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I. Statement on Corporate Governance in 2020

1. Objective of Corporate Governance at Santander Bank Polska Group

The objective of corporate governance at Santander Bank Polska Group is to build good relationships with shareholders, customers and other stakeholders, and to increase effectiveness of internal oversight, key internal systems and functions as well as statutory bodies. The corporate governance rules adopted by the bank focus on professionalism and integrity of members of the management and supervisory bodies, good internal and external relations, transparency and due care, which helps build trust in Santander Bank Polska Group, supports sustainable development and increases credibility of the capital market in Poland.

As a significant bank and a public trust institution, Santander Bank Polska S.A. is subject to a specific legal regime and is obliged to conduct its business with due care.

Corporate governance framework supports effective management and oversight, ensures respect for rights and transparent communication with shareholders and other stakeholders of the bank.

2. Legal and Regulatory Basis of Corporate Governance

The corporate governance framework applicable at Santander Bank Polska S.A. is based on existing laws (in particular the Commercial Companies Code, the Banking Law and capital market regulations). Santander Bank Polska S.A. must also comply with the Principles of Corporate Governance for Supervised Institutions issued by the KNF, and abides by the Code of Best Practice for WSE Listed Companies. The bank also adopted internal regulations which specify corporate governance principles in more detail, including the General Code of Conduct, Group-Subsidiary Governance Model and specific terms of reference and policies (e.g. the Disclosure Policy and the Conflict of Interest Prevention Policy).

Alongside this, the bank follows best market practice established by the Polish Bank Association (ZBP): the Banking Code of Ethics adopted by the 25th General Meeting of the ZBP dated 18 April 2013 (also available on the ZBP website: <https://www.zbp.pl/dla-klientow/poradniki-i-rekomendacje>).

This Statement on Corporate Governance in 2020 has been prepared in accordance with § 70(6)(5) of the Finance Minister's Regulation of 29 March 2018 on current and financial reports published by the issuers of securities and the rules of equal treatment of the information required by the laws of a non-member state. It also contains information about the implementation of the selected recommendations set out in the corporate governance codes adopted by the bank in accordance with Article 20(1) of Directive 2013/34/EU and Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU).

Incorporation of this Statement on Corporate Governance in 2020 into the annual report fulfils the requirement to provide the WSE with a corporate governance report.

3. Principles of Corporate Governance

Code of Best Practice for WSE Listed Companies

The Code of Best Practice of WSE Listed Companies 2016, adopted by virtue of WSE Supervisory Board Resolution no. 26/1413/2015 of 13 October 2015, establishes guidelines to be followed by companies in order to enhance their credibility with the market and investors.

This version of the Code, effective as of 1 January 2016, was adopted for use by Santander Bank Polska S.A. by virtue of Management Board Resolution no. 160/2015 of 2 December 2015 and Supervisory Board Resolution no. 61/2015 of 16 December 2015. It was approved by the General Meeting of Santander Bank Polska S.A. on 20 April 2016. The full text is available on the WSE website at https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf, and on the bank's website at https://static3.santander.pl/asset/wy/n/wyniki-glosowan_pl_61605.pdf.

Santander Bank Polska S.A. has complied with the official corporate governance principles since 2002 when the first issue of the code of best practice was published by the WSE (Best Practice for Public Companies in 2002).

Principles of Corporate Governance for Supervised Institutions

Santander Bank Polska S.A. abides by Principles of Corporate Governance for Supervised Institutions as published by the KNF on 22 July 2014. The document describes internal and external relations of supervised institutions, including relationships with shareholders and customers, their organisation, internal oversight framework and key internal systems and functions, as well as statutory bodies and the rules of their cooperation. The document is available on the KNF website at https://www.knf.gov.pl/knf/pl/komponenty/img/knf_140904_Zasady_ladu_korporacyjnego_22072014_38575.pdf, and on the bank's website at https://static3.santander.pl/asset/z/a/l/zal.-do-uchwaly-objetej-pkt-13-porzadku-obrad_pl_55449.pdf.

The Principles of Corporate Governance for Supervised Institutions were adopted by Santander Bank Polska S.A. as of 1 January 2015 by virtue of Management Board Resolution no. 116/2014 of 9 October 2014 and Supervisory Board Resolution no. 58/2014 of 17 December 2014. They were approved by the General Meeting of Santander Bank Polska S.A. on 23 April 2015.

4. Management Board's Statement on Corporate Governance

In 2020, Santander Bank Polska S.A. duly complied with all corporate governance rules set out in the existing version of the Code of Best Practice for WSE Listed Companies and with all Principles of Corporate Governance for Supervised Institutions. In this period, no departures from the above-mentioned regulations were reported.

Details about corporate governance, including information on how the bank applies the principles of most importance for shareholders, are presented in the later part of the document.

5. Issuer's Securities

Structure of share capital

The table below presents the entities with significant holdings of Santander Bank Polska S.A. shares as at 31 December 2020 and 31 December 2019.

Shareholders with a stake of 5% and higher	Number of Shares and Voting Rights Held		% in the Share Capital & Voting Power at AGM	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Banco Santander S.A.	68 880 774	68 880 774	67,41%	67,47%
Nationale-Nederlanden OFE ¹⁾	5 123 581	5 123 581	5,01%	5,02%
Nationale-Nederlanden DFE ¹⁾				
Other shareholders	28 184 959	28 083 950	27,58%	27,51%
Total	102 189 314	102 088 305	100,00%	100,00%

¹⁾ Funds managed by Nationale-Nederlanden Powszechna Towarzystwo Emerytalne (PTE) S.A.

As at 31 December 2020, Banco Santander S.A. held a controlling stake of 67.41% in the registered capital of Santander Bank Polska S.A. and in the total number of votes at the bank's General Meeting. The remaining shares were held by the minority shareholders, of which only the following funds: Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny (DFE) jointly exceeded 5% in the bank's share capital and voting power according to the information held by the bank's Management Board.

Compared to the end of December 2019, the ownership structure of the share capital of Santander Bank Polska S.A. changed as a result of registration of a share capital increase of PLN 1,010,090 to PLN 1,021,893,140 on 25 September 2020 through the issue of 101,009 series O ordinary bearer shares. For more details, see Section 4 of this Chapter: "Corporate Events". As a consequence of the above-mentioned capital increase, the shareholdings of Banco Santander S.A. and funds managed by Nationale-Nederlanden PTE S.A. were diluted from 67.47% and 5.02% to 67.41% and 5.01%, respectively. The stake of the remaining minority shareholders increased from 27.51% to 27.58%.

According to the information held by the Management Board, the ownership structure did not change in the period from the end of the financial year of 2020 until the release of the Annual Report of Santander Bank Polska Group for 2020.

Rights and restrictions attached to the issuer's securities

The shares of Santander Bank Polska S.A. are ordinary bearer shares. Each share carries one vote at the General Meeting. The nominal value is PLN 10 per share. All shares are fully paid.

The bank did not issue any series of shares that would give their holders any special control rights towards the issuer or would limit their voting power or other rights. Neither are there any restrictions on the transfer of title to the issuer's shares.

6. Disclosure Policy and Communication with Shareholders, Investors and Customers

Pursuant to the recommendations and principles established in the Code of Best Practice for WSE Listed Companies, Santander Bank Polska S.A. has an effective and transparent disclosure policy in place in relation to shareholders, investors and analysts, which is supported by a wide range of modern communication tools. The bank publishes financial reports at the earliest possible date following the end of the reporting period, including information about sponsorship and corporate giving, among other things. It publishes the required information and corporate documents on its website available in Polish and English and organises regular meetings with investors and analysts and answers their questions to the extent permitted by law. The bank also publishes current reports providing information required by applicable laws at the dates specified therein.

The bank's disclosure policy concerning investor relations is described in more detail in Chapter VII "Investor Relations". For more information about the arrangements facilitating communication with shareholders, see "General Meeting" below (Section 7 "Governing Bodies").

When offering financial products and services, the bank is focused on providing customers with accurate information and meaningful explanations. Customer complaints are handled by the Customer Care Office in accordance with clear and transparent rules.

7. Governing Bodies

General Meeting

Organisation and powers of the General Meeting

The General Meeting of Santander Bank Polska S.A. (GM) is held as provided for in the Commercial Companies Code of 15 September 2000, Statutes of Santander Bank Polska S.A. and Terms of Reference of the General Meetings. The Statutes as well as the Terms of Reference are available on the bank's website.

The Annual General Meeting is held once a year by 30 June. The Extraordinary General Meeting is convened when it is required to take a decision on a specific matter or when such a meeting is requested by eligible parties. The General Meeting agrees on the issues within its remit, as defined by the above-mentioned laws and internal regulations. The Annual General Meeting:

- reviews and approves the Management Board's report on the bank's performance and the financial statements for the previous financial year;
- adopts a resolution on profit distribution or loss coverage;
- gives discharge to the members of the company's governing bodies;
- reviews and approves the financial statements of the Group within the meaning of the accounting regulations;
- reviews other reports (e.g. report on the activities of the Supervisory Board).

The Annual General Meeting or the Extraordinary General Meeting may:

- adopt a resolution to amend the bank's Statutes;
- appoint members of the Supervisory Board;
- remove members of the Management Board;
- adopt a resolution to increase share capital;
- decide on a merger with another company;
- adopt a resolution on remuneration policies for members of the Management Board and the Supervisory Board;
- set remuneration for members of the Supervisory Board.

Since 2010, the bank's shareholders may participate in the General Meeting using electronic communication channels (without the physical presence of themselves or their proxies). This enables two-way real-time communication and makes it possible for shareholders to exercise their voting rights.

Voting (including via electronic communication channels) takes place using an electronic voting system which returns the number of votes ensuring that they correspond to the number of shares held, and in the case of a secret ballot – allows shareholders to remain anonymous. Shareholders may vote in person or by proxy.

The General Meeting is broadcast live online to all interested parties and a recording is available on a dedicated website of Santander Bank Polska S.A. for later review. The information about the planned broadcast is published at least seven days before the date of the General Meeting.

Draft resolutions, rationale, and other submissions to the General Meeting (assessments, reports and opinions of the bank's Supervisory Board) are published on the bank's website early enough for the GM participants to read them.

The representatives of the press, radio and TV may also attend the General Meeting.

General Meeting in 2020

On 22 June 2020, the Annual General Meeting (AGM) of Santander Bank Polska S.A. was held. It approved the 2019 reports submitted by the Management Board and the Supervisory Board, and the Supervisory Board's assessments of the required areas. The AGM also considered the Management Board's proposal regarding the 2019 profit distribution, approved the suitability assessment of the Supervisory Board members, collective suitability assessment of the Supervisory Board and suitability assessment of the candidates for the Supervisory Board members, granted discharge to the members of the Management Board and Supervisory Board of the bank and Santander Securities S.A., and appointed the Supervisory Board for a new term, electing its chairman. It also adopted a remuneration policy for members of the bank's Supervisory Board and Management Board, and set remuneration for members of the Supervisory Board. The AGM adopted resolutions to amend the bank's Statutes, to increase the bank's share capital through issue of series O ordinary bearer shares, depriving the existing shareholders of all their pre-emptive rights, to dematerialise series O shares and to request that they are admitted to and floated on the regulated market of the Warsaw Stock Exchange. The AGM authorised the Supervisory Board and the Management Board to undertake any necessary actions to implement the decisions relating to the issue of series O shares.

Shareholders' rights

The rights of shareholders of Santander Bank Polska S.A. are set out in the Terms of Reference of the bank's GM in line with the Commercial Companies Code.

The fundamental right of shareholders is to attend the General Meeting and vote personally or through proxies.

Pursuant to the GM Terms of Reference, shareholders or their proxies may participate in the General Meeting via electronic communication channels (i.e. they may vote, make an objection, communicate with the meeting room, ask questions, etc.). Each share carries one vote at the General Meeting.

- Shareholders have certain rights with respect to the General Meeting, as specified in the Commercial Companies Code. In particular, they may:
 - ✓ object to adopting a resolution;
 - ✓ appeal against resolutions adopted by the General Meeting to the court (action for revocation or cancellation of a resolution);
 - ✓ request voting by secret ballot;
 - ✓ submit draft resolutions and propose amendments and supplements to draft resolutions concerning the business of the GM by the end of discussion of a particular agenda item;
 - ✓ ask questions and request information from the Management Board regarding issues on the GM agenda, as provided for by the Commercial Companies Code;
 - ✓ apply for the role of the GM Chairman or propose a candidate for that role;
 - ✓ challenge decisions made by the GM Chairman;
 - ✓ give a brief presentation and a short response to questions concerning individual items of the agenda.
- Shareholders may also:
 - ✓ request that a list of shareholders be emailed to them free-of-charge to the indicated address, inspect the list of shareholders available in the bank's Management Board office and request a copy of the list at their own expense;
 - ✓ demand copies of requests included in the GM agenda one week before the GM;
 - ✓ have access to the GM minutes and request copies of resolutions confirmed by the bank's Management Board as true copies.

The Management Board members, acting within their powers and in accordance with the act on trading in financial instruments, have an obligation to respond to shareholders' questions which are relevant to the business of the General Meeting (for important reasons only – the response must be given in writing within two weeks of the request). The Management Board refuses to provide the requested information if it might:

- ✓ be prejudicial to the company or its subsidiaries or affiliates due to disclosure of technical, trade or organisational secret;
- ✓ cause a member of the Management Board to face criminal, civil or administrative liability.

Shareholders may request the bank to provide information concerning the bank outside of the General Meeting. In such a case, the Management Board may provide the requested information in writing, unless it might be prejudicial to the bank or its affiliate, in particular due to disclosure of the company's technical, trade or organisational secret.

If the bank provides information outside of the General Meeting, it publishes a current report with answers to the questions asked.

Method of changing the Statutes

Pursuant to applicable law, any amendments to the Statutes of Santander Bank Polska S.A. may be made by way of a resolution of the General Meeting and must be entered into the register of entrepreneurs in order to be valid. According to the Banking Law, such amendments also require consent from the Polish Financial Supervision Authority (KNF).

Pursuant to the resolutions of the General Meeting of Santander Bank Polska S.A. of 22 June 2020, the bank's Statutes were amended as follows:

- the rules of procedure for the Management Board and the Supervisory Board were modified in accordance with the amended Commercial Companies Code, and the Supervisory Board was designated as a body responsible for establishing detailed rules for participation in the General Meeting via electronic communication channels;
- custody services were removed from the bank's objects;
- the bank's share capital was increased by PLN 1,010,090 through the issue of series O shares.

The bank received a consent from the KNF to amend the Statutes as above. The amendments became effective upon their registration by a registry court on 14 July 2020, and in the case of the share capital increase – on 25 September 2020.

Supervisory Board

Rules of the procedure of the Supervisory Board

The Supervisory Board of Santander Bank Polska S.A. operates under the Banking Law of 29 August 1997, the Commercial Companies Code of 15 September 2000, the bank's Statutes and the Terms of Reference of the Supervisory Board, available on the bank's website.

Composition, principles of appointment and dismissal of the Supervisory Board

The Supervisory Board consists of at least five members appointed for a joint three-year term of office. The Supervisory Board members, including the Chairman of the Supervisory Board, are appointed and removed by the General Meeting. The Management Board notifies the KNF about Supervisory Board membership. The term of office of the Supervisory Board member expires no later than on the date of the General Meeting held to approve the financial statements for the last full financial year in which the member served on the Supervisory Board. It also expires as a result of the member's death, resignation or removal. The term of office of the Supervisory Board member who was appointed before the end of the term of the Supervisory Board expires at the same time as those of the remaining members.

Pursuant to the bank's Statutes, at least half the members of the Supervisory Board should be of independent status.

The Supervisory Board exercises ongoing oversight of the bank's operations. Apart from the rights and obligations provided for by the law and the Statutes, the Supervisory Board also has the following powers:

- to assess the financial statements in terms of their consistency with the books of account, documents and factual circumstances;
- to approve the bank's annual and long-term development and financial plans, strategy and rules of prudential and stable management established by the Management Board;
- to approve the Management Board's proposals as regards setting up and winding up the bank's units abroad;
- to give consent to equity investments to be made by the bank if:
 - ✓ the value of such investment exceeds the PLN equivalent of EUR 4,000,000,
 - ✓ the value of such investment exceeds EUR 400,000 and, concurrently, as a result of such investment, the bank's share in another entity will be equal to, exceed or will be reduced below 20% of the votes at the General Meeting or at the shareholders' meeting,
 - ✓ with the exception of underwriting agreements, the total exposure of the bank under such agreements does not exceed one tenth of the total own funds of the bank.
- to give consent to buy, sell or encumber fixed assets (within the meaning of the Accounting Act), in particular real property, if the value of a fixed asset exceeds the PLN equivalent of EUR 4,000,000, except for foreclosure of real property by the bank as a mortgagee, as a result of an unsuccessful auction held as part of enforcement proceedings or foreclosure of another fixed asset or securities by the bank, as a creditor secured by a registered pledge pursuant to the provisions of the Act on registered pledge and the register of pledges, or as a creditor secured by a transfer of title to secure loan repayment pursuant to the provisions of the Banking Law;
- to review the Management Board reports and proposals concerning profit distribution and loss coverage;
- to set remuneration for the President and members of the Management Board;
- to conclude agreements on behalf of the bank with members of the Management Board (where authorised to do so), including employment contracts and management contracts (the Supervisory Board may appoint its Chairman or another member of the Supervisory Board to make statements of will in this respect);
- to adopt the Terms of Reference of the bank's Management Board and other terms of reference and rules provided for by the Statutes or law, and to approve the bank's Organisational Regulations and Policy on internal control system;
- to appoint an entity authorised to audit the bank's financial statements and to conduct financial audits in the bank;
- to request consent from the KNF to appoint two Management Board members, including the President of the Management Board;
- to inform the KNF about:
 - ✓ other Management Board members and each change in the Management Board composition;
 - ✓ compliance of the Management Board members with the criteria set out in the Banking Law, after performing the compliance assessment;
 - ✓ approving and changing the distribution of duties within the Management Board;
 - ✓ including the information on the Management Board member in charge of material risk in the bank's operations;

- to appoint and remove the Management Board President and other members of the Management Board;
- to suspend the Management Board members for important reasons and delegate the Supervisory Board members to perform the role of the suspended Management Board members;
- to present the Annual General Meeting with a brief assessment of the bank's situation, including the assessment of the internal control system and the material risk management system;
- to approve the policies developed by the Management Board: risk management policy, risk appetite, internal capital assessment and maintenance policy, internal control policy, remuneration policy, for each category of employees whose professional activity has a significant impact on the bank's risk profile;
- to approve the distribution of duties within the Management Board as decided by the Management Board.
- to review the matters to be considered by the General Meeting.

The Supervisory Board takes decisions in the form of resolutions which are adopted by an absolute majority of votes in open voting. Resolutions are voted upon in a secret ballot in cases stipulated by law, in personal matters or at the request of any Supervisory Board member accepted by the Supervisory Board in a secret vote. The Supervisory Board meetings are held as and when required and at least three times in any financial year. The Supervisory Board members convene in a single location, or in different locations using remote communication channels.

Selected forms of communication with shareholders

Each year, the Supervisory Board prepares and presents to the Annual General Meeting a report on its activities in the previous year, including a summary of operations of the Supervisory Board Committees, a report from the audit of the annual financial statements of the Group and the Management Board's proposal of profit distribution, as well as assessment of the Group's activities (including internal control, risk management and compliance systems and internal audit function), corporate governance practices, remuneration policy and sponsorship and corporate giving policy. The above report of the Supervisory Board is published on the bank's website at least 26 days before the General Meeting.

Assessment of suitability

All Supervisory Board members are subject to the assessment of initial and ongoing individual suitability. The Supervisory Board is also subject to the assessment of collective suitability. The foregoing processes are delivered in accordance with the Policy on suitability assessment of Supervisory Board members in Santander Bank Polska S.A. developed in line with the Joint Guidelines of the European Securities and Markets Authority and the European Banking Authority no. EBA/GL/2017/12, Guidelines of the European Banking Authority no. EBA/GL/2017/11 on internal governance, and the applicable laws, in particular the Banking Law Act and the Commercial Companies Code. The assessment is conducted according to the Suitability assessment methodology for members of governing bodies of entities supervised by the KNF. The individual and collective suitability assessments are conducted at least once a year and as required under the above-mentioned Policy, e.g. when candidates are proposed for the Supervisory Board positions (in this case, the assessment should be generally performed before the formal appointment), when membership of the Supervisory Board changes or when the bank's business model is significantly modified. The Supervisory Board presents the results of the suitability assessment at the next General Meeting.

Composition of the Supervisory Board

The table below presents the composition of the Supervisory Board of Santander Bank Polska S.A. as at 31 December 2020 and 31 December 2019.

Role in the Supervisory Board	Ref.	Composition as at 31.12.2020	Ref.	Composition as at 31.12.2019
Chairman of the Supervisory Board:	1.	Gerry Byrne	1.	Gerry Byrne
Vice Chairman of the Supervisory Board:	2.	José Luis de Mora	2.	José Luis de Mora
Members of the Supervisory Board:	3.	Dominika Bettman	-	-
	4.	José Garcia Cantera	3.	José Garcia Cantera
	5.	Danuta Dąbrowska	4.	Danuta Dąbrowska
	6.	Isabel Guerreiro	5.	Isabel Guerreiro
	7.	David Hexter	6.	David Hexter
	8.	John Power	7.	John Power
	9.	Jerzy Surma	8.	Jerzy Surma
	10.	Marynika Woroszyńska-Sapieha	9.	Marynika Woroszyńska-Sapieha

On 20 May 2020, the Nominations Committee of the Supervisory Board of Santander Bank Polska S.A. assessed the individual suitability of the Supervisory Board members as well as collective suitability of the Supervisory Board of Santander Bank Polska S.A. in accordance with the applicable regulations and the Suitability assessment methodology for members of governing bodies of entities supervised by the KNF. These ongoing annual suitability assessments were additionally required by appointment of all the existing Supervisory Board members for a new term of office. Additionally, the Committee assessed the individual suitability of Dominika Bettman, who had not performed any role on the bank's Supervisory Board before.

The Annual General Meeting held on 22 June 2020 approved the results of the suitability assessments and appointed the bank's Supervisory Board for a new joint three-year term of office. The Supervisory Board was joined by Dominika Bettman as an independent member. Gerry Byrne was again appointed Supervisory Board Chairman, and José Luis de Mora took the role of Deputy Chairman.

Pursuant to the bank's Statutes, Terms of Reference of the Supervisory Board and Terms of Reference of the Audit and Compliance Committee, as at 31 December 2020 half the members of the Supervisory Board met the independence criteria set out in the Statutes, taking into account the principles specified in Section II.Z.4 of the Code of Best Practice for WSE Listed Companies.

The following members of the Supervisory Board held independent status: Dominika Bettman, Danuta Dąbrowska, David Hexter, Jerzy Surma and Marynika Woroszyńska-Sapieha. Each of the foregoing persons made a relevant written statement in this respect (as referred to in Section II.Z.5 of the Code of Best Practice for WSE Listed Companies).

In 2020, the members of the Supervisory Board committed sufficient time to perform their functions. 18 Supervisory Board meetings were held during the year at which 107 resolutions were passed. Average attendance of the Supervisory Board members was 97.66%.

Attendance of Supervisory Board members:

Role in the Supervisory Board	Ref.	Composition as at 31.12.2020	Attendance at the meetings
Chairman of the Supervisory Board:	1.	Gerry Byrne	18/18
Vice Chairman of the Supervisory Board:	2.	José Luis de Mora	17/18
Members of the Supervisory Board:	3.	Dominika Bettman 1)	9/9
	4.	José García Cantera	17/18
	5.	Danuta Dąbrowska	18/18
	6.	Isabel Guerreiro	18/18
	7.	David Hexter	18/18
	8.	John Power	18/18
	9.	Jerzy Surma	17/18
	10.	Marynika Woroszyńska-Sapieha	17/18

1) Dominika Bettman was appointed member of the Supervisory Board on 22 June 2020 and was present during all meetings from that date till the end of 2020.

Members of the Supervisory Board of Santander Bank Polska S.A. have various academic background, extensive expertise and considerable professional experience in banking and business, including finance, accounting, financial analysis, IT law and economics. Individual competencies and experience of the Supervisory Board members guarantee due performance of the obligations entrusted with them, while their complementarity ensures effective discharge of collective supervisory obligations. The diversity of the Supervisory Board in terms of gender, age, geographical provenance and length of service with Santander Bank Polska S.A. is presented in Section 9 "Diversity Policy" ("Diversity policy regarding the supervisory and management bodies").

The information about the academic background and professional experience of the bank's Supervisory Board members is presented below. The extended version is also published on the bank's website at <https://santander.pl/relacje-inwestorskie/spolka/rada-nadzorcza/rada-nadzorcza.html>.

SUPERVISORY BOARD MEMBERS OF SANTANDER BANK POLSKA S.A.



Gerry Byrne

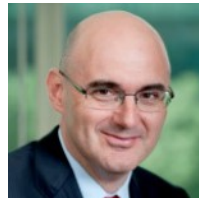
**Chairman
of the Supervisory Board**

Academic background:

- Graduate of Harvard Business School, Irish Management Institute and Irish Institute of Bankers
- Member of the Irish Institute of Bankers, Irish Management Institute and Harvard Business School Alumni

Professional background:

- 1973–1997: Executive positions at AIB Group, Ireland
- 1997–2000: Managing Director of ARK Life Assurance Company Limited, Dublin, Ireland
- 2001–2008: Managing Director of AIB Poland Division
- 2009–2010: Managing Director of Central Eastern Europe Division, AIB Group
- 2001–2011: Deputy Chairman of the Supervisory Board of Bank Zachodni WBK S.A.
- since 2011: Chairman of the Supervisory Board of Santander Bank Polska S.A.
- since 2017: Santander UK Non-Executive Director with Banco Santander S.A.
- since 2019: Head of Europe in Santander Group



José Luis De Mora

**Deputy Chairman
of the Supervisory Board**

Academic background:

- Graduate of ICADE University (Law and Economics)
- MBA degree from Boston College
- Chartered Financial Analyst

Professional background:

- 1992–1994: Corporate Finance at Bank of Spain and Daiwa Securities
- 1994–1998: Analyst with Kleinwort Benson (London), responsible for Spain's equity and banking market
- 1998–2003: Analyst with Merrill Lynch (London), responsible for pan-European banks, including Spanish, French and Italian banks
- since 2003: Santander Group (currently: Senior Vice President supervising financial planning and corporate development, responsible for planning organic growth strategy, corporate acquisitions and Group's expansion)
- 2012–2015: Member of the Board of Sovereign Bank NA
- 2012–2013: Member of the Board of Santander Consumer USA
- since 2015: Member of the Supervisory Board of Santander Consumer Finance S.A.
- since 2011: Deputy Chairman of the Supervisory Board of Santander Bank Polska S.A.



Dominika Bettman

**Independent Member
of the Supervisory Board**

Academic background:

- Graduate of Warsaw School of Economics, Foreign Trade Faculty, and IESE Advanced Management Program in Barcelona

Professional background:

- Employed for approx. 25 years with Siemens Polska:
- 1995–1997: Logistics Manager, Siemens Nixdorf Polska
- 1997–2002: Senior Commercial Manager, Siemens Sp. z o.o.
- 2002–2007: Finance Director at Siemens IT (until 2004) and Siemens Telecommunication (from 2004)
- 2007–2009: Member of the Management Board and Chief Financial Officer, Nokia Siemens Network
- 2009–2018: Chief Financial Officer, Siemens Sp. z o.o.
- 2015–2019: Member of the Supervisory Board of Eurobank S.A.
- since 2018: President of the Management Board of Siemens Sp. z o.o.
- since 2019: Head of Digital Industries at Siemens Polska
- since 2019: Member of Warsaw University Senate
- since 2020: Member of the Supervisory Board of Santander Bank Polska S.A.
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José García Cantera

**Member
of the Supervisory Board**

Academic background:

- MBA degree from IE Business School

Professional background:

- until 2003: Latin America stock analyst; senior executive positions at Salomon Brothers-Citigroup
- 2003: Senior Vice President in charge of Global Banking and Markets Division of Banesto
- 2006–2012: CEO of Banesto
- 2012–2015: Head of Global Banking and Markets of Santander Group
- since 2015: Senior Vice President, Chief Financial Officer and Head of the Finance Division of Banco Santander S.A.
- Chairman of the Board of Santander de Titulizaciones SGFT and Santander Investment S.A.
- since 2015: member of the Supervisory Board of Santander Bank Polska S.A.



Danuta Dąbrowska

Independent Member
of the Supervisory Board

Academic background:

- MA degree from the University of Horticulture and Food Industry in Budapest
- since 1999: Member of the Association of Chartered Certified Accountants (ACCA)
- Completed the Advanced Strategic Management Programme at IMD, Switzerland, and "Best-In-Retail" Programme at Harvard Business School
- Founding Member of FINEXA (Polish Association for Financial Directors)

Professional background:

- 1991–1993: Financial Assistant, Arthur Andersen & Co. Warsaw
- 1993–1997: Audit Manager, Coopers & Lybrand
- 1997–2001: Head of Financial and Business Control Department of Ericsson, Warsaw and Stockholm
- 2002–2003: CFO of TP Internet (France Telecom Group)
- 2004–2008: Member of the Board, CFO (for Eastern Europe and Middle East) at ECCO Sko A/S
- since 2009: Member of the Board, Vice President, CFO for Eastern Europe, Pandora Jewelry CEE
- 2012–2017: Member of the Supervisory Board of Herkules S.A.
- 2016–2018: Member of the Board, Vice President, CFO for Middle East and Africa in Panmeas Jewellery LLC (Pandora)
- since 2014: Member of the Supervisory Board of Santander Bank Polska S.A.
- since 2018: Member of the Audit Committee at the Polish Council of Shopping Centres (Polska Rada Centrów Handlowych)
- since 2019: Member of the Supervisory Board and Chairman of the Audit Committee at Budimex S.A.



Isabel Guerreiro

Member
of the Supervisory Board

Academic background:

- MSc degree in Computer Science from Instituto Superior Técnico in Lisbon and MBA degree from INSEAD
- Graduate of Strategic Finance in Banking at Wharton Business School
- Completed a number of specialist courses for senior executives, e.g. Design Thinking BootCamp at Stanford University, and Driving Digital and Social Strategy at Harvard University

Professional background:

- 1992–1994: Lecturer in Computer Science at Instituto Superior Técnico in Lisbon
- 1995–2003: Programmer, System Analyst, Project Manager and Senior Manager at Novabase Sistemas de Informação S.A.
- Since 2005, employed with Banco Santander Totta S.A., Portugal:
- 2005–2006: Sub-Director of Retail Banking
- 2006–2008: Member of the Retail Banking Office
- 2009–2013: Head of Branch Network Dynamics
- 2013–2014: Head of Wholesale Strategy
- 2014–2018: Head of Digital Transformation in charge of traditional and digital channels
- Board Member in charge of Digitalisation and Transformation (since January 2019)
- since 2019: Member of the Supervisory Board of Santander Bank Polska S.A.



David R. Hexter

Independent Member
of the Supervisory Board

Academic background:

- Graduate of Oxford University (Philosophy, Politics and Economics) and University College London (Law and Political Theory)
- MBA degree from Cranfield School of Management
- PhD degree in Philosophy from Birkbeck College London and Queen Mary University of London

Professional background:

- 1970–1992: Executive positions at Citibank N.A. in Europe and the USA, including:
- 1986: Senior Credit Officer
- 1989–1992: Division Executive for Central and Eastern Europe
- 1992–2004: European Bank for Reconstruction and Development:
- 1992–1996: Head of the Financial Institutions Department
- 1996–2004: Deputy Vice President of the Banking Department; Chairman of the Equity Investment Committee, responsible for approval of EBRD loans and projects
- since 2004: Independent Director and Consultant to a number of commercial firms, banks and equity funds operating in Russia, Kazakhstan, Denmark, Vietnam and Greece
- since 2013: Member of the Supervisory Board of Santander Bank Polska S.A.



John Power

Member
of the Supervisory Board

Academic background:

- Financial Consultant
- 1992: Fellow of Institute of Bankers
- 1997: Fellow of Association of Chartered Certified Accountants
- 1998: Fellow of Institute of Chartered Secretaries and Administrators

Professional background:

- Chairman of Lelewela Enterprises Limited operating the Roche-Bobois franchise network in Ireland
- General Director at Allied Irish Banks plc, key person in the development of the Capital Markets
- 2008–2011: Member of the Board and Chairman of the Audit and Risk Committee of Bulgarian American Credit Bank
- Member of the Supervisory Board and Chairman of the Audit Committee of BZ WBK Asset Management S.A. (2009–2016), Dom Maklerski BZ WBK S.A. (2009–2014), Santander TFI S.A. (2016–2018)
- Member of the Supervisory Board of Santander Securities S.A. (2018–2019) and Santander Leasing S.A. (since 2018)
- since 2002: Member of the Supervisory Board of Santander Bank Polska S.A.



Jerzy Surma

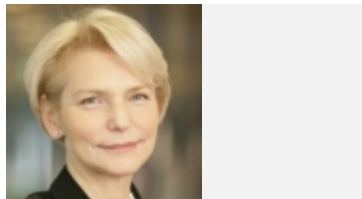
Independent Member of the Supervisory Board

Academic background:

- Graduate of the Wrocław University of Technology (Computer Science and Management)
- PhD in Economic Sciences from the Wrocław University of Economics
- Completed the IFP programme at IESE Business School and Executive Programme at MIT Sloan School of Management

Professional background:

- 1999–2002: Head of the Software Development Department of T-Systems Polska
- 2002–2006: Director in charge of Business Consulting in IMG Information Management Polska responsible for the implementation of Business Intelligence systems, re-engineering business processes, IT advisory
- since 2006: Academic at Warsaw School of Economics (currently: Associate Professor in Collegium of Economic Analyses, 2018–2019: Head of Post-graduate Business Intelligence and Cyber-security Management Studies)
- since 2008: Member of the Supervisory Board of Kęty Group
- 2011–2014: Visiting Scholar at Harvard Business School and University of Massachusetts
- since 2012: Member of the Supervisory Board of Santander Bank Polska S.A.
- 2018–2019: Head of the National Cryptologic Centre (Narodowe Centrum Kryptologii)



Marynika Woroszyńska-Sapieha

Independent Member of the Supervisory Board

Academic background:

- Graduate of the Medical University of Warsaw and INSEAD International Executive Program in Fontainebleau
- Member of INSEAD Alumni Club; awarded the National Order of the Legion of Honour

Professional background:

- Many years of service with the Institute of Cardiology in Anin as part of the team responsible for introducing new techniques in the field of interventional cardiology
- Started her professional career in the pharmaceutical industry in 1994: until 1996 with Infa Biocom, since 1998 with Sanofi Group (President of the Management Board and General Manager of the branch in Poland in 2004–2015)
- since 2016: Advisor to the President of the Management Board of Polpharma Group
- since 2017: Member of the Supervisory Board of Polpharma Group
- 2005–2012: Member of the Management Board of INFARMA, Employers' Union of Innovative Pharmaceutical Companies responsible for activities related to the code of ethics and the transparency directive, protection of intellectual rights and promotion of innovation in Poland
- 2012–2014: President of the Management Board of INFARMA
- since 2014: Member of the Supervisory Board of Santander Bank Polska S.A.

Supervisory Board Committees

The Supervisory Board may establish committees and designate individuals responsible for managing the work of such committees. These committees are designed to facilitate the current activities of the Supervisory Board by preparing draft Supervisory Board recommendations and decisions with regard to their own motions or the motions presented by the Management Board.

The following Supervisory Board committees operate in Santander Bank Polska S.A.: Audit and Compliance Committee, Risk Committee, Nominations Committee and Remuneration Committee. The responsibilities of these committees are set out in their respective terms of reference introduced by virtue of the Supervisory Board resolutions.

The membership of the Supervisory Board committees is presented below.

		Supervisory Board Committees as at 31.12.2020 and 31.12.2019									
		Composition as at 30.06.2020		Audit and Compliance Committee		Risk Committee		Nominations Committee		Remuneration Committee	
Role in the Supervisory Board	Ref.			31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Chairman of the Supervisory Board:	1.	Gerry Byrne									
Vice Chairman of the Supervisory Board:	2.	José Luis de Mora									
Members of the Supervisory Board:	3.	Dominika Bettman		-		-		-		-	
	4.	José Garcia Cantera									
	5.	Danuta Dąbrowska								●	●
	6.	Isabel Guerreiro									
	7.	David Hexter			●	●					
	8.	John Power									
	9.	Jęrzy Surma					●	●			
	10.	Marynika Woroszyńska-Sapieha							●	●	
Number of meetings per year					6		5		4		5

- Chairman
- Member

The operations of the Supervisory Board committees in the last year will be presented in the report on activities of the Supervisory Board in 2020, which will be submitted to the next General Meeting of Santander Bank Polska S.A. and published in due course before that meeting.

Audit and Compliance Committee

The **Audit and Compliance Committee** supports the Supervisory Board in fulfilment of its oversight obligations towards shareholders and other stakeholders in terms of:

- ✓ the quality and integrity of the accounting policies, financial statements and disclosure practices;
- ✓ compliance of the bank's business with laws and internal regulations;
- ✓ independence and effectiveness of activities undertaken by internal and external auditors;
- ✓ internal control system and risk management system.

Furthermore, the Committee establishes the procedure for auditor selection by the bank, develops the auditor services policy, as well as prepares and submits recommendations to the Supervisory Board regarding appointment, re-appointment and removal of the external auditor. It assesses the independence of the statutory auditor, gives consent for such auditor to render other permitted non-audit services and monitors financial audits.

An important role of the Committee is also to support the Supervisory Board in overseeing the compliance function and compliance risk management. To that end, the Committee conducts regular reviews of key compliance matters and changes in the regulatory environment, and assesses measures taken by the Management Board in this respect.

In 2020, the Committee exercised ongoing oversight of the bank's financial reporting and reviewed key controls, particular financial, operational, and regulatory compliance controls. As part of monitoring of the internal audit function, compliance function and control function, the Committee obtained information required to assess the effectiveness and efficiency of the internal control system and presented a relevant opinion to the Supervisory Board in this respect, noting that the system is adequate and effective in the context of the assessment criteria established by the Management Board and approved by the Supervisory Board. Likewise, the Committee deemed the risk management system of the bank to be adequate and effective.

The Committee conducted an ongoing review of matters within its remit, including regulatory, compliance, corporate governance, bancassurance and anti-money laundering issues, ICM/SOX certification, Respect and Dignity Policy (breaches reported in confidence by employees) and other supervisory matters.

In 2020, the Committee regularly supervised the activities of the Internal Audit Area and positively assessed its operations in 2019, concluding that the Area was independent of other functions and that its operations were appropriate, effective and efficient.

Pursuant to its terms of reference, the Audit and Compliance Committee should convene at least four times per year at dates corresponding to the reporting and audit cycle. Additional meetings are held when necessary. In 2020, eight Committee meetings were held.

As at 31 December 2020, all members of the Audit and Compliance Committee met the independence criteria in accordance with the bank's Statutes and the Act of 11 May 2017 on statutory auditors, audit firms and public oversight.

The following Committee members have knowledge and skills in the area of accounting or auditing:

- Danuta Dąbrowska: ACCA certificate and membership since 1999.
- Dominika Bettman: degree in economics and extensive professional experience gained in previous positions, including as CFO at companies from Siemens Group.
- David Hexter: degree in economics, professional experience gained in executive positions in financial institutions.

The following Committee members have knowledge and skills in the area of banking:

- David Hexter: competencies gained in executive positions in the banking and financial services sectors, including in Citibank and the EBRD.
- Dominika Bettman: competencies gained as the Member of the Supervisory Board of Eurobank S.A.

Apart from the Committee members, the regular attendees also include representatives of the bank's Auditor, the Vice President of the Management Board in charge of the Risk Management Division, the member of the Management Board in charge of the Financial Accounting and Control Division, the member of the Management Board in charge of the Financial Management Division, the Head of the Internal Audit Area and the Bank Director in charge of the Legal and Compliance Division. Other members of the Management Board and executives are also invited to attend the Committee meetings to present reports and discuss issues related to the areas under their management.

Risk Committee

The **Risk Committee** is specifically responsible for:

- ✓ issuing opinions on the bank's current and future risk propensity;
- ✓ issuing opinions on the risk management strategy developed by the bank's Management Board and supervising its delivery;
- ✓ supporting the Supervisory Board in overseeing the implementation of the risk management strategy by the senior management;
- ✓ checking if the prices of liabilities and assets offered to customers match the bank's business model and risk management strategy, and if not – making a proposal to the Management Board to ensure adequacy of asset and liability prices in relation to different risk types;
- ✓ issuing opinions in relation to appointment and removal of the Management Board member in charge of risk management and opinions on his/her annual objectives and their delivery.
- ✓

The Risk Committee convenes at least four times per year at dates corresponding to the reporting and audit cycle. Additional meetings are held when necessary. In 2020, six Committee meetings were held.

Nominations Committee

The **Nominations Committee** supports the Supervisory Board in performing its tasks, issues recommendations on appointment and removal of members of the Supervisory Board, Management Board and other key function holders by the bank's relevant bodies, and contributes to the performance of the bank's duties with respect to the assessment of the suitability of members of the Supervisory Board, Management Board and key function holders.

The Nominations Committee holds regular meetings four times a year, as per the schedule agreed upon at the beginning of the year. Additional meetings are held when necessary. In 2020, four Committee meetings were held.

Remuneration Committee

The **Remuneration Committee** supports the Supervisory Board in performing its tasks concerning remuneration of the members of the bank's governing bodies and key function holders, reviews and monitors the Remuneration Policy and supports the General Meeting, the Supervisory Board and the Management Board in developing and implementing that Policy.

The Committee holds regular meetings four times a year, as per the schedule agreed upon at the beginning of the year. Additional meetings are held when necessary. In 2020, four Committee meetings were held.

Management Board

Appointment and removal of executives

Members of the Management Board of Santander Bank Polska S.A. are appointed and removed in accordance with the Commercial Companies Code, Banking Law and the bank's Statutes.

The bank's Management Board consists of at least three persons (including the Management Board President) appointed by the Supervisory Board for a joint three-year term of office. At least half of the Management Board members (including the Management Board President) are required to speak Polish, have a university degree, be permanent residents of Poland, have good knowledge of the Polish banking sector and experience of the Polish market to manage a Polish banking institution. Two Management Board members, including the Management Board President, are appointed with the approval of the KNF. Management Board members may be removed by the Supervisory Board or the General Meeting at any time.

The term of office of the Management Board member expires no later than on the date of the General Meeting held to approve the financial statements for the last full financial year in which the member served on the Management Board. It also expires as a result of the member's death, resignation or removal. The term of office of the Management Board member who was appointed before the end of the term of the Management Board expires at the same time as those of the remaining members.

All Management Board members are subject to the assessment of initial and ongoing individual suitability. The Management Board is also subject to the assessment of collective suitability. The foregoing processes are delivered in accordance with the Policy on suitability assessment of Management Board members and key function holders in Santander Bank Polska S.A. developed in line with the Joint Guidelines of the European Securities and Markets Authority and the European Banking Authority no. EBA/GL/2017/12, Regulation of the Minister of Finance of 7 May 2018 on specific tasks of the nomination committees in significant banks, and other applicable laws, in particular the Banking Law Act and the Commercial Companies Code. The assessment is also conducted according to the Suitability assessment methodology for members of governing bodies of entities supervised by the KNF. The individual and collective suitability assessments are conducted at least once a year and as required under the above-mentioned Policy, e.g. when candidates are proposed for the Management Board positions (in this case, the assessment should be generally performed before the formal appointment), when membership of the Management Board changes or when the bank's business model is significantly modified.

In 2020, the individual suitability of Management Board members and the collective suitability of the Management Board were assessed. The results confirmed that each member of the Management Board and the Management Board as a whole have appropriate knowledge and skills to perform their functions.

Pursuant to Article 22b(1) of the Banking Law Act, the Management Board President and the Management Board member in charge of material risk management are appointed with the approval of the KNF. Such approval was required in relation to the appointment of Michał Gajewski as the President of the Management Board and Andrzej Burliga as the Vice President of the Management Board in charge of the Risk Management Division and the Business Intelligence Area.

Powers of executives

The Management Board of Santander Bank Polska S.A. manages and represents the bank.

The Management Board takes decisions to raise obligations or transfer assets where the total value for one entity exceeds 5% of the bank's own funds. It may also, by way of resolution, delegate its powers to refer such decisions to other committees or persons at the bank. The Management Board members run the bank's affairs jointly, and in particular: define the bank's mission, set long-term action plans and strategic objectives, prepare assumptions for the bank's business and financial plans, approve proposed plans and monitor their performance, regularly report to the Supervisory Board on the bank's position in the scope and at the dates agreed with the Supervisory Board, appoint permanent or ad hoc committees and designate individuals responsible for managing the work of such committees. The committees are composed of both Management Board members and persons from outside the Management Board.

Management Board members acting severally do not have any specific powers and cannot take decisions on issuing or redeeming shares.

Permanent committees operating at the bank include:

- Assets and Liabilities Committee (ALCO)
- Credit Policy Forum for Retail Portfolios
- Credit Policy Forum for SME Portfolios
- Credit Policy Forum for Business and Corporate Portfolios
- Provisions Committee
- Operational Risk Management Committee (ORMCO)
- Disclosure Committee
- Information Management Committee
- Risk Management Committee
- Marketing Forum
- Risk Management Forum
- Anti-Money Laundering and Counter-Terrorism Financing Committee
- Procurement Investment Committee
- Regulatory and Reputational Risk Committee
- Credit Committee
- Local Marketing and Monitoring Committee
- Public Policy Committee
- Restructuring Committee
- Responsible Banking and Corporate Culture Committee
- Capital Committee
- Suppliers Panel
- Capital Stress Test Forum
- Investment Advisory Committee
- Risk Control Committee
- Special Situations Management Committee
- Operations Committee of the Business Model Transformation Area
- General Compliance Committee

The Management Board operations are primarily governed by Banking Law, the Commercial Companies Code, the bank's Statutes and the Terms of Reference of the Management Board, available on the bank's website.

According to the bank's Statutes, the following individuals are authorised to represent and bind the bank: a) the Management Board President acting individually, and b) two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial representative (*prokurent*), or two commercial representatives acting jointly. Attorneys may be appointed and authorised to act individually or jointly with any of the persons indicated in b) or with another appointed and authorised attorney.

The Management Board deals with all issues which have not been restricted to the remit of the General Meeting or the Supervisory Board. The Management Board takes decisions in the form of resolutions which are adopted by an absolute majority of votes in open voting.

Secret ballots may be held in cases stipulated by law, in personal matters or at the request of any Management Board member accepted by the Management Board in a secret vote. Management Board meetings are held as required. The Management Board members convene in a single location, or in different locations using remote communication channels.

The table below presents the composition of the Management Board of Santander Bank Polska S.A. as at 31 December 2020 and 31 December 2019 and the roles and responsibilities of its members. The bank's organisational structure is presented in Chapter X "Organisational and Infrastructure Development".

Role in the Management Board	Ref.	Composition as at 31.12.2020 and 31.12.2019	Reporting Areas as at 31.12.2020 and 31.12.2019
President:	1.	Michał Gajewski	Units reporting directly to the President: 1) Legal & Compliance Division, 2) units outside of the divisional structure: Internal Audit Area, Corporate Communications and Marketing Area, Strategy and Business Model Transformation Area, Customer Excellence Centre, Classified Data Protection Unit, Corporate Governance Office
Vice Presidents:	2.	Andrzej Burliga	1) Risk Management Division, 2) Business Intelligence Area (unit outside of the divisional structure)
	3.	Michael McCarthy	Business & Corporate Banking Division
	4.	Juan de Porras Aguirre	Santander Corporate & Investment Banking
	5.	Arkadiusz Przybył	Retail Banking Division
Board Members:	6.	Patryk Nowakowski	Digital Transformation Division
	7.	Maciej Reluga	Financial Management Division
	8.	Carlos Polaino Izquierdo	Financial Accounting & Control Division
	9.	Dorota Strojowska	Business Partnership Division

All members sitting on the bank's Management Board as at 31 December 2020 were appointed by the Supervisory Board for a joint three-year term of office on 16 May 2018, except for Patryk Nowakowski, who joined the Management Board on 5 June 2019. Compared to 31 December 2019, the Management Board composition did not change.

The professional activities of the Management Board members focused on the performance of obligations connected with their role in the Management Board. The Management Board members complied with the limitation of the positions held with other companies, as stipulated in Article 22aa of the Banking Law Act. The succession of the Management Board members and the continued delivery of the business processes at the senior management levels is ensured by the Nomination and Succession Planning Policy for Management Board Members and Key Function Holders at Santander Bank Polska S.A. and the succession plans in place.

The information about the academic background and professional experience of the bank's Management Board members is presented below. The extended version is also published on the bank's website at <https://www.santander.pl/relacje-inwestorskie/spolka/zarzadz/zarzadz-banku-bz-wbk-sa.html>.

MANAGEMENT BOARD MEMBERS OF SANTANDER BANK POLSKA S.A.



Michał Gajewski

President of the Management Board

Academic background:

- Legal counsel
- Graduate of the Adam Mickiewicz University in Poznań, the Northwestern University in Chicago and London Business School

Professional background:

- 1992–2008: WBK Group and BZ WBK Group (including the role of BZ WBK Management Board Member in charge of Retail Banking)
- 2008–2011: Vice President of the Management Board of BGŻ S.A. in charge of Retail, SME and Corporate Banking
- 2012–2015: Macroregional Director in the Retail Banking Division, Bank Millennium S.A.
- 2015: Member of the Management Board of Bank Zachodni WBK S.A. in charge of the Retail Banking Division
- since 2016: President of the Management Board of Santander Bank Polska S.A.



Andrzej Burliga

Vice President of the Management Board
Risk Management Division

Academic background:

- Graduate of the Faculty of Theoretical Mathematics at Wrocław University
- Completed programmes in management and risk management (e.g. INSEAD International Executives Development Programme, BZ WBK Development Programme for Executives, LMC Consulting – Lilley Moncrieff Taylor)
- Member of Professional Risk Managers' International Association (PRMIA)

Professional background:

- 1995–2001: Treasury Department of Bank Zachodni S.A. (including the role of the Head of the Department)
- 2001–2006: Head of the Risk Management Department at Bank Zachodni WBK S.A.
- 2007–2017: Member of the Management Board of Bank Zachodni WBK S.A.
- since 2017: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Risk Management Division



Michael McCarthy

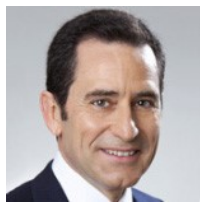
Vice President of the Management Board
Business and Corporate Banking Division

Academic background:

- MBA from Manchester Business School
- Member of the Institute of Bankers in Ireland

Professional background:

- 2002–2006: Managing Director of Allied Irish Bank's Card Services business in the UK and Ireland (representing AIB Group on the Boards of VISA UK and MasterCard Northern Europe)
- 2009–2017: Member of the Management Board of Bank Zachodni WBK S.A.
- since 2017: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Business and Corporate Banking Division
- Chairman of the Supervisory Board of Santander Factoring Sp. z o.o.



Juan de Porras

Vice President of the Management Board
Corporate and Investment Banking Division

Academic background:

- Graduate of Universidad de Granada (Law)
- MBA degree from Escuela Superior de Administración y Dirección de Empresas in Barcelona
- Completed the Investment Banking Executive Programme at the Northwestern University in Chicago

Professional background:

- 1989–1998: Commerzbank and Lloyds Bank (credit risk)
- 1997–2004: Société Générale (manager of relationships with telecommunication and energy companies, Deputy Head of the Madrid-based Corporate & Investment Banking)
- 2004–2005: Rabobank in Madrid (responsible for building the Spanish energy and telecom sector portfolio)
- 2005–2007: Senior Director at Royal Bank of Scotland in Madrid, responsible for the energy, oil and gas sectors
- since 2007: Managing Director of Global Banking & Markets at Banco Santander S.A.
- 2011–2017: Member of the Management Board of Bank Zachodni WBK S.A.
- since 2017: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Corporate and Investment Banking Division



Arkadiusz Przybył

Vice President of the Management Board
Retail Banking Division

Academic background:

- Graduate of the University of Łódź (Management, Finance and Banking)
- MBA degree from INSEAD, France

Professional background:

- 1997–2005: Engagement Manager at McKinsey & Company in Warsaw
- 2005–2008: Head of Retail Banking at GE Money for Central and Eastern Europe, Zurich/Paris Headquarters
- 2009–2010: Executive Director at GE Money Bank (Latvia) and GE Money (Latvia)
- 2011–2012: Business Director in the Headquarters of Santander Consumer Finance in Madrid, responsible for strategy development, market integration and company acquisition projects
- 2012–2017: President of the Management Board of Santander Consumer Bank S.A. in Wrocław
- 2017: Member of the Management Board of Santander Bank Polska S.A.
- since 2018: Vice President of the Management Board of Santander Bank Polska S.A. in charge of the Retail Banking Division



Patryk Nowakowski

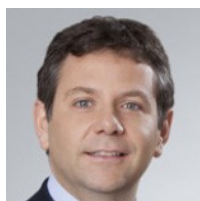
Member of the Management Board
Digital Transformation Division

Academic background:

- MSc in Economics from the Poznań University of Economics (IT and Econometrics)

Professional background:

- 2004–2007: gained international experience as Business Intelligence Consultant at Business & Decision AG Zurich, and then as Associate Director in UBS AG and Senior Principal Consultant in Oracle
- since 2002 (except the period above): employed with Bank Zachodni WBK S.A., initially as IT Systems Development Specialist
- 2008–2016: in charge of the Management Information Team, Information Management Competence Centre, Systems Development Area and CRM and Business Development Area
- 2016–2019: Chief Information Officer, including from 2017 to 2018 he managed acquisition of the demerged part of Deutsche Bank Polska S.A. and completed the legal and operational merger as well as migration of products held by retail and business customers of the acquired bank to the systems of Santander Bank Polska S.A.
- since 2019: Member of the Management Board of Santander Bank Polska S.A. in charge of the Digital Transformation Division



Carlos Polaino Izquierdo

Member of the Management Board
Financial Accounting and Control Division

Academic background:

- Graduate of Universidad Autónoma de Madrid (Business Administration)

Professional background:

- until 1998: Ernst & Young
- since 1998: Santander Group:
 - Internal Audit of Banco Santander Spain
 - since 2006: Deputy Head of Internal Audit of Santander Brazil
 - Active role in the merger of the different banks from Santander Group
 - since 2011: Chief Audit Executive of Bank Zachodni WBK Group
 - since 2015: Member of the Management Board of Santander Bank Polska S.A. in charge of the Financial Accounting and Control Division



Maciej Reluga

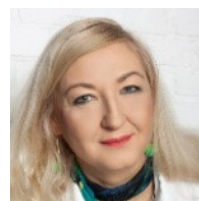
Member of the Management Board
Financial Management Division

Academic background:

- Graduate of the faculty of Economic Sciences at Warsaw University; completed the Finance Management Programme at the University of Namur (Belgium)
- Studied at ICAN Institute's Strategic Leadership Academy and completed Senior Management Programme at Banking at the Swiss Finance Institute
- Attended a number of programmes and training courses (including at the University of Cambridge)

Professional background:

- 1996–1998: Analyst at NBP
- 1998–2002: Economist at ING Bank Śląski and ING Barings
- since 2002: Chief Economist at Bank Zachodni WBK S.A.
- since 2017: Member of the Management Board of Santander Bank Polska S.A. in charge of the Financial Management Division



Dorota Strojewska

Member of the Management Board
Business Partnership Division

Academic background:

- Graduate of Polish and Classical Philology at Adam Mickiewicz University in Poznań
- Postgraduate of Poznań University of Economics and Business and Kozminski University
- Completed a number of training courses on HR management, coaching, strategic planning, financial management and business psychology, including Development of Managerial Skills at Nottingham Trent University and Advanced Leadership Programme at ICAN Institute, Harvard Business Review

Professional background:

- 2005–2012: Team Manager in the CRM and Sales Support Department of Bank Zachodni WBK S.A.
- 2012–2013: Retail Banking Business Model Coherency Director at Bank Zachodni WBK S.A.
- 2013–2016: Head of the Organisational Effectiveness Area at Bank Zachodni WBK S.A.
- from April to December 2016: Head of the HR Division at PKO BP
- since 2017: Member of the Management Board of Santander Bank Polska S.A. in charge of the Business Partnership Division

8. Remuneration Policy

Remuneration of Management and Supervisory Board members

Remuneration of Supervisory Board members

P Internal regulations concerning remuneration for supervisory function holders

As at 31 December 2020, the remuneration for the Supervisory Board members was set in accordance with the Remuneration Policy for Members of the Supervisory Board of Santander Bank Polska S.A., which was adopted by virtue of Resolution no. 49 of the Annual General Meeting of 22 June 2020. The foregoing policy complies with EU regulations, Polish laws and corporate governance principles for supervised entities.

Remuneration principles

The remuneration of members of the Supervisory Board of Santander Bank Polska S.A. is set by the bank's General Meeting, depending on the function performed on the Supervisory Board, membership of the Supervisory Board Committees and the related additional tasks performed. The General Meeting may authorise the Supervisory Board to determine additional remuneration for the Supervisory Board members entrusted with ongoing individual oversight. The remuneration for Supervisory Board members is paid in cash only.

No additional discretionary pension benefits or early retirement programmes are envisaged for the Supervisory Board members.

Amount of remuneration

The amount of remuneration of Supervisory Board members is specified in AGM Resolution no. 50 of 22 June 2020. Members of the Supervisory Board are paid monthly remuneration for performing their role on the Supervisory Board and additional remuneration for participating in each of the meetings of the Supervisory Board Committees on which they sit. The following four members of the Supervisory Board related to Santander Group did not receive remuneration: Gerry Byrne, José García Cantera, Isabel Guerreiro i José Luis de Mora.

The table below presents the remuneration paid to members of the Supervisory Board of Santander Bank Polska S.A. in 2019 and 2020.

First and last name	Position	2020 ²⁾		2019 ²⁾	
		Period	PLN k	Period	PLN k
Gerry Byrne ¹⁾	Chairman of the Supervisory Board	01.01.2020-31.12.2020	-	01.01.2019-31.12.2019	-
José Luis de Mora ¹⁾	Vice Chairman of the Supervisory Board	01.01.2020-31.12.2020	-	01.01.2019-31.12.2019	-
Dominika Bettman	Member of the Supervisory Board	22.06.2020-31.12.2020	128	n/a	n/a
José Manuel Campa ¹⁾	Member of the Supervisory Board	n/a	n/a	01.01.2019-04.03.2019	-
José García Cantera ¹⁾	Member of the Supervisory Board	01.01.2020-31.12.2020	-	01.01.2019-31.12.2019	-
Danuta Dąbrowska	Member of the Supervisory Board	01.01.2020-31.12.2020	249	01.01.2019-31.12.2019	261
Isabel Guerreiro ¹⁾	Member of the Supervisory Board	01.01.2020-31.12.2020	-	23.09.2019-31.12.2019	-
David Hexter	Member of the Supervisory Board	01.01.2020-31.12.2020	320	01.01.2019-31.12.2019	299
Witold Jircewicz	Member of the Supervisory Board	n/a	n/a	01.01.2019-18.09.2019	211
John Power	Member of the Supervisory Board	01.01.2020-31.12.2020	289	01.01.2019-31.12.2019	317
Jerzy Surma	Member of the Supervisory Board	01.01.2020-31.12.2020	302	01.01.2019-31.12.2019	304
Marynika Woroszyńska-Sapieha	Member of the Supervisory Board	01.01.2020-31.12.2020	254	01.01.2019-31.12.2019	256

1) Gerry Byrne, José Manuel Campa, José García Cantera and José Luis de Mora did not receive remuneration for their membership of the Supervisory Board.

2) Changes to the composition of the Supervisory Board in 2020 are presented above in "Supervisory Board".

John Power additionally received PLN 45.4k in 2020 (PLN 44.3k in 2019) for his membership of the Supervisory Board of the bank's subsidiary. No other Supervisory Board member sat on the boards of subsidiaries or associates of Santander Bank Polska S.A.

In 2019, John Power was also paid the remuneration of PLN 1,720.6k as he single-handedly supervised the integration of an organised part of Deutsche Bank Polska S.A. into the structures of Santander Bank Polska S.A.

Remuneration of Management Board members

Internal regulations concerning remuneration for management function holders

The rules regarding fixed and variable components of remuneration for the Management Board members are set out in the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. introduced by virtue of Supervisory Board Resolution no. 49 of 22 June 2020 and in the Remuneration Policy of Santander Bank Polska Group updated in May 2020.

In 2020, the provisions of the above-mentioned regulations relating to Management Board members were brought in line with the requirements of the Act of 16 October 2019 amending the Act on public offering, conditions for introducing financial instruments to organised trading, and on public companies, and certain other acts.

Agreements between Santander Bank Polska S.A. and its executives

The Management Board members signed employment contracts with Santander Bank Polska S.A. for the current term of office. The contractual terms and conditions comply with general laws and internal regulations, in particular with the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. The Management Board members also signed agreements prohibiting competitive activity after termination of their employment with Santander Bank Polska S.A.

A Management Board member who is not appointed for a new term of office or is removed from the Board is entitled to one-off severance pay. It does not apply to Management Board members who accept a new role in the bank, are removed due to gross negligence, resign or are not granted discharge.

Santander Bank Polska S.A. does not have an obligation to pay pension or other similar benefits to former members of the Management Board and Supervisory Boards.

Fixed remuneration

Pursuant to the Statutes of Santander Bank Polska S.A. and the aforementioned regulations, the remuneration of the President and members of the Management Board is set by the Supervisory Board, taking into account recommendations of the Remuneration Committee. The Committee defines the remuneration policy in respect of Management Board members and individual terms and conditions as part of remuneration packages for each Management Board member.

Fixed remuneration includes base salary, additional benefits specified in the internal awarding regulations (e.g. health insurance) and severance pay and compensation arising from external regulations.

When determining the amount of the base salary of a Management Board member, the following criteria are specifically taken into account: function performed, scope of organisational responsibility at the bank, qualifications and professional experience and market competitiveness of the remuneration offered. No additional discretionary pension benefits or early retirement programmes are envisaged for the Management Board members.

The table below presents the total remuneration and additional benefits received by members of the Management Board of Santander Bank Polska S.A. in 2020 and 2019 for their membership of the Management Board.

First and last name	Position	2020 ¹⁾			2019 ¹⁾		
		Period	Remuneration (PLN k)	Additional benefits ²⁾ (PLN k)	Period	Remuneration (PLN k)	Additional benefits ²⁾
Michał Gajewski	President of the Management Board	01.01.2020-31.12.2020	2 603	159	01.01.2019-31.12.2019	2 171	90
Andrzej Burliga	Vice President of the Management Board	01.01.2020-31.12.2020	1 308	123	01.01.2019-31.12.2019	1 308	92
Michael McCarthy	Vice President of the Management Board	01.01.2020-31.12.2020	1 384	25	01.01.2019-31.12.2019	1 383	25
Juan de Porras Aguirre	Vice President of the Management Board	01.01.2020-31.12.2020	1 478	217	01.01.2019-31.12.2019	1 356	52
Arkadiusz Przybył	Vice President of the Management Board	01.01.2020-31.12.2020	1 332	89	01.01.2019-31.12.2019	1 332	90
Feliks Szyszkowski	Vice President of the Management Board	n/a	n/a	n/a	01.01.2019-30.04.2019	366	67
Patryk Nowakowski	Member of the Management Board	01.01.2020-31.12.2020	972	88	05.06.2019-31.12.2019	557	44
Carlos Polaino Izquierdo	Member of the Management Board	01.01.2020-31.12.2020	1 565	254	01.01.2019-31.12.2019	1 577	308
Maciej Reluga	Member of the Management Board	01.01.2020-31.12.2020	972	115	01.01.2019-31.12.2019	972	91
Dorota Strojowska	Member of the Management Board	01.01.2020-31.12.2020	1 074	89	01.01.2019-31.12.2019	1 074	91

1) Changes to the composition of the Management Board in 2020 are presented above in "Management Board".

2) Additional benefits received by the Management Board members include, among other things, life insurance cover without pension option and, in case of Juan de Porras Aguirre and Carlos Polaino Izquierdo, also medical cover, accommodation, travel expenses and school fees.

In 2019, Management Board members were paid allowances in lieu of annual leave of PLN 309.8k. In 2020, no such allowance was paid.

In neither of the analysed periods did Management Board members receive remuneration for their membership of the governing bodies of the subsidiaries or associates.

Variable remuneration

The general rules for determining variable remuneration for Management Board members of Santander Bank Polska S.A. are laid down in the Remuneration Policy of Member of the Management Board of Santander Bank Polska Group, and defined in more detail in the Remuneration Policy of Santander Bank Polska Group.

The annual bonus of a Management Board member depends on the annual base bonus, the availability of the bonus pool and the overall evaluation of the Management Board member's performance.

Variable remuneration is awarded to the Management Board members based on the evaluation of their performance. The selection of metrics (as well as their granularity) for individual Management Board members takes into account their individual duties and responsibilities in the process of managing the bank.

Based on the actual metrics and evaluation of performance against objectives under WHAT, HOW and RISK categories as well as relevant weights assigned to them, the rating is established and adjusted by a multiplier, which arises, among other things, from assessment of performance against a three-year horizon, as proposed by the Supervisory Board Remuneration Committee and approved by the Supervisory Board.

The base bonus is set on the basis of an individual scope of responsibility, taking into account market conditions and other criteria. Each year, the Remuneration Committee reviews the performance of each Management Board member in line with a separate policy and a detailed procedure for evaluating the performance of the Management Board members. The final decision on the amount of the annual bonus for the Management Board members is taken by the Supervisory Board based on the Committee's recommendation.

The level of the annual bonus is determined on the basis of global quantitative and qualitative indicators and potential adjustments in respect of unexpected events. The indicators are set in accordance with the bank's financial plan and strategic goals and take into account risk management requirements. The bank's performance used to define variable components of remuneration takes into account the cost of credit, the cost of capital, and liquidity risk in a long-term perspective.

The total variable remuneration paid to Management Board members and material risk takers for a given calendar year cannot exceed 100% of the total fixed remuneration paid. However, in exceptional cases, this limit may be increased up to 200% of fixed remuneration subject to the approval of the bank's General Meeting.

Variable remuneration is awarded in accordance with bonus regulations and paid in cash or financial instruments (shares or related instruments such as phantom stock). The remuneration paid in financial instruments may not be lower than 50% of the total amount of variable remuneration. Payment of min. 40% of variable remuneration (min. 60% in the case of variable remuneration exceeding an equivalent of EUR 1m) is conditional and deferred for the period of at least three years. It is paid in arrears in equal annual instalments, unless there are reasons for reduction or non-payment.

The Management Board members may also receive variable remuneration provided for in the long-term incentive programmes designed to reinforce the connection between the long-term financial effectiveness of the bank, expectations of shareholders and awards for executives while adhering to market standards. Subject to certain criteria, the programmes enable their participants to take up a certain number of the bank's shares.

The table below presents awards paid to the Management Board members in 2020 and 2019.

First and last name	Position	2020 ¹⁾		2019 ¹⁾	
		Period	Benefits ²⁾ (in PLN k)	Period	Benefits ²⁾ (in PLN k)
Michał Gajewski	President of the Management Board	01.01.2020-31.12.2020	2 058	01.01.2019-31.12.2019	1 650
Andrzej Burliga	Vice President of the Management Board	01.01.2020-31.12.2020	910	01.01.2019-31.12.2019	1 060
Michael McCarthy	Vice President of the Management Board	01.01.2020-31.12.2020	1 193	01.01.2019-31.12.2019	1 252
Juan de Porras Aguirre	Vice President of the Management Board	01.01.2020-31.12.2020	1 413	01.01.2019-31.12.2019	1 452
Arkadiusz Przybył	Vice President of the Management Board	01.01.2020-31.12.2020	917	01.01.2019-31.12.2019	806
Feliks Szyzkowiak	Vice President of the Management Board	n/a	nd	01.01.2019-30.04.2019	1 185
Patryk Nowakowski	Member of the Management Board	01.01.2020-31.12.2020	186	05.06.2019-31.12.2019	n/a
Carlos Polaino Izquierdo	Member of the Management Board	01.01.2020-31.12.2020	874	01.01.2019-31.12.2019	906
Maciej Reluga	Member of the Management Board	01.01.2020-31.12.2020	663	01.01.2019-31.12.2019	577
Dorota Strojowska	Member of the Management Board	01.01.2020-31.12.2020	611	01.01.2019-31.12.2019	558

1) Changes to the composition of the Management Board in 2020 are presented above in "Management Board".

2) The awards paid in 2020 include part of the award for 2015–2018 which was conditional and deferred in time, and non-deferred part of the award paid for 2019.

3) The awards paid in 2019 include part of the award for 2017, 2016, 2015 and 2014 which was conditional and deferred in time.

Pursuant to the remuneration system applicable at the bank, Management Board members may be conditionally entitled to a bonus for 2020 which would be paid in part in 2021 and thereafter, if specific criteria are met. As at the date of these financial statements, the Supervisory Board did not take a decision in this respect.

6th Incentive Programme

In 2020, Santander Bank Polska S.A. settled the sixth edition of the three-year incentive programme (Incentive Programme) addressed to the employees of the bank and its subsidiaries who contributed significantly to an increase in the value of the organisation.

The programme was launched on the basis of the AGM resolution of 17 May 2017. Its main goal was to retain the best managers and effectively motivate them by ensuring a competitive and balanced remuneration package. In the long-term perspective, the programme supported implementation of quantitative indicators (compound annual growth rate of PAT, and the average value of RoRWA), and qualitative indicators (customer satisfaction and employee engagement) at the level indicated by the Supervisory Board.

The programme covered all Management Board members and employees of Santander Bank Polska Group designated by the Management Board and approved by the Supervisory Board (including the bank's material risk takers, i.e. identified participants), no more than 250 persons in total.

On 20 February 2020, the Supervisory Board confirmed fulfillment of the economic conditions triggering payment of the award. On 22 June 2020, the bank's Annual General Meeting passed a resolution on raising the bank's share capital by issuing series O shares, and approved the final list of participants in the programme (197 names).

The participants acquired series O shares in the number set out in the share subscription agreements concluded with the bank. The issue price of a series O share was PLN 10, and was equal to the nominal price. Each participant paid the amount calculated as the product of the awarded shares and their issue price.

Following registration of the share capital by the competent registry court, and registration of the newly issued shares by the Central Securities Depository of Poland, all the 101,009 series O shares were admitted and introduced to trading on the Warsaw Stock Exchange, and recorded on the securities accounts indicated by the participants. This formally ended the settlement process of the 6th Incentive Programme.

Shares and conditional rights held by Supervisory and Management Board members

As at the release dates of the Annual Report of Santander Bank Polska Group for 2020, the interim report for Q3 2020 and the Annual Report for 2019, none of the members of the Supervisory Board held any shares or attached conditional rights to shares of Santander Bank Polska S.A.

The table below shows shares and attached conditional rights to shares of Santander Bank Polska S.A. held by Management Board members as at the release dates of the reports for the periods ended 31 December 2020, 30 September 2020, and 31 December 2019.

Management Board Members ¹⁾	23.02.2021	27.10.2020	20.02.2020		
	Number of Santander Bank Polska shares ³⁾	Number of Santander Bank Polska shares	Number of allotted shares of Santander Bank Polska ²⁾ (6th Incentive Scheme)	No. of Santander Bank Polska shares	Rights (6th Incentive Scheme)
Michał Gajewski	4 795	-	4 795	-	5 420
Andrzej Burliga	3 884	1 389	2 495	1 389	2 820
Michael McCarthy	4 403	1 528	2 875	1 528	3 250
Patryk Nowakowski	1 055	329	726	329	820
Carlos Polaino Izquierdo	3 126	631	2 495	631	2 820
Juan de Porras Aguirre	3 379	1 397	1 982	1 397	2 240
Arkadiusz Przybył	2 999	-	2 999	-	3 390
Maciej Reluga	2 301	505	1 796	505	2 030
Dorota Strojowska	2 732	635	2 097	635	2 370
Total	28 674	6 414	22 260	6 414	25 160

1) Changes to the composition of the Management Board in 2020 are presented above in "Management Board".

2) The number of conditional rights to shares granted to members of the Management Board of Santander Bank Polska S.A. as part of the 6th Incentive Programme changed as a result of recalculation made under the Supervisory Board's resolution of 20 February 2020 on satisfaction of the criteria for granting annual awards to the participants for individual years of the programme. As at 27 October 2020, performance shares were awarded but not registered in the brokerage accounts of the programme participants.

3) The number of shares as at 23 February 2020 (release date of the Annual Report for 2020) includes the shares taken up as part of the 6th Incentive Programme.

Relationship between the remuneration paid to Management Board members and key managers and long-term business and financial objectives of the company

The remuneration policy of Santander Bank Polska S.A., which provides for variable components of remuneration paid to material risk takers (identified employees), has an overall objective to incentivise employees to meet short-, medium- and long-term objectives of the Group, exceed plans, and achieve progress in individual performance.

The criteria that affect the type and amount of fixed and variable remuneration paid to the Management Board members were defined so as to support the delivery of the bank's business strategy, long-term interests and stability, in particular by:

- setting annual objectives in accordance with the bank's financial and strategic plans, and assessing the performance of individual Management Board members;
- applying a flexible remuneration policy by maintaining a proper balance between fixed and variable components;
- awarding part of remuneration in the form of financial instruments and deferring payment of variable remuneration for a minimum of three years (with an option to extend that period to five years) ensuring that the bank's financial performance has influence on remuneration in the long-term perspective;
- applying malus clauses ensuring proper and effective risk management and discouraging excessive taking of risk which might materialise in the deferral period;
- awarding the variable components of remuneration only if it does not represent any threat to the solid capital base of the bank or the Group in the long-term horizon.
- introducing long-term incentive programmes to support delivery of the bank's strategy in a three-year perspective ("Performance Shares" programme).

Variable remuneration of identified persons (including the Management Board members) depends on assessment of their individual performance and on the results of their organisational unit, area under management and the bank. The individual performance is assessed in accordance with the standard procedure, based on financial and non-financial criteria. The performance review covers the period of minimum three years and takes into account the bank's economic cycle and business risk. At least 50% of variable remuneration is paid in the form of phantom stock based on the bank's shares. In addition, at least 40% of variable remuneration is deferred for a minimum of three years, and payment of each deferred portion is determined by the absence of negative premises that would prevent or reduce the payment.

Santander Bank Polska Group has a formal process in place for identification, assessment and ex-post review of performance resulting in adjustment of the variable remuneration for employees categorised as material risk takers and other employees subject to those regulations.

The variable components of remuneration for the identified employees responsible for risk management, compliance with the law, internal regulations and market standards, and internal audit are reviewed and monitored by the Remuneration Committee of the Supervisory Board. Variable remuneration of the heads of the compliance and internal audit areas is approved by the Supervisory Board.

In addition, Management Board members and key employees may receive awards under long-term incentive programmes (and take up the bank's shares at their nominal value). The purpose of these programmes is to retain the above-mentioned staff and improve the efficiency and value of the organisation. The programmes set out in detail the criteria that must be met by the Management Board members and other participants for an award to be granted, and the right of the bank's Supervisory Board to change the terms and conditions of the incentive programme, e.g. in the event of any substantial deterioration of the financial standing or the risk profile. In 2020, the bank completed the 6th Incentive Programme described above in the section on the "Performance Shares" programme.

Other transactions with the bank's executives

Loans and advances

Loans and advances granted by Santander Bank Polska S.A. to the bank's managers and their relatives totalled PLN 6,528k as at 31 December 2020 vs PLN 9,316k as at 31 December 2019. These facilities were sanctioned on regular terms.

Deposits placed with Santander Bank Polska S.A. by the bank's executives and their relatives totalled PLN 18,351k as at 31 December 2020 (PLN 16,516k as at 31 December 2019).

Provisions for employee benefits

Provisions for employee benefits of PLN 42,614k (PLN 52,702k in 2019) disclosed in Note 54 to the Consolidated Financial Statements of Santander Bank Polska Group for 2020 also include provisions for unused holidays related to members of the bank's Management Board.

9. Diversity Policy

Management of diversity within the bank's activities

Santander Bank Polska S.A. complies with the laws on diversity, inclusion and equal opportunities. It is committed to promoting diversity in accordance with best practice and ensuring equal treatment of employees and other stakeholders regardless of their gender, age, education, health conditions, race, religion, national or ethnic origin, political beliefs, trade union membership, family status or sexual orientation.

Aspects such as respect for individuality, promotion of equal treatment and the prevention of discrimination are addressed by a number of policies and procedures applicable at the bank, including the Sustainability Policy, the Human Rights Policy, the Respect and Dignity Policy and the Corporate Culture Policy of Santander Bank Polska Group. These policies are described in "Protection and promotion of diversity" of Section 4 "Employee Policies and their Outcomes" in Chapter XIV "Statement on Non-Financial Information for 2020".

As a signatory to the Diversity Charter (the international initiative supported by the European Commission), Santander Bank Polska S.A. committed itself to respecting and promoting diversity.

Diversity and inclusion is the foundation of the Group's corporate culture and is seen as the source of its strength and competitive advantage. It is also addressed and recognised in the workplace, product offering, customer service and relationships with other stakeholders.

The principles supporting diversity and equal treatment are applied at each stage of the employee lifecycle, starting from recruitment and throughout the employee's time with the organisation (terms of employment, access to training and development initiatives, promotion opportunities) to the termination of employment with the bank.

The bank ensures equal treatment of female and male employees by monitoring differences in remuneration using the EPG (Equal Pay Gap) and GPG (Gender Pay Gap) indicators.

As part of diversity management, the Group aspires to have a balanced representation between men and women in all functions and responsibilities, including on management and supervisory bodies. In 2020, as part of the bank-wide Santander Women project, a series of educational and development workshops were held ("You've got the power"/ "Masz tę moc" and "Mastermind") to inspire women to learn about their strengths, develop their leadership skills and share experience.

The bank also supports women by cooperating with such institutions as Vital Voices Poland or the Lesław Paga Foundation. Female leaders from the bank act as mentors and actively participate in conferences and discussion panels.

As part of its diversity and inclusion agenda, the bank takes measures to provide barrier-free banking for disabled customers and raise their awareness of existing facilities and enhancements (in cooperation with the Polska bez Barrier Foundation).



The Differently Able (Różnosprawni) project run by the bank supports the creation of an inclusive and diverse work environment by employing people with disabilities and raising awareness of employees and managers about the rights and needs of the disabled.

The Group has prevention and intervention measures in place with respect to discrimination and misconduct, including channels and procedures for reporting/ analysing suspected violation of law, procedures, standards and employee relationships.

The bank's initiatives related to diversity are recognised by the market, as confirmed by the "Equal Company 2020" certificate granted by the *Forbes Women* magazine.

Diversity policy with respect to supervisory and management bodies

The bank pursues its diversity strategy with respect to selection, assessment of competencies and succession of members of supervisory and management bodies. Not only does it strive to ensure that members of the Management and Supervisory Boards have a wide range of capabilities, professional skills, adequate experience and good reputation, but it is also committed to having a balanced representation between men and women on these boards, while ensuring diversity in terms of age, academic and professional background and geographical origin.

The Management Board Diversity Policy of Santander Bank Polska S.A. promotes diversity among the Management Board members in terms of their qualities and skills to ensure different perspectives and experience needed to support independent judgment and informed decision making based on a selection of suitable criteria. This Policy is based on the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders EBA/GL/2017/12 and complies with the applicable laws, including Banking Law Act and Commercial Companies Code.

Pursuant to the above Policy, the Supervisory Board strives to achieve minimum 30% female representation on the Management Board by 2025 and increase diversity in terms of age and geographical provenance.

Furthermore, the Appointment and Succession Policy for Management Board Members and Key Function Holders of Santander Bank Polska S.A. is to ensure the continuity of business processes delivered by senior managers, while achieving the best possible balance of gender, knowledge, skills and experience.

The diversity of the Supervisory Board is governed by the Policy on the Suitability Assessment of the Supervisory Board Members in Santander Bank Polska S.A. and the Nomination and Succession Planning Policy for Supervisory Board Members in Santander Bank Polska S.A., which require that – apart from having adequate education, professional experience and good repute – the candidates for the Supervisory Board and the Management Board positions should possess a wide spectrum of features and skills and independence of mind. Moreover, the former Policy sets out an objective of 30% female representation on the Supervisory Board by 2025.

To ensure the above-mentioned minimum share of women on the Management and Supervisory Boards, the Nominations Committee of the Supervisory Board takes into account all personnel of Santander Group and business objectives related to cross-border activities. Further to this, it takes measures to ensure that the succession plans include an appropriate percentage of women to achieve the set objective and that the women considered in such plans are ready to take up their role within the prescribed time frame.

As at 31 December 2020, there were four women on the bank's Supervisory Board: Danuta Dąbrowska, Dominika Bettman, Isabel Guerreiro and Marynika Woroszyńska-Sapieha (40% of membership) and one woman on the Management Board: Dorota Strojewska, Head of the Business Partnership Division (11% of membership). Women accounted for 26% of the supervisory and management bodies and 22% of the key management. In the senior management category they had 50% share and 57% share in the medium level management.

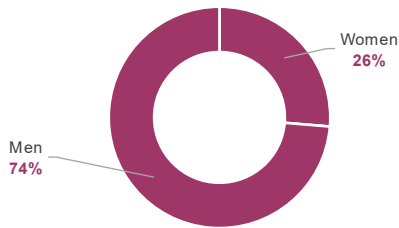
The current composition of the Supervisory and Management Boards ensures diversity in terms of gender, age, experience and academic background. The tables and graphs below show diversity levels at the bank:

Gender	Women	Men
Supervisory Board	4	6
Management Board	1	8

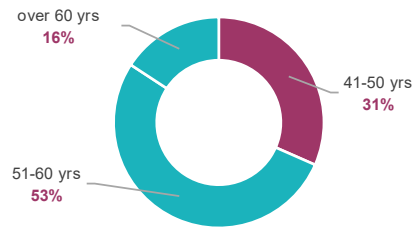
Age	31-40	41-50	51-60	over 60
Supervisory Board	-	2	5	3
Management Board	-	4	5	-

Years of employment with Santander Bank Polska S.A.	up to 5	6-10	11-15	16-20	21-25	over 26
Supervisory Board	2	6	-	2	-	-
Management Board	3	2	2	1	-	1

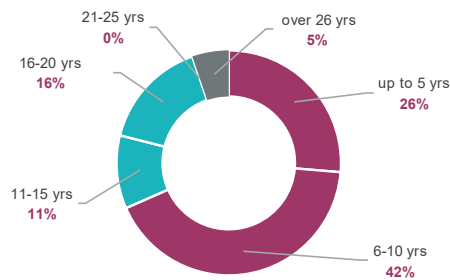
GENDER OF SUPERVISING AND EXECUTIVE STAFF
OF SANTANDER BANK POLSKA S.A.



AGE OF SUPERVISING AND EXECUTIVE STAFF
OF SANTANDER BANK POLSKA S.A.



WORK EXPERIENCE OF SUPERVISING AND EXECUTIVE
STAFF WITH SANTANDER BANK POLSKA S.A.



10. Internal Control and Risk Management System

Objective of the internal control system

Santander Bank Polska Group has an internal control system in place which, together with the risk management system (described in Chapter XII "Risk and Capital Management"), is a fundamental element of the Group's management system.

The internal control system supports decision-making processes, contributes to an increase in operational efficiency of the organisation, and ensures adherence to risk management principles, laws, internal regulations and standards, regulatory requirements and best market practice. The effective system allows the bank to ensure the reliability of financial reporting and its compliance with laws, international standards, internal regulations and supervisory recommendations.

Organisation and operation of the internal control system

The bank's Management Board is responsible for developing and implementing an effective internal control system in all organisational units, and for updating internal regulations and establishing adequacy and effectiveness criteria for evaluating that system. Its role is to ensure continuity of the system and to verify control mechanisms and procedures, as well as to define and take relevant measures to remove any deficiencies after they are identified. The Supervisory Board monitors the effectiveness of the internal control system and performs annual assessment of adequacy and effectiveness of the control function based on the opinion of the Audit and Compliance Committee.

The internal control system of Santander Bank Polska S.A. is tailored to the organisational structure, risk management system and market environment. It covers the Business Support Centre, branches, partner outlets and subsidiaries. It includes but is not limited to:

- a control function, which includes positions, task forces and organisational units which are responsible for ensuring that the control mechanisms defined as part of such processes as Operational Risk Self-assessment are properly implemented (for more information, see Chapter XII "Risk and Capital Management");
- a compliance function, which is a separate organisational unit (Compliance Area and Anti-Money Laundering Department) whose goal is to support Santander Bank Polska Group's executives in managing compliance risks to ensure that the Group adheres to laws, regulatory requirements and best practices;
- an internal audit function, i.e. an independent and unbiased organisational unit (Internal Audit Department), which assesses the adequacy and effectiveness of the risk management and internal control system as part of the first and second line of defence, reports critical deficiencies (significant weaknesses) to the bank's Management Board and to the Supervisory Board or its Audit and Compliance Committees, and recommends measures to be taken to improve existing processes.

The internal control and risk management systems are based on three lines of defence.

THREE LINES OF DEFENCE IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS



The Internal Control System Policy of Santander Bank Polska S.A. defines, among other things, the objective, structure and scope of the internal control system. Detailed regulations describe responsibilities as part of the internal control system, rules for identifying processes and risks that are material from the point of view of the control environment, along with their control mechanisms, risk control mechanisms and inspections carried out as part of independent monitoring of control mechanisms. The purpose of monitoring, testing and reporting is to ensure that the control environment is effective in terms of design and operation of the controls, and to strengthen the control culture at all levels within the organisation.

Each organisational unit operates in line with its terms of reference approved by the head of the division. The document defines the roles and responsibilities within each business area. The Group's internal control system enables regular verification of control mechanisms in terms of their effectiveness. The results are escalated to and reviewed by the bank's Management Board and the Audit and Compliance Committee of the Supervisory Board of Santander Bank Polska S.A.

Control mechanisms related to financial reporting

One of the key objectives of the internal control system is to ensure full accuracy and credibility of financial reporting.

Preparation of financial data for the purpose of reporting is automated and based on the consolidated General Ledger and Data Warehouse. The underpinning IT systems are regularly reviewed and tested in terms of conformity to IT architecture and cybersecurity requirements and strictly controlled in terms of integrity and security of information.

Data inputs in the source systems are subject to formal operational and approval procedures which define the responsibilities of individual staff members. Data processing for the purpose of financial reporting is subject to relevant control mechanisms and covered by specialist internal controls whose objective is to monitor and test the correctness and accuracy of data. Any manual corrections or management overrides are also under strict control. Santander Bank Polska Group has a business continuity plan in place, which covers all IT systems used to prepare financial reports. The plan is updated on an ongoing basis.

To manage risk associated with the preparation of financial statements, the bank monitors legal and regulatory changes to reporting obligations and updates its accounting principles and disclosures accordingly. The bank, through its representatives sitting on the supervisory boards of individual subsidiaries, exercises oversight of its consolidated entities.

Financial statements are approved by the Disclosure Committee, which is responsible for ensuring that the financial disclosures of Santander Bank Polska Group comply with all legal and regulatory requirements before they are released.

The bank's management confirms that the control mechanisms in place effectively mitigate the risk of any failure to identify any material error in the financial statements.

The effectiveness of control mechanisms related to financial reporting is additionally assessed by an independent external auditor as part of the annual certification process for compliance with the Sarbanes-Oxley Act.

Internal control under the Sarbanes-Oxley Act and other regulations

In the light of the Sarbanes-Oxley Act, Santander Bank Polska Group operates as a material and independent organisation within the structure of Santander Group and as such is required to implement, maintain and assess the effectiveness of the internal control environment pursuant to the above-mentioned act.

The certification process for compliance with the Sarbanes-Oxley Act in 2020 covered all key business areas of Santander Bank Polska S.A. and was carried out using solutions and methodology based on Santander Group's approach. The scope of testing included risk factors which were particularly significant for the reliability and accuracy of financial statements, taking into account the local control environment.

In view of the requirements arising from external regulations, Santander Bank Polska S.A. took measures to ensure that its internal control system complies with the Volcker Rule (section 619 of Dodd-Frank Wall Street Reform and Consumer Protection Act), RDA/RRF (Basel Committee on Banking Supervision 239: Principles for effective risk data aggregation and risk reporting), the Regulation of the Minister of Finance on the risk management system, internal control system, remuneration policy and detailed method of internal capital estimation in banks, and KNF's Recommendation H on the internal control system in banks.

The assessment of the design and effectiveness of the internal control system covers all available information and related recommendations, including audit and post-inspection recommendations. Results of assessments and tests form the basis for the bank's management to make representations on the effectiveness of the control environment.

As part of the SOX certification process for 2020, the bank's management confirmed that no incidents had been identified in Santander Bank Polska Group which could significantly affect the relevant processes or threaten the effectiveness of the internal control over financial reporting.

11. External Auditor

Auditor engaged to audit financial statements

In accordance with the bank's Statutes and applicable regulations, on 13 December 2019 the bank's Supervisory Board adopted Resolution no. 83/2019 re-appointing PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (PwC) to:

- review the bank's financial statements and the Group's consolidated financial statements for H1 2020;
- audit the bank's financial statements and the Group's consolidated financial statements for 2020.

On 16 June 2020, the bank signed an agreement with PwC on the audit and review of financial statements for the above-mentioned periods. On 12 November 2020, an annex to the agreement was signed. The audit firm has been providing services to the bank since 2016.

The bank has used advice services provided by this firm and other entities from the PwC network. In the bank's view, the above services do not affect the impartiality or independence of the auditor.

Santander Bank Polska S.A. and Banco Santander S.A. retain auditors from the same network, which ensures a consistent approach to the audit process across Santander Group.

Santander Bank Polska S.A. selects the entity authorised to audit financial statements pursuant to the Policy of Auditor Selection recommended by the Audit and Compliance Committee, adopted by the Supervisory Board on 4 October 2017 and amended on 25 April 2019. The Policy complies with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and the Polish Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

Selection of the external auditor

A decision to appoint or re-appoint an auditor to review the bank's and the Group's financial statements is made by the bank's Supervisory Board based on the recommendation of the Audit and Compliance Committee.

Pursuant to the Policy of Auditor Selection at Santander Bank Polska S.A., the bank selects an entity authorised to audit financial statements pursuant to the following rules:

- The bank and the Committee may invite any audit firm to place bids for carrying out statutory audits on condition of a four-year cooling-off period after the end of the relationship following the expiry of the maximum duration of the engagement.
- An audit firm is selected taking into account findings and conclusions made in the final report of the Audit Supervision Authority (KNA) published on its website.
- The Audit and Compliance Committee's recommendation regarding the selection of an auditor takes into consideration the following aspects where applicable:

❖ In the case of initial engagement of an auditor:	❖ In the case of reappointment of the auditor:
<ul style="list-style-type: none">✓ at least two audit firms to choose from, along with the rationale and the Committee's justified preference for one of them;✓ competencies of the audit firms and their ability to perform the required services;✓ independence of the auditor;✓ legal requirements;✓ consistency and effectiveness of the audit from the Group's perspective as well as from the higher-level consolidation perspective;✓ comparison of individual proposals in accordance with the agreed criteria, having regard to the weights allocated on the basis of a relevant questionnaire.	<ul style="list-style-type: none">✓ assessment of the quality of services provided to date;✓ independence of the auditor;✓ legal requirements;✓ consistency and efficiency of the audit from local Group perspective as well as from the higher level consolidation perspective.
<ul style="list-style-type: none">• The same auditor is appointed for the audit of financial statements of the bank and consolidated financial statements of the Group. The same auditor may be appointed to perform all other audit-related services for the bank and the Group.• The bank/ the Group complies with the applicable laws with respect to the minimum and maximum duration of an audit engagement and the minimum cooling-off period.	

As part of statutory measures aimed at prevention and containment of Covid-19 and other contagious diseases and management of crisis situations caused by them, the Act on statutory auditors was amended on 31 March 2020, whereby the mandatory 5-year audit firm rotation for public interest entities was repealed. Currently, EU Regulation No 537/20141 is directly applicable, stipulating that the maximum engagement of the same audit firm cannot exceed 10 years.

The recommendation issued by the Audit and Compliance Committee before the appointment of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyty sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) to review and audit the financial statements of Santander Bank Polska S.A. and Santander Bank Polska Group for 2019 and 2020 met all the required criteria and was presented to the Supervisory Board as part of the selection procedure carried out in accordance with the applicable principles (re-appointment of the auditor). The process included, among other things, the assessment of PwC's independence and the quality of services provided to date.

Remuneration of external auditor

The table below shows the remuneration paid to PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyty sp.k. in 2020 and 2019 for audit of the financial statements of Santander Bank Polska S.A. and its subsidiaries, and for audit-related services and other permitted assurance services rendered under the agreements in place.

Remuneration of External Auditors (in PLN k)	Reporting Year ended on 31.12.2020	Reporting Year ended on 31.12.2019
Audit fees in respect of the parent bank ¹⁾	2 738	2 738
Audit fees in respect of the subsidiaries	2 148	2 190
Audit fees related to assurance services, including the review of the parent bank and subsidiaries ²⁾	1 146	980
Fees for non-assurance services ³⁾	349	31

1) Remuneration for audits performed by PricewaterhouseCoopers sp. z o.o. Audyty sp. k. in 2020 and 2019 under the Agreement with Santander Bank Polska S.A. on audit and review of financial statements of 16 June 2020 and 10 July 2019.

2) Remuneration for the review of financial statements under the agreements referred to in point 1 and for services related to verification of capital adequacy disclosures and assessment of compliance with requirements regarding the custody of customers' assets. The amount for 2020 also includes remuneration for reports on risk management system and information prospectuses for Santander TFI S.A.

3) Remuneration paid in respect of non-assurance services refers to the agreed procedures related to the Jessica projects and in 2020 also includes remuneration for issuance of attestation letters made in connection with the EMTN prospectus.

Permitted non-audit services

The rules for provision of permitted non-audit services by the audit firm performing the audit, entities connected with the audit firm or by a member of the audit firm network are laid down in the Policy for non-audit services reviewed and recommended by the Audit and Compliance Committee and approved by the Supervisory Board on 4 October 2017 (and subsequently amended on 23 September 2020). The Policy complies with the Act of 11 May 2017 on statutory auditors, audit firms and public oversight.

Pursuant to the Policy:

- Appointment of the auditor to render audit-related or permitted non-audit services is subject to approval by the Audit and Compliance Committee. Before that, an assessment is made to check if such services will not impact the independence of the auditor.
- When the statutory auditor or the audit firm provides permitted non-audit services to the audited entity, its parent undertaking or its controlled undertakings, for a period of three or more consecutive financial years, the total fees for such services shall be limited to no more than 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity and, where applicable, of its parent undertaking, of its controlled undertakings and of the consolidated financial statements of that group of undertakings. The above limit does not apply if the auditor has not rendered non-audit services for at least one year.

The Policy also specifies the scope of permitted services (i.e. services which, under the existing regulations, the statutory auditor auditing the financial statements of the bank/ Group can provide when carrying out the statutory audit): i) audit-related services (such as review of interim financial statements of the bank/ Group, assurance services); ii) non-audit services (such as specific advisory services).

The Policy also lists prohibited services. Specifically, the auditor may not:

- audit and/or review its own work (self-review).
- perform a management role in the audited company or in relation to the services provided (management functions).
- represent the audited company or Group (advocacy).

Once a year, before the conclusion of the audit of the Group's annual financial statements, aggregated information on non-audit services is sent to the Audit and Compliance Committee for verification of their potential impact on the auditor's independence and objectivity.

In 2020, PwC, the audit firm appointed to audit the financial statements of Santander Bank Polska S.A. and its Group for 2019 and 2020 (along with other entities from the PwC network) provided the following permitted non-audit services:

- ✓ review of interim financial statements of the bank/ Group;
- ✓ verification of consolidation packs;
- ✓ verification of disclosure in respect of capital adequacy;
- ✓ verification of report on remuneration of the Management Board and the Supervisory Board;
- ✓ services connected with an issue prospectus;
- ✓ assurance services related to custody of customers' assets and disclosures regarding variable remuneration.

The Audit and Compliance Committee approved the appointment of PwC and other entities from its network to provide the foregoing permitted non-audit services. Before the relevant recommendations were presented to the Supervisory Board, the independence of the auditor had been verified with a positive outcome.

12. Pending Court Proceedings

The table below displays cases pending before court with regard to claims made by or against the bank or its subsidiaries as at 31 December 2020 and 31 December 2019.

Court Proceedings with Santander Bank Polska Group as a Party (in PLN m)	31.12.2020	31.12.2019
Amounts claimed by the Group	1 004,7	925,7
Claims against the Group ¹⁾	1 261,6	604,3
Receivables due to bankruptcy or arrangement cases	51,6	49,4
Value of all litigation	2 317,9	1 579,4
Completed significant court proceedings	734,7	630,3

1) As at 31 December 2020, the following cases were brought against Santander Bank Polska Group:

- 4,189 lawsuits over loans indexed to/ denominated in CHF, with the disputed amount totalling PLN 847.0m
- 899 lawsuits relating to a partial reimbursement of arrangement fees on consumer loans.

For more information on legal proceedings, including disputes over foreign currency mortgage loans, see Note 48 "Contingent liabilities" to the Consolidated Financial Statements of Santander Bank Polska Group for 2020.

