	-	-	-	-	126%
Waldemar Trelka Member		0	0	0	0	0	84
<i>Year-on-year change</i>		-	-	-	-	-	-
Paweł Trętowski – Member		0	0	0	0	0	1
<i>Year-on-year change</i>		-	-	-	-	-	-
Wojciech Wardacki Chair		160	169	181	93	0	0
<i>Year-on-year change</i>		4%	6%	7%	-49%	-	-
Emil Ślęzak Chair		127	82	75	160	187	0
<i>Year-on-year change</i>		44%	-36%	08%	113%	17%	-
Iwona Marciniak Deputy Chair		0	0	0	0	83	90
<i>Year-on-year change</i>		-	-	-	-	-	8%
Ireneusz Purgacz Deputy Chair		0	62	131	150	82	0
<i>Year-on-year change</i>		-	-	110%	14%	-45%	-
Paweł Sałek		0	64	131	152	157	134

Secretary						
<i>Year-on-year change</i>	-	-	103%	16%	3%	-15%
Leszek Banaszak Member	0	0	25	133	72	0
<i>Year-on-year change</i>	-	-	-	434%	-46%	-
Robert Czarnecki Member	0	0	25	132	73	0
<i>Year-on-year change</i>	-	-	-	429%	-45%	-
Janina Goss – Member	113	120	126	131	136	0
<i>Year-on-year change</i>	6%	7%	5%	4%	4%	-
Marcin Jastrzębski – Member	0	0	43	133	73	0
<i>Year-on-year change</i>	-	-	-	206%	-45%	-
Marzena Koczut – Member	0	0	21	0	0	0
<i>Year-on-year change</i>	-	-	-	-	-	-
Piotr Wróbel Member	0	0	50	133	73	0
<i>Year-on-year change</i>	-	-	-	165%	-45%	-
Zbigniew Dynak Member	0	0	0	69	72	0
<i>Year-on-year change</i>	-	-	-	-	4%	-
Przemysław Bednarski Member	0	0	25	0	0	0
<i>Year-on-year change</i>	-	-	-	-	-	-
Iwona Duda Member	98	119	47	0	0	0
<i>Year-on-year change</i>	-	21%	-61%	-	-	-
Katarzyna Lewandowska Deputy Chair	0	73	66	0	0	0
<i>Year-on-year change</i>	-	-	-9%	-	-	-
Radosław Rasala – Member	0	63	78	0	0	0
<i>Year-on-year change</i>	-	-	23%	-	-	-
Marian Szołucha Member	111	55	0	0	0	0
<i>Year-on-year change</i>	-	-50%	-	-	-	-
Dariusz Wasilewski – Member	98	57	0	0	0	0
<i>Year-on-year change</i>	-	-42%	-	-	-	-
Remuneration of Management Board members (PLN thousand)						
Paweł Trętowski Member of the Supervisory Board delegated to temporarily serve as Vice President of the Management Board responsible for managing its activities	0	0	0	0	0	331
<i>Year-on-year change</i>	-	-	-	-	-	-
Arkadiusz Garbarczyk Vice President and First Deputy President of the Management Board	498	667	853	817	800	963
<i>Year-on-year change</i>	-	34%	28%	-4%	-2%	20%
Sebastian Bodzenta Vice President of the Management Board	0	0	0	0	0	249

<i>Year-on-year change</i>	-	-	-	-	-	-
Iwona Marciniak Vice President of the Management Board	0	0	0	0	0	268
<i>Year-on-year change</i>	-	-	-	-	-	-
Emil Ślęzak acting President of the Management Board	0	177	254	0	68	475
<i>Year-on-year change</i>	-	-	43%	-	-	596%
Wojciech Hann – President of the Management Board	0	0	93	637	716	359
<i>Year-on-year change</i>	-	-	-	585%	12%	-50%
Robert Kasprzak Vice President of the Management Board	0	0	0	454	605	348
<i>Year-on-year change</i>	-	-	-	-	33%	-42%
Marzena Koczut Vice President of the Management Board	0	0	16	540	296	105
<i>Year-on-year change</i>	-	-	-	3,360 %	-45%	-64%
Jerzy Zań Vice President of the Management Board	0	77	526	523	617	769
<i>Year-on-year change</i>	-	-	583%	-1%	18%	25%
Bogusław Białowąs President of the Management Board	569	744	653	181	91	83
<i>Year-on-year change</i>	158%	31%	-12%	-72%	-50%	-8%
Konrad Raczkowski Vice President of the Management Board	389.3	423.2	89.3	0	0	0
<i>Year-on-year change</i>	-	9%	-79%	-	-	-
Performance of the BOŚ Group (PLN million)						
Profit before tax	89	110	-286	79	194	157
<i>Year-on-year change</i>	23%	24%	-	-	146%	-19%
Net profit	64	72	-307	47	128	78
<i>Year-on-year change</i>	38%	13%	-	-	172%	-39
Cost/income ratio	62	61	62	65	53	51
<i>Year-on-year change</i>	-4%	-1%	2%	5%	-18%	-4%
Profit attributable to shareholders of BOŚ S.A.	64	72	-307	47	128	78
<i>Year-on-year change</i>	38%	13%	-	-	172%	-39%
Average remuneration per FTE (PLN thousand)						
Bank employees	87.6	91.9	97.3	97.9	107.3	118.0
<i>Year-on-year change</i>	102%	105%	106%	101%	110%	110%

Source: the Bank.

5. Amount of remuneration from entities of the same group within the meaning of the Accounting Act of 29 September 1994

In 2022 and 2023, members of the Bank's Supervisory Board and Management Board did not receive any remuneration from entities of the BOŚ Group.

6. Number of financial instruments awarded or offered and the principal conditions for exercising rights attached to these instruments, including price and exercise date, and any changes thereof

At least 50% of each of the non-deferred and deferred portion of variable remuneration is awarded in non-cash form, specifically in the form of Bank shares, meaning:

- 1) real shares,
- 2) phantom shares.

At least 40% of the variable remuneration is deferred for a period of five (5) years (applicable to variable remuneration for 2021 and subsequent years, with previous periods settled over a three-year period). The disbursement of each deferred portion is contingent on the absence of negative conditions that would prevent its execution or reduce its amount.

In 2022 and 2023, Management Board members acquired rights to non-cash tranches as part of the variable remuneration awarded for 2019, 2021, and 2022.

Table 4. The table below presents deferred variable remuneration in the form of financial instruments and cash, determined but not yet awarded as at 31 December 2023.

Full name and position	In respect of	Instruments (number)					Cash (PLN)				
		Award date									
		2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Wojciech Hann – President of the Management Board	Variable remuneration for 2021	1,710	1,710	1,710	1,710	n/a	15,262	15,262	15,262	15,262	n/a
	Variable remuneration for 2022	1,479	1,479	1,479	1,479	1,479	13,087	13,087	13,087	13,087	13,086
Arkadiusz Garbarczyk –	Variable remuneration for 2021	1,559	1,559	1,559	1,559	n/a	13,913	13,913	13,913	13,913	n/a

Vice President and First Deputy President of the Management Board	Variable remuneration for 2022	2,198	2,198	2,198	2,198	2,198	19,449	19,449	19,449	19,499	19,499
Jerzy Zań – Vice President of the Management Board.	Variable remuneration for 2021	1,386	1,386	1,386	1,385	n/a	12,367	12,367	12,367	12,367	n/a
	Variable remuneration for 2022	2,230	2,229	2,229	2,229	2,229	19,726	19,726	19,726	19,726	19,726
Robert Kasprzak – Vice President of the Management Board	Variable remuneration for 2021	1,209	1,209	1,208	1,208	n/a	10,787	10,787	10,787	10,787	n/a
	Variable remuneration for 2022	1,243	1,242	1,242	1,242	1,242	10,992	10,991	10,991	10,991	10,991
Marzena Koczut – Vice President of the Management Board	Variable remuneration for 2021	1,150	1,150	1,150	1,150	n/a	10,263	10,263	10,263	10,263	n/a
	Variable remuneration for 2022	319	319	319	318	318	2,820	2,820	2,820	2,819	2,819

Source: the Bank (based on the Supervisory Board resolutions to determine variable remuneration of individual members of the Management Board of BOŚ S.A. for the year).

Due to the non-fulfilment of the vesting condition for the variable remuneration (bonus), no variable remuneration was awarded to the Management Board members of BOŚ S.A. for 2020.

The variable remuneration for 2023 has not yet been settled or awarded.

7. Exercising the option to reclaim variable remuneration components

The RT Remuneration Policy does not provide for the right to reclaim variable remuneration components. However, the applicable regulations allow for the option of non-payment or reduction of the deferred variable remuneration.

The variable remuneration, including its deferred portion, is awarded and paid when justified by the Bank's financial condition, the overall performance of the Bank/Group, the performance of the business line/organisational unit within the remit of responsibility of a Management Board Member, and their individual performance. The deferral period is five (5) years (for the variable remuneration for 2021 and subsequent years, with previous periods settled over a three-year period), comprising five (or three) annual settlement periods, following

the assessment period and the calculation of the base value of the variable remuneration for Management Board members. During this period, it is assessed whether there are any reasons justifying a reduction in the amount of the variable remuneration (*malus*); following such assessment, an employee's right to receive subsequent portions of the deferred variable remuneration may vest in accordance with the RT Remuneration Policy.

Decisions on reducing, withholding, or refusing the disbursement or delivery of variable remuneration are made by the Supervisory Board in accordance with the Contract and the RT Remuneration Policy.

In 2022, following fulfilment of the vesting conditions for the variable remuneration referred to in Section 2.1 of the Rules Governing the Variable Remuneration of Members of the Management Board of Bank Ochrony Środowiska S.A., attached as Schedule No.1 to the management service contract, and in connection with the Bank's implementation of the Group Recovery Plan – pursuant to Art. 142 of the Banking Law, having regard to the interests of the Bank, its Clients and Shareholders, the Supervisory Board decided to determine the variable remuneration as follows:

- it awarded to all current Management Board members variable remuneration for 2021, equal to 60% of the individual member's fixed annual remuneration for 2021;
- it awarded to all former Management Board members variable remuneration for 2021, equal to 50% of the individual member's fixed annual remuneration for 2021;
- it did not award the third tranche of the deferred variable remuneration for 2018 to Konrad Raczkowski, Vice President of the Management Board of BOŚ S.A. in the period from 21 February 2018 to 18 June 2019.

In 2023, following the identification of circumstances enabling the exercise of the *malus* clauses in relation to Management Board members, the Supervisory Board, when determining the variable remuneration for 2022 and the deferred portion for 2021, decided to reduce the final amount of the variable remuneration of certain Management Board members, specifically:

- it reduced the variable remuneration for 2022 and the first tranche of deferred variable remuneration for 2021 for Wojciech Hann and Robert Kasprzak, to 60%;
- it reduced the variable remuneration for 2022 and the first tranche

of deferred variable remuneration for 2021 for Marzena Koczut, to 50%.

The variable remuneration for 2023 has not yet been settled or awarded.

8. Deviations from the Remuneration Policy implementation procedure and temporary disapplication of the Remuneration Policy in accordance with Art. 90f of the Public Offering Act, including explanation of the reasons and procedure for the disapplication and identification of the disappplied elements

In 2022 and 2023, no decisions were made to temporarily disapply the Remuneration Policy.

On 23 June 2023, the General Meeting passed a resolution to endorse the previous report on the remuneration of members of the Supervisory Board and Management Board of Bank Ochrony Środowiska S.A. for 2021 and 2022, stating that the Remuneration Policy adopted by the Bank contributes to the development and of Bank Ochrony Środowiska S.A. and security of its operations.

III. SUMMARY

Considering the need to ensure the sound and prudent management of the Bank's long-term risk, liquidity, and capital, and mindful of the interests of its shareholders, the Supervisory Board has reviewed the remuneration and benefits received by members of the Management Board and Supervisory Board during the reporting period. Based on this review, the Supervisory Board concluded that the remuneration policies in place at BOŚ S.A. provide an adequate framework for managing remuneration for these governing bodies, comply with applicable legal requirements, and support effective risk management. The remuneration award and disbursement processes are in compliance with these policies.

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

Chair of the Supervisory Board

Warsaw, 2024