

# Santander Bank Polska Statement on Corporate Governance in 2021



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# I. Statement of Santander Bank Polska on Corporate Governance in 2021

## 1. Corporate Governance at Santander Bank Polska S.A.

Corporate governance sets out the rules for operation of the governing bodies, systems and processes at Santander Bank Polska S.A. Its objective 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 principles adopted by the bank focus on professionalism and integrity of members of the management and supervisory bodies, 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.

The bank's corporate governance framework is based on applicable laws (in particular the Commercial Companies Code, the Banking Law and capital market regulations) as well as the rules set out in Best Practice for GPW Listed Companies, Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF) and the Code of Banking Ethics.

- **In 2021, Santander Bank Polska S.A. complied with all the rules established in Best Practice for GPW Listed Companies 2016 adopted by virtue of Resolution no. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange dated 13 October 2015 and applicable until the end of June 2021.**
- **It also adhered to all the rules set out in the amended Best Practice for GPW Listed Companies 2021 adopted by virtue of Resolution no. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021 and effective as of 1 July 2021.**
- **Furthermore, the bank applied all Principles of Corporate Governance for Supervised Institutions issued by the KNF on 22 July 2014.**
- In the reporting period, no departures from the above-mentioned regulations were reported.

The bank has complied with the official corporate governance principles since 2002 when the first issue of best practice was published by the Warsaw Stock Exchange (Best Practice for Public Companies 2002). It also follows best sector practice contained in the Banking Ethics Code developed by the Polish Bank Association (ZBP).

The bank has adopted the following internal regulations which specify corporate governance rules in more detail: the Group-Subsidiary Governance Model, the General Code of Conduct, Guidelines for Subsidiaries, Specific Corporate Frameworks, the General Code of Conduct and specific bylaws and policies e.g. the Information Policy, the Conflict of Interest Prevention Policy, the Code of Conduct in the Securities Markets, the Anti-Money Laundering Policy, the Anti-Corruption Programme and the Sustainability Policy.

In 2021, the bank implemented KNF Recommendation Z on corporate governance at banks, effective as of 1 January 2022. To ensure full compliance with the recommendation, the processes and corporate governance rules were reviewed and supplemented both at the bank and the Group level. Recommendation Z is available on the KNF's website at:

[https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja\\_Z\\_70998.pdf](https://www.knf.gov.pl/knf/pl/komponenty/img/Rekomendacja_Z_70998.pdf)

This Statement on Corporate Governance in 2021 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.

**In accordance with Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting (2014/208/EU), the section below presents details on application of corporate governance rules regarding the topics of most importance for shareholders.** It refers both to the previous version of best practice (Best Practice for GPW Listed Companies 2016) and to the current version effective as of 1 July 2021 (Best Practice for GPW Listed Companies 2021).

### Best Practice for GPW Listed Companies 2016

This version of best practice, effective as of 1 January 2016, was adopted for use by the bank pursuant to 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 website of the Warsaw Stock Exchange at:  
[https://www.gpw.pl/pub/GPW/files/PDF/GPW\\_1015\\_17\\_DOBRE\\_PRAKTYKI\\_v2.pdf](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/w/y/n/wyniki-glosowan\\_pl\\_61605.pdf](https://static3.santander.pl/asset/w/y/n/wyniki-glosowan_pl_61605.pdf).

Chapter	Important aspects of application of Best Practice for GPW Listed Companies 2016 at Santander Bank Polska S.A.
<b>Disclosure policy, investor communications (Chapter 1)</b>	<ul style="list-style-type: none"> <li>• The bank has an effective and transparent information policy in place in relation to shareholders, investors and analysts, which is supported by a wide range of modern communication tools. Pursuant to the Information Policy of Santander Bank Polska S.A. (available on the bank's website at: <a href="https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=4">https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=4</a>), the bank actively communicates with its stakeholders in order to meet their information needs, with particular activities adjusted to their profile.</li> <li>• The communication with capital market participants is based on the following rules:               <ul style="list-style-type: none"> <li>✓ Periodic reports (including information about the bank's sponsorship and corporate giving activities) are published at the earliest possible date following the end of the reporting period. The market is informed in advance, via current reports, about the planned dates of publishing reports.</li> <li>✓ Current reports providing information required by applicable laws are published at the dates specified therein.</li> <li>✓ Each year, the bank organises four conferences to present analysts, investors and all the interested parties with quarterly figures. They are broadcast online in both Polish and English. To the extent permitted by law, the bank answers questions asked during the conferences and sent by email to the email address of the Investor Relations Director (available on the bank's Investor Relations website).</li> <li>✓ The corporate website is available in Polish and English at: <a href="http://www.santander.pl">www.santander.pl</a> and includes the Investor Relations tab with all the information required to be published in accordance with law and Best Practice for GPW Listed Companies 2016.</li> <li>✓ The bank also has a website dedicated to general meetings, which is available at <a href="http://www.santander.pl/wza">www.santander.pl/wza</a>.</li> <li>✓ As part of open communication with the shareholders, the bank (acting through the representatives of its governing bodies) provides them with all answers and explanations, ensures the possibility to participate in the general meetings by means of electronic communication and enables media representatives to join such meetings.</li> </ul> </li> <li>• 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.</li> <li>• If any false information is published in the media that might significantly affect the bank's reputation, any decisions on the response are taken in accordance with the best knowledge and law.</li> </ul>
<b>Management Board, Supervisory Board (Chapter 2)</b>	<ul style="list-style-type: none"> <li>• All members of the Management Board and the Supervisory Board have appropriate knowledge, experience and skills to duly perform their duties.</li> <li>• Detailed information about the qualifications of members of the Management Board and the Supervisory Board is presented in the later part of this statement (Part 5 "Governing Bodies", Sections: "Management Board" and "Supervisory Board")</li> <li>• Members of the Management Board and the Supervisory Board are appointed in accordance with the criteria which ensure that the composition of these bodies is comprehensive and diverse.</li> <li>• The functions performed on the bank's Management Board are the main area of the professional activity of its members, some of whom also sit on the supervisory boards of the bank's subsidiaries, which facilitates oversight and operation of the Group as a whole.</li> <li>• The Supervisory Board members commit sufficient time to perform their functions. Half of the members of the Supervisory Board, including all members of the Audit and Compliance Committee and its Chairman, have independent status.</li> </ul>
<b>Internal systems and functions (Chapter 3)</b>	<ul style="list-style-type: none"> <li>• The bank has an effective internal control, risk management and compliance system in place, as well as an effective internal audit function adequate to the size of the bank and the type and scale of its operations. Their effectiveness is monitored and assessed by the Supervisory Board in coordination with the Audit and Compliance Committee.</li> <li>• The Head of the Internal Audit Area and the head of the compliance function report directly to the President of the Management Board. The Risk Management Division is headed by the Vice President of the Management Board.</li> </ul>

Chapter (cont.)	Important aspects of application of Best Practice for GPW Listed Companies 2016 at Santander Bank Polska S.A. (cont.)
<b>General Meeting, shareholder relations (Chapter 4)</b>	<ul style="list-style-type: none"> <li>• Annual General Meetings are convened as soon as possible after the publication of an annual report at the date set in keeping with the applicable legislation. In 2021, the Annual General Meeting was held within less than one month of the release of the annual report for 2020.</li> <li>• Since 2011, the shareholders can actively participate in General Meetings, including vote, by means of electronic communication. General Meetings are broadcast live on the bank's website. Representatives of the media can also attend General Meetings.</li> <li>• The bank presents the materials to be considered by the General Meeting in a manner convenient to the shareholders.</li> <li>• Justifications of resolutions are published on the bank's website dedicated to General Meetings on the same day as the notice of the General Meeting. In the case of resolutions requested by a shareholder to be included on the agenda, justifications are published immediately after receiving the shareholder's request (in the case of requests made in the course of the General Meeting, the justification is presented to shareholders prior to adopting a resolution). Additionally, members of the bank's governing bodies provide verbal information prior to the vote on the matter if it is required so to consider the matter properly.</li> <li>• The General Meeting should be attended by members of the Management Board and the Supervisory Board who will be able to give substantive answers to questions asked during the meeting.</li> <li>• Answers to shareholders' questions are provided in line with the applicable legislation within the set time limits.</li> </ul>
<b>Conflict of interest, related party transactions (Chapter 5)</b>	<ul style="list-style-type: none"> <li>• The bank has transparent procedures in place for managing conflicts of interest. They are described in the General Code of Conduct and the Conflict of Interest Prevention Policy.</li> <li>• As regards members of the Management Board and the Supervisory Board, the provisions regarding conflicts of interest are also included in their terms of reference. The representatives of the foregoing bodies must not participate in decision-making if they are involved in an actual or potential conflict of interest. They must also inform the bank of such situations.</li> <li>• Members of the Management Board and the Supervisory Board refrain from professional activities which might cause a conflict of interest.</li> <li>• Potential conflicts of interest involving members of the Management Board and the Supervisory Board are also considered when assessing the suitability of candidates for these bodies and as part of ongoing suitability assessments. In 2021, no such situations were identified with regard to members of the Management Board and the Supervisory Board.</li> <li>• Transactions with related parties are made in accordance with the bank's internal regulations and market standards. If the transaction with related parties exceeds 5% of the bank's total assets, it must be approved by the Supervisory Board.</li> </ul>
<b>Remuneration (Chapter 6)</b>	<ul style="list-style-type: none"> <li>• The bank's Remuneration Policy meets all the requirements prescribed by law and supports the Group's growth and security. It complies with the principles of sound and effective risk management, prudent capital management, and it is consistent with the bank's business strategy, objectives, values and long-term interests.</li> <li>• The purpose of the Remuneration Policy is to support long-term sustainable growth of the Group by ensuring adequate staff remuneration for their performance and motivating them to deliver best results and to achieve the bank's strategic goals, as well as by establishing long-term relationships with the bank and promoting behaviours that discourage excessive risk-taking.</li> <li>• Remuneration payable to members of the Management Board consists of a fixed component and a variable component, with the latter awarded based on assessment of their performance.</li> <li>• Remuneration payable to members of the Supervisory Board is not linked to options or other derivative instruments or any other variable components or the bank's results.</li> <li>• The remuneration of members of the Management Board and the Supervisory Board and key managers is sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the bank. The remuneration structure fully reflects market practices while the remuneration levels match the ones offered in the banking sector, taking into account the size of business. Remuneration is adequate to the scope of tasks performed.</li> <li>• The Supervisory Board has its Remuneration Committee composed in majority of independent members.</li> </ul>

## Best Practice for GPW Listed Companies 2021

The amended Best Practice for GPW Listed Companies 2021 effective as of 1 July 2021 was adopted by virtue of Resolution no. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021.

The full text is available on the website of the Warsaw Stock Exchange at:  
[https://www.gpw.pl/pub/GPW/files/PDF/dobre\\_praktyki/DPSN21\\_BROSZURA.pdf](https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf)

The above version of best practice was adopted by the bank by way of Management Board Resolution no. 160/2021 of 21 July 2021 and Supervisory Board Resolution no. 108/2021 of 27 July 2021.

On 29 July 2021, the bank published a report on application of the rules set out in Best Practice for GPW Listed Companies 2021 (it is available on the bank's website at: [https://www.santander.pl/regulation\\_file\\_server/time20210729112136/download?id=163350&lang=pl\\_PL](https://www.santander.pl/regulation_file_server/time20210729112136/download?id=163350&lang=pl_PL)).

The adoption of the amended best practice will be submitted for approval to the Annual General Meeting in 2022.

Chapter	Application of Best Practice for GPW Listed Companies 2021
<p><b>Disclosure policy, investor communications (Chapter 1)</b></p>	<ul style="list-style-type: none"> <li>• In 2021, the rules for communication with investors were adjusted to the amended version of Best Practice, increasing the effectiveness and transparency of disclosures to shareholders, investors and analysts. In addition to complying with the rules specified in the previous document and the ones presented in the table below, the bank strives to:               <ul style="list-style-type: none"> <li>✓ reply immediately to any questions about the published information, and in the case of questions from investors concerning unpublished data, the bank takes efforts to reply as soon as possible and no later than within 14 days (in accordance with laws and market standards);</li> <li>✓ participates in investor conferences organised by Polish and foreign brokerage companies;</li> <li>✓ ensure that its financial results achieved in a given reporting period are published before the deadlines prescribed by law, being one of the leaders in this respect among the companies listed on the Warsaw Stock Exchange.</li> </ul> </li> <li>• The bank's Information Policy provides for active measures to be taken to meet information needs of the bank's stakeholders and ensure appropriate transparency of the bank, build trust, promote the bank's image in capital markets and respond to all queries of the interested parties regarding the bank's current standing. The current Information Policy of Santander Bank Polska S.A. is available on the bank's website at: <a href="https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=4">https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=4</a>.</li> <li>• The bank has a corporate website available at: <a href="http://www.santander.pl">www.santander.pl</a>, which includes the Investor Relations tab with all information required to be published in accordance with law and Best Practice for GPW Listed Companies 2021. The bank's Investor Relations service includes a section dedicated to Best Practice for GPW Listed Companies, which contains all the required information such as: report on application of Best Practice for GPW Listed Companies 2021, information about the Supervisory Board committees, information on changes in the share capital and transactions in shares, information on incentive programmes, dividend policy, questions asked by investors (along with answers), information about pay equality between men and women (including measures taken to eliminate any gaps), the Group's structure, schedule of corporate events, information about shareholders, the CRS/ESG Report, information about the Diversity Policy, members of the bank's governing bodies, the General Meeting, basic corporate documents, financial statements (including presentations), development strategy, recommendations and analyses of rating agencies, current reports, records of meetings with investors, channels of communication between investors and the bank, information about mergers and acquisitions.</li> <li>• The matters related to environmental and climate protection as well as social and employee issues are the foundations of the Responsible Banking agenda and an integral part of the bank's business strategy, as reflected in ESG reports available on the bank's website at: <a href="https://esg.santander.pl/2020/?_ga=2.130944071.994343194.1639381425-1666480052.1633513918">https://esg.santander.pl/2020/?_ga=2.130944071.994343194.1639381425-1666480052.1633513918</a>.</li> <li>• Since 2014, the bank has organised ten dialogue sessions with representatives of social and business partners in accordance with the AA1000SES standard. Their purpose is to gather feedback and expectations as to the bank's activities in the area of Responsible Banking. Suggestions made by stakeholders are analysed and taken into account in delivery of the strategy, in planning processes and in non-financial reporting. The last dialogue session was held in April 2021 and was devoted to the bank's role in green transformation. It was attended by representatives of NGOs, expert organisations and the bank's customers.</li> </ul>

Chapter	Application of Best Practice for GPW Listed Companies 2021 (cont.)
<b>Disclosure policy, investor communications (Chapter 1 cont.)</b>	<ul style="list-style-type: none"> <li>The decision-making processes at the bank and the Group take into account matters related to climate change, including associated risks (details are presented in CSR/ESG Report for 2020).</li> <li>The list of expenses incurred by the Group to support culture, sports, charity organisations, media and civil society organisations is included in Chapter VIII, Section 4 "Communication with Stakeholders".</li> <li>The bank's information 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 5 "Governing Bodies").</li> </ul>
<b>Management Board, Supervisory Board (Chapter 2)</b>	<ul style="list-style-type: none"> <li>Members of the Management Board and the Supervisory Board meet all the criteria and requirements defined in the updated Best Practice.</li> <li>The rules of procedure of the foregoing bodies were changed, introducing the rule of open voting, except for the cases where a secret ballot is required by law.</li> <li>The bank has a diversity policy in place which promotes diversity among members of the Management Board and the Supervisory Board in terms of their qualities and skills, gender, educational background, expertise, age, professional experience and geographical provenance. It also requires the Supervisory Board to ensure at least 30% representation of women in the Management Board by 2025.</li> <li>When appointing the Supervisory Board members, the bank is to ensure 40%–60% representation of women by 2025 (women already account for 40% of the Supervisory Board membership).</li> </ul>
<b>Internal systems and functions (Chapter 3)</b>	<ul style="list-style-type: none"> <li>The bank meets all the criteria and requirements regarding the internal control, risk management and compliance system and internal audit function set out in the amended version of Best Practice.</li> <li>The bank's organisational structure includes units responsible for the tasks of individual systems and functions.</li> <li>The Head of the Internal Audit Area adheres to international standards for the professional practice of internal auditing and reports directly to the President of the Management Board, with a dotted reporting line to the Chairman of the Audit and Compliance Committee.</li> <li>Remuneration payable to persons responsible for risk management and compliance and the Head of the Internal Audit Area depends on the delivery of the tasks set rather than short-term results of the bank.</li> <li>The head of the compliance function reports directly to the President of the Management Board. The Risk Management Division is headed by the Vice President of the Management Board.</li> <li>The internal audit function meets the international standards for the professional practice of internal auditing, which is verified as part of independent third-party assessment at least once every five years. The last assessment was carried out in June 2019 by the Institute of Internal Auditors.</li> </ul>
<b>General Meeting, shareholder relations (Chapter 4)</b>	<ul style="list-style-type: none"> <li>The Annual General Meeting of 22 March 2021 was already organised in accordance with the amended Best Practice.</li> <li>When selecting the venue for the General Meeting, the bank enables the participation of the highest possible number of shareholders (the General Meetings of the bank are held in Warsaw, where it has had its registered office since 2018).</li> <li>Since 2011, the bank's shareholders can participate in the General Meetings by means of electronic communication channels (e-meetings) and exercise their rights from anywhere in the world.</li> <li>To help shareholders make informed voting decisions, the bank publishes on a dedicated website (<a href="http://www.santander.pl/wza">www.santander.pl/wza</a>) justifications of all resolutions (except for points of order and where justification follows from the materials submitted to the General Meeting) together with their drafts.</li> <li>The bank takes efforts to ensure that draft resolutions are submitted no later than three days before the General Meeting. In 2021, the shareholder's requests were made within that time limit, including the nomination of a candidate for the Supervisory Board Chairman was submitted on 8 March 2021, i.e. 14 days before the General Meeting.</li> <li>The bank strives to distribute profit to the shareholders in accordance with the dividend policy and the KNF recommendations.</li> <li>In 2021, the Annual General Meeting did not adopt a resolution on dividend payment due to the KNF recommendation issued to banks to retain the entire profit for H1 2021. As the KNF changed its recommendation on dividend payment in H2 2021, an interim dividend was paid in accordance with the resolution of the bank's Management Board. The period between the interim dividend payment date and the record date was seven days.</li> </ul>

Chapter	Application of Best Practice for GPW Listed Companies 2021 (cont.)
<b>Conflict of interest, related party transactions (Chapter 5)</b>	<ul style="list-style-type: none"> <li>The bank complies with all the requirements arising from the amended Best Practice in terms of managing conflicts of interest and related party transactions.</li> <li>The bank ensures equal treatment of customers and suppliers. No shareholder has preference over other shareholders in related party transactions.</li> <li>The Supervisory Board may seek external expert advice when making a valuation and analysing economic effects of related party transactions. If the transaction requires the approval of the General Meeting, the Supervisory Board assesses the need for seeking such advice.</li> <li>Members of the Management Board and the Supervisory Board refrain from professional activities which might cause a conflict of interest. They must not participate in decision-making if there is an actual or potential conflict of interest. They must also inform the bank of such situations. Potential conflicts of interest involving members of the Management Board and the Supervisory Board are also considered when assessing the suitability of candidates for these bodies and as part of ongoing suitability assessments.</li> </ul>
<b>Remuneration (Chapter 6)</b>	<ul style="list-style-type: none"> <li>The remuneration policy applicable at the bank complies with all the requirements arising from the amended Best Practice.</li> <li>The bank ensures the stability of its management team through, among other things, transparent, fair, consistent and non-discriminatory terms of remuneration.</li> <li>At least 40% of each component of variable remuneration is deferred for five years for members of the Management Board and other senior managers (as defined in the Banking Law) and four years for other identified employees.</li> <li>In 2021, the bank did not have a stock option programme for managers.</li> <li>The Supervisory Board members receive fixed monthly remuneration irrespective of the number of Supervisory Board meetings held. Supervisory Board members receive additional remuneration for work on the Supervisory Board committees.</li> </ul>

## Principles of Corporate Governance for Supervised Institutions

Santander Bank Polska S.A. abides by the 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 relations 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](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](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.

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions
<b>Organisation and organisational structure (Chapter 1)</b>	<ul style="list-style-type: none"> <li>The organisation of the bank facilitates the delivery of long-term objectives, among other things by combining strategic planning with analysis of resources required to deliver the objectives. The bank sets its strategic objectives taking into account the character and scale of business activity in its Strategy approved by the Management Board and the Supervisory Board.</li> <li>The bank has a transparent and appropriate organisational structure with functions assigned to organisational and tasks allocated to Management Board members, head office units, branches and specific groups of positions. The effectiveness of the bank's structure is analysed on an ongoing basis, taking into account market trends and benchmark data. The bank's structure is available at: <a href="https://www.santander.pl/en/investor-relations/about-company/authorities">https://www.santander.pl/en/investor-relations/about-company/authorities</a>.</li> </ul>



Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions (cont.)
<b>Organisation and organisational structure</b> <b>(Chapter 1 cont.)</b>	<ul style="list-style-type: none"> <li>The organisation of the bank makes it possible to change priorities as part of quarterly planning and business review. Furthermore, the bank's Special Situations Management Policy adopted by the Management Board and approved by the Supervisory Board describes measures taken by the bank in the case of significant deterioration of its financial position or occurrence of operational events that disrupt or prevent the bank from conducting its business activity. The bank also has the Business Continuity Management Model in place.</li> <li>The bank's employees may anonymously report breaches using the whistleblowing channels available at the bank without fear of retaliation from managers or colleagues. The effectiveness of the procedure for anonymous reporting of breaches by employees is assessed at least once a year by the Supervisory Board.</li> </ul>
<b>Relations with supervised institution's shareholders</b> <b>(Chapter 2)</b>	<ul style="list-style-type: none"> <li>The bank conducts its activity taking into account the interests of all stakeholders as long as they are not contrary to the interests of the bank. To that end, the bank has adopted a series of regulations which establish detailed principles ensuring compliance with the above assumptions, such as the General Code of Conduct and the Conflict of Interest Prevention Policy.</li> <li>The bank provides its shareholders with appropriate access to information and facilitates their participate in General Meetings, as described in detail in the section on Best Practice for GPW Listed Companies 2016 and 2021.</li> <li>By exercising oversight, the shareholders contribute to effective and proper functioning of the Management Board and Supervisory Board. Members of the Management Board do not exercise their voting rights attached to shares held during General Meetings. 50% of the Supervisory Board members meet the independence criterion, which prevents worsening of the effectiveness of the shareholder oversight.</li> <li>The bank's shareholders do not hold any individual or other specific rights. Each share of the bank gives one vote at the General Meeting.</li> <li>Transactions with related parties are made in line with legal and tax requirements. The bank has relevant internal policies in place, ensuring that such transactions are made in the interest of the bank, are transparent and comply with market standards.</li> <li>If, as a result of any sudden and unexpected events, the bank's capital adequacy ratio or the liquidity ratio falls below the level required by law and the KNF recommendations with respect to the banking sector or to the bank, the bank's parent entity will ensure that available measures are taken to immediately restore the required levels.</li> <li>The purpose of the bank's dividend policy is to ensure optimal capital structure of the bank and Santander Bank Polska Group. The bank's Management Board recommends payment of dividend by way of a resolution, taking into account prudent management of the bank and capital surplus over the acceptable capital ratios, as well as laws, dividend policy and recommendations and individual guidance issued by supervisory authorities.</li> </ul>
<b>Management body</b> <b>(Chapter 3)</b>	<ul style="list-style-type: none"> <li>The bank is managed by the Management Board which is a collective body. All members of the Management Board meet the criteria arising from law, Best Practice for GPW Listed Companies, regulatory recommendations and Principles of Corporate Governance for Supervised Institutions, giving assurance of proper performance of their duties. It is verified by the Nominations Committee and the Supervisory Board as part of suitability assessment conducted before appointment of the Management Board members and periodically (at least annually).</li> <li>The Management Board is the only body with the authorisation and duty to manage the bank's operations. While pursuing the adopted strategy, the Management Board is guided by safety of the bank, applicable law, recommendations of supervisors and internal regulations of the bank.</li> <li>Members of the Management Board are collectively responsible for decisions which are within its remit, irrespective of the internal division of responsibility for particular areas of operations. The internal division of powers among Management Board members is based on the organisational structure and adopted in the form of the Management Board resolution approved by the Supervisory Board.</li> <li>None of the Management Board members conducts an activity which could lead to a conflict of interest or adversely affect his or her reputation as a member of the Management Board.</li> <li>There is a succession plan for Management Board members, approved by the Supervisory Board, which enables their immediate replacement.</li> </ul>

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions (cont.)
<b>Supervisory body</b> <b>(Chapter 4)</b>	<ul style="list-style-type: none"> <li>• The bank is supervised by the Supervisory Board. All members of the Supervisory Board meet the criteria arising from law, Best Practice for GPW Listed Companies, regulatory recommendations and Principles of Corporate Governance for Supervised Institutions, giving assurance of proper performance of their duties. It is verified by the Nominations Committee as part of suitability assessment conducted before appointment of the Supervisory Board members and periodically (at least annually). The suitability assessment is submitted to the General Meeting for approval.</li> <li>• The composition of the Supervisory Board ensures an appropriate number of persons who speak Polish (four out of ten members) and have appropriate experience and knowledge of the Polish financial market (six out of ten members). The Supervisory Board members who do not speak Polish take advantage of the assistance of interpreters and documentation translated into English.</li> <li>• Half of the members of the Supervisory Board (including all members of the Audit and Compliance Committee and its Chairman) have independent status.</li> <li>• As part of its tasks described in its Terms of Reference, the Audit and Compliance Committee monitors the performance of financial audit activities and agrees the rules of conducting these activities, including their proposed plan. The co-operation of the Audit and Compliance Committee and of the Supervisory Board with the external auditor is documented in the reports and letters addressed to these bodies and in the minutes of their meetings.</li> <li>• Members of the Supervisory Board actively perform their functions and are sufficiently engaged in the work of the Supervisory Board, as demonstrated e.g. by high attendance at the meetings in 2021. All members of the Supervisory Board give assurance of proper performance of their duties. Specifically, all members of the Supervisory Board meet the criteria set out in Article 22aa of the Banking Law related to the maximum number of functions performed.</li> <li>• The Supervisory Board exercises ongoing oversight of the bank's operations and takes preventive and remedial measures.</li> <li>• There is a succession plan for Supervisory Board members which enables their immediate replacement.</li> <li>• Each year, the Supervisory Board assesses compliance with the Principles of Corporate Governance for Supervised Institutions. A relevant statement in this respect is an element of the report on the Supervisory Board's activities and is available on the website at: <a href="https://www.santander.pl/relacje-inwestorskie/dobre-praktyki">https://www.santander.pl/relacje-inwestorskie/dobre-praktyki</a></li> </ul>
<b>Remuneration Policy</b> <b>(Chapter 5)</b>	<ul style="list-style-type: none"> <li>• The rules regarding remuneration for members of the Management Board and the Supervisory Board are set out in the Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A. and in the Remuneration Policy for Members of the Supervisory Board of Santander Bank Polska Group approved by the General Meeting. The bank also has the Remuneration Policy of Santander Bank Polska Group approved by the Supervisory Board and updated in May 2020.</li> <li>• The Supervisory Board oversees the remuneration policy, including verification of the criteria for payment of variable components of remuneration. The Supervisory Board submits a report on the remuneration policy to the General Meeting, indicating whether the policy supports the bank's growth and security.</li> <li>• The remuneration of the Management Board members is set by the Supervisory Board and the remuneration of the Supervisory Board members is set by the General Meeting, considering the functions performed and the scale of the bank's business. The Supervisory Board members who sit on committees are remunerated for additional tasks performed.</li> <li>• Remuneration regulations for key function holders (other than Management Board members) are adopted and supervised by the Management Board.</li> <li>• Variable remuneration is awarded to the Management Board members based on the evaluation of their performance. Variable remuneration for the bank's Management Board members and its key managers depends on the assessment of the company's long-term financial position, long-term growth in shareholder value, stability of the company's operations and risk appetite.</li> <li>• Members of the bank's Management Board do not receive remuneration for performing duties of supervisory board members in the companies to which they have been designated by the bank.</li> </ul>

Chapter	Important aspects of application of the Principles of Corporate Governance for Supervised Institutions (cont.)
<b>Communication Policy</b> <b>(Chapter 6)</b>	<ul style="list-style-type: none"> <li>The bank has a communication policy in place, providing clear and reliable information to its shareholders, customers and other stakeholders. The policy provides for active measures to be taken by the bank to satisfy information requirements of its stakeholders. The bank communicates with capital market participants in a way that is adjusted to the needs of specific groups.</li> <li>The bank's information policy is available on the bank's website at: <a href="https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=5">https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=5</a>. Detailed information about its assumptions is presented in the section on application of Best Practice for GPW Listed Companies 2016 and 2021.</li> </ul>
<b>Promotional activities and client relations</b> <b>(Chapter 7)</b>	<ul style="list-style-type: none"> <li>The Consumer Protection Policy of Santander Bank Polska S.A. establishes the criteria for identification, organisation and protection of consumer rights in all activities of the bank, including as part of the use of customer-centric model of products and services, agreed rules for communication, complaints handling and application of predefined control mechanisms.</li> <li>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.</li> <li>The bank has formal rules in place with respect to marketing communication and advertising messages, ensuring that they are accurate and not misleading and that they comply with applicable laws, principles of fair trade and good conduct.</li> </ul>
<b>Key internal systems and functions</b> <b>(Chapter 8)</b>	<ul style="list-style-type: none"> <li>The bank has an effective and appropriate internal control system in place that covers all levels of the bank's organisational structure and is annually assessed by the Audit and Compliance Committee and the Supervisory Board.</li> <li>The bank ensures independence of the internal audit function and the compliance function. The Head of the Internal Audit Area adheres to international standards for the professional practice of internal auditing and reports directly to the President of the Management Board, with a dotted reporting line to the Chairman of the Audit and Compliance Committee. The head of the compliance function reports directly to the President of the Management Board. The Head of the Audit Area and the head of the compliance function take part in all meetings of the Management Board, the Audit and Compliance Committee, the Risk Committee and the Supervisory Board.</li> <li>The bank's risk management system is organised according to the nature, scale and complexity of the business, taking into account the strategic objectives, the risk management strategy and the risk appetite. It is assessed by the Risk Committee and the Supervisory Board on an annual basis.</li> </ul>
<b>Execution of rights resulting from assets acquired at client's risk</b> <b>(Chapter 9)</b>	<ul style="list-style-type: none"> <li>When buying assets at the customer's risk, the bank (Santander Brokerage Poland) executes the customer's orders in line with the terms and conditions and the general terms of providing services which include the principle of best execution (Best Execution Policy of Santander Brokerage Poland). The decision making process is duly documented.</li> </ul>

## Code of Banking Ethics

In addition to the foregoing corporate governance principles, Santander Bank Polska S.A. follows best sector practice established by the Polish Bank Association (ZBP) in the Code of Banking Ethics adopted by the 25th General Meeting of ZBP dated 18 April 2013.

The Code of Banking Ethics is composed of two parts:

- Code of Best Banking Practice – a set of rules to be followed by banks in their relations with customers, employees, business partners and competitors;
- Bank Employee Code of Ethics – rules of conduct for bank employees.

The Code of Banking Ethics is available on the website of the Polish Bank Association at: <https://www.zbp.pl/dla-klientow/poradniki-i-rekomendacje>.

## Internal regulations

The general corporate governance principles are described in detail in the bank's internal regulations.

The bank has the Group-Subsidiary Governance Model and Guidelines for Subsidiaries as well as Specific Corporate Frameworks in place. The above-mentioned model sets out the basic rules to be followed by the Group in its relations with subsidiaries. It also includes guidelines on management and supervisory bodies and corporate governance concerning key business, support and control functions.

Irrespective of their role, all employees of the bank and the Group must follow ethical principles and rules of conduct established in the General Code of Conduct. It is a set of key principles and values reflecting the corporate culture of Santander Group, whose aim is to build trust and lasting loyalty of employees, customers, shareholders and communities. These rules are strictly connected with the bank's business strategy and purpose, which is to help people and businesses prosper in a Simple, Personal and Fair way.

The bank's corporate value model is based on the following eight behaviours: "Show respect", "Keep promises", "Embrace change", "Bring passion", "Actively collaborate", "Support people", "Talk straight" and "Truly listen", which are additionally used as a performance review criterion.

The Code is complemented with the following regulations: Code of Conduct in the Securities Markets, Anti-Money Laundering Policy, Anti-Corruption Programme, Conflict of Interest Prevention Policy.

The formal framework of the bank's corporate culture also includes the Sustainability Policy, which defines the organisation's approach to sustainable development in terms of responsible banking as well as the bank's voluntary ethical, social and environmental commitments.

## 2. Issuer's Securities

### Structure of equity

The table below presents the entities with significant holdings of Santander Bank Polska S.A. shares as at 31 December 2021 and 31 December 2020.

Shareholders with a stake of 5% and higher	Number of Shares and Voting Rights Held		% in the Share Capital and Voting Rights at AGM	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Banco Santander S.A.	68 880 774	68 880 774	67,41%	67,41%
Nationale-Nederlanden OFE <sup>1)</sup>	5 123 581	5 123 581	5,01%	5,01%
Other shareholders	28 184 959	28 184 959	27,58%	27,58%
<b>Total</b>	<b>102 189 314</b>	<b>102 189 314</b>	<b>100,00%</b>	<b>100,00%</b>

1) *Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) is managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne (PTE) S.A*

As at 31 December 2021, 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, according to the information held by the bank's Management Board, only Nationale-Nederlanden Otwarty Fundusz Emerytalny (OFE) exceeded the 5% threshold in terms of share capital and voting power.

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 2021 until the release of the Annual Report of Santander Bank Polska Group for 2021.

### 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.

### 3. Amendment of the Statutes of Santander Bank Polska S.A.

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 of the National Court Register in order to be valid. In accordance with 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 March 2021, the bank's Statutes were amended as follows to ensure compliance with KNF Recommendation Z:

- The Supervisory Board resolves on its Terms of Reference and informs the General Meeting about new Terms of Reference or any amendments thereto.
- The powers of the Supervisory Board include approval of any internal regulations, where it is required under Recommendation Z, including the corporate governance policy and the key functions identification policy developed by the Management Board as well as the policy for appointment and removal of key function holders, risk management strategy and risk culture framework.
- The annual assessment of the corporate governance system made by the Supervisory Board can be combined with the assessment of the internal control system, risk management system and compliance with the corporate governance framework and other standards applied in the bank.

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 21 April 2021.

### 4. Governing Bodies

#### General Meeting

##### Organisation and powers of the General Meeting

The bank's General Meeting is held as provided for in the Commercial Companies Code of 15 September 2000, the bank's Statutes and the Terms of Reference of the General Meeting. The Statutes as well as the Terms of Reference are available on the bank's website:

<https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=6>

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 2011, 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 the bank's website dedicated to the General Meeting 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 General Meeting participants to read them.

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

## General Meeting in 2021

On 22 March 2021, the Annual General Meeting of Santander Bank Polska S.A. was held. It approved the 2020 reports submitted by the Management Board and the Supervisory Board, and the Supervisory Board's assessments of the required areas. It also considered the Management Board's proposal regarding the 2020 profit distribution and the set-up of a capital reserve, approved collective suitability assessment of the Supervisory Board members and the candidates for the Supervisory Board members, granted discharge to the members of the Management Board and the Supervisory Board of the bank, appointed the Supervisory Board Chairman and determined his remuneration. The Annual General Meeting also adopted a resolution to amend the bank's Statutes to ensure compliance with Recommendation Z.

## Shareholders' rights

The rights of shareholders of Santander Bank Polska S.A. are set out in the Terms of Reference of the bank's General Meeting 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 Terms of Reference of the General Meeting, 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 General Meeting by the end of discussion of a particular agenda item;
  - ✓ ask questions and request information from the Management Board regarding issues on the General Meeting agenda, as provided for by the Commercial Companies Code;
  - ✓ apply for the role of the Chairman of the General Meeting or propose a candidate for that role;
  - ✓ challenge decisions made by the Chairman of the General Meeting;
  - ✓ 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 General Meeting agenda one week before the General Meeting;
  - ✓ have access to the General Meeting 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, its subsidiary or 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.

## Supervisory Board

### Rules of the procedure of the Supervisory Board

#### Composition, rules for appointment and removal of Supervisory Board members

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 informs the KNF about the composition of the Supervisory Board. 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 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.

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 members of the Supervisory Board should be of independent status.

#### Powers of the Supervisory Board

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;
- 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 non-current assets (as defined in 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 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 absolute majority in open voting. The Supervisory Board adopts resolutions in a secret ballot in the cases stipulated by law. 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 the 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.

#### Suitability assessment

All Supervisory Board members are subject to individual suitability assessment (initial and ongoing). The Supervisory Board is also subject to collective suitability assessment. 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 supervised entities published 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 2021 and 31 December 2020.

Role in the Supervisory Board	Ref.	Composition as at 31.12.2021	Ref.	Composition as at 31.12.2020
Chairman of the Supervisory Board:	1.	Antonio Escámez Torres	1.	Gerry Byrne
Vice Chairman of the Supervisory Board:	2.	José Luís de Mora	2.	José Luís de Mora
Members of the Supervisory Board:	3.	Dominika Bettman	3.	Dominika Bettman
	4.	José García Cantera	4.	José García Cantera
	5.	Danuta Dąbrowska	5.	Danuta Dąbrowska
	6.	Isabel Guerreiro	6.	Isabel Guerreiro
	7.	David Hexter	7.	David Hexter
	8.	John Power	8.	John Power
	9.	Jerzy Surma	9.	Jerzy Surma
	10.	Marynika Woroszyńska-Sapieha	10.	Marynika Woroszyńska-Sapieha

In 2021, 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 supervised entities published by the KNF. These were ongoing annual suitability assessments. Additionally, the Committee assessed the individual suitability of Antonio Escámez Torres, who had not performed any role on the bank's Supervisory Board before.

The Annual General Meeting held on 22 March 2021 approved the results of the suitability assessments. Following Gerry Byrne's resignation from his role on the Supervisory Board on 22 February 2021, effective as of the date of the Annual General Meeting, the General Meeting held on 22 March 2021 appointed Antonio Escámez Torres as the Chairman of the Supervisory Board.

Pursuant to the bank's Statutes, Terms of Reference of the Supervisory Board and Terms of Reference of the Audit and Compliance Committee, half of the members of the Supervisory Board met the independence criteria. 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 above persons made a relevant statement which is subject to suitability assessment. The results of individual and collective suitability assessments of the Supervisory Board are approved by the Supervisory Board in the form of a resolution.

In 2021, the members of the Supervisory Board committed sufficient time to perform their functions. Last year, 23 Supervisory Board meetings were held at which 171 resolutions were passed. Average attendance of the Supervisory Board members was 97.66%.

The table below presents the attendance of Supervisory Board members:

Role in the Supervisory Board	Ref.	Composition as at 31.12.2021	Attendance at the meetings in 2021		Ref.	Composition as at 31.12.2020	Attendance at the meetings in 2021	
Chairman of the Supervisory Board:	1.	Antonio Escámez Torres <sup>1)</sup>	17/17	100%	1.	Gerry Byrne	18/18	100%
Vice Chairman of the Supervisory Board:	2.	José Luís de Mora	19/23	83%	2.	José Luis de Mora	17/18	94%
Members of the Supervisory Board:	3.	Dominika Bettman	23/23	100%	3.	Dominika Bettman <sup>2)</sup>	9/9	100%
	4.	José García Cantera	20/23	87%	4.	José Garcia Cantera	17/18	94%
	5.	Danuta Dąbrowska	22/23	96%	5.	Danuta Dąbrowska	18/18	100%
	6.	Isabel Guerreiro	21/23	91%	6.	Isabel Guerreiro	18/18	100%
	7.	David Hexter	22/23	96%	7.	David Hexter	18/18	100%
	8.	John Power	23/23	100%	8.	John Power	18/18	100%
	9.	Jerzy Surma	21/23	91%	9.	Jerzy Surma	17/18	94%
	10.	Marynika Woroszyńska-Sapieha	21/23	91%	10.	Marynika Woroszyńska-Sapieha	17/18	94%

1) Antonio Escámez Torres was appointed a new member and the Chairman of the Supervisory Board by the General Meeting held on 22 March 2021, replacing Gerry Byrne, who in 2021 attended six out of six Supervisory Board meetings held during his service.

2) Dominika Bettman was appointed a member of the Supervisory Board on 22 June 2020 and was present during all meetings held after that date.

Members of the bank's Supervisory Board 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 the bank is presented in Section 6 "Diversity Policy" ("Diversity policy regarding the governing bodies").

The information about the academic background and professional experience of the bank's Supervisory Board members is presented below. It is also published on the bank's website at <https://www.santander.pl/en/investor-relations/about-company/authorities>.

## Supervisory Board Members of Santander Bank Polska S.A.



**Antonio Escámez Torres**

Chairman  
of the Supervisory Board

Academic background:

- Law degree from Complutense University of Madrid

Professional background:

- 1973–1999: Banco Central (including the role of the Chairman and Chief Executive Officer with responsibility for the North American operations of Banco Central, Member of the Board of Directors, Member of the Executive Committee and Member of the Management Committee)
- Since 1999: Santander Group (including the role of the Member of the Board of Directors, Member of the Executive Committee, Member of the Management Committee, Member of the Banco Santander International Advisory Board and Member of Technology and International Committees)
- 2009–2018: Chairman of Spain India Council Foundation
- 2007–2018: Chairman of Banco Santander Foundation
- 1994–2018: Vice Chairman of Attijariwafa Bank
- Since 1999: Santander Consumer Finance S.A.: Chairman of the Board of Directors (1999–2020) and Non-Executive Director (since 2020)



**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 an 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 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 Programme 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 2020: Member of the Supervisory Board of Santander Bank Polska S.A.



**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 Finance 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:

- MEng degree in Computer Software Engineering 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 (Legal and Political Theory)
- MBA degree from Cranfield School of Management
- MPhil degree from Birkbeck College London and PhD degree from 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 Ltd. 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

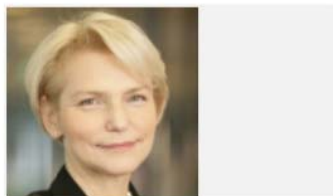
Independent Member  
of the Supervisory Board

Academic background:

- Graduate of the Wrocław University of Technology (Computer Science and Management)
- PhD in Economic Science 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 Analysis, 2018–2019: Head of Post-graduate Business Intelligence and Cybersecurity 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 Cryptology 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 Programme 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) in charge of activities related to the code of ethics and the transparency directive, protection of intellectual property 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 table below presents the membership of the Supervisory Board committees and attendance at their meetings.

Role in the Supervisory Board	No.	Members of the Supervisory Board as at 31/12/2021	Audit and Compliance Committee		Risk Committee		Nominations Committee		Remuneration Committee	
			2021	2020	2021	2020	2021	2020	2021	2020
			Chairman of the Supervisory Board:	1.	Antonio Escámez Torres <sup>1)</sup>	-	-	-	-	-
Deputy Chairman of the Supervisory Board:	2.	José Luis de Mora					6/6	5/5	4/5	3/4
	3.	Dominika Bettman <sup>2)</sup>	9/9	5/5	7/7	4/4			5/5	2/2
Members of the Supervisory Board:	4.	José García Cantera								
	5.	Danuta Dąbrowska	9/9	8/8			6/6	5/5	5/5	4/4
	6.	Isabel Guerreiro								
	7.	David Hexter <sup>3)</sup>	9/9	8/8	7/7	6/6	1/1	-		
	8.	John Power			7/7	6/6				
	9.	Jerzy Surma	9/9	8/8	7/7	6/6	6/6	5/5		
	10.	Marynika Woroszyńska-Sapieha	9/9	8/8			6/6	5/5	5/5	4/4
	<b>Number of meetings in a given year</b>			<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>

	Chairman
	Member

- 1) Antonio Escámez Torres was appointed the Chairman of the Supervisory Board on 22 March 2021, replacing Gery Byrne, who attended all meetings of the Nominations Committee (2) and the Remuneration Committee (3) held in 2021 until his resignation.
- 2) Dominika Bettman has been a member of the Supervisory Board and the above-mentioned Committees since 22 June 2020 and was present during all meetings of those Committees held after that date.
- 3) David Hexter has been a member of the Nominations Committee since 29 September 2021 and was present during all meetings of that Committee held after that date.

The operations of the Supervisory Board committees in the last year will be presented in the report on activities of the Supervisory Board in 2021, 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.

The Committee also establishes the procedure for auditor selection by the bank (the main assumptions of the **Policy of Auditor Selection at Santander Bank Polska S.A.** are presented in Section 8 "External Auditor", Subsection "Selection of the external auditor"), 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 in accordance with the applicable laws and the Policy of Auditor Selection at Santander Bank Polska S.A. The Committee 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 2021, 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 2021, the Committee regularly supervised the activities of the Internal Audit Area and positively assessed its operations in 2020, 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 2021, nine Committee meetings were held.

In 2021, the Committee issued a recommendation to the Supervisory Board to appoint PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) to review and audit the financial statements of the bank and Santander Bank Polska Group for 2021 and 2022. The recommendation 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.

Furthermore, in 2021 the Committee gave consent to PwC and other entities from its network to provide 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. Detailed information about the foregoing services is presented in Section 8 "External Auditor", Subsection: "Permitted non-audit services".

As at 31 December 2021, 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 2021, seven 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 2021, six Committee meetings were held.

## Remuneration Committee

The **Remuneration Committee** supports the Supervisory Board in performing its tasks concerning remuneration of 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 2021, five 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 individual suitability assessment (initial and ongoing). The Management Board is also subject to collective suitability assessment. 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/2021/06, 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 supervised entities published 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.

Due to expiry of the term of office of the Management Board, on 22 March 2021 the Supervisory Board appointed existing members of the bank's Management Board for a new term of office, except for Michael McCarthy, who had announced his decision not to apply on 18 March 2021. On 26 May 2021, the Supervisory Board appointed Lech Gałkowski as a member of the bank's Management Board. The individual and collective suitability assessments confirmed that each member of the Management Board and the Management Board as a whole have appropriate knowledge and skills and meet all the suitability criteria 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 take 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
- Model Risk Management Committee
- Savings and Investment Products Strategy Committee (Deposit Working Group)
- Marketing Forum
- Credit Risk Committee
- Market and Investment Risk Committee
- Regulatory and Reputational Risk Committee
- Anti-Money Laundering and Counter-Terrorism Financing Committee
- Procurement Investment 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

## Rules of procedure of the Management Board

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 absolute majority in open voting.

The Management Board adopts resolutions in a secret ballot in cases stipulated by law. 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 2021 and 31 December 2020 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	No.	Composition as at 31.12.2021	Reporting area as at 31.12.2021	No.	Composition as at 31.12.2020	Reporting area as at 31.12.2020
President of the Management Board:	1.	Michał Gajewski	Units reporting directly to the President: 1) Legal and Compliance Division 2) Units outside of the divisional structure: Internal Audit Area, Corporate Communication and Marketing Area, Strategy and Transformation Area, Corporate Governance Department, Classified Data Protection Unit	1.	Michał Gajewski	Units reporting directly to the President: 1) Legal and Compliance Division 2) Units outside of the divisional structure: Internal Audit Area, Corporate Communication and Marketing Area, Strategic and Business Model Transformation Area, Customer Excellence Centre, Classified Data Protection Unit, Corporate Governance Office
Vice Presidents of the Management Board:	2.	Andrzej Burliga	1) Risk Management Division 2) Business Intelligence Area (unit outside the divisional structure)	2.	Andrzej Burliga	1) Risk Management Division 2) Business Intelligence Area (unit outside the divisional structure)
	-	-	-	3.	Michael McCarthy	Business and Corporate Banking Division
	3.	Juan de Porras Aguirre	Corporate and Investment Banking Division	4.	Juan de Porras Aguirre	Corporate and Investment Banking Division
	4.	Arkadiusz Przybył	Retail Banking Division	5.	Arkadiusz Przybył	Retail Banking Division
Members of the Management Board:	5.	Lech Gałkowski	Business and Corporate Banking Division	-	-	-
	6.	Patryk Nowakowski	Digital Transformation Division	6.	Patryk Nowakowski	Digital Transformation Division
	7.	Maciej Reluga	Financial Management Division	7.	Maciej Reluga	Financial Management Division
	8.	Carlos Polaino Izquierdo	Financial Accounting and Control Division	8.	Carlos Polaino Izquierdo	Financial Accounting and Control Division
	9.	Dorota Strojowska	Business Partnership Division	9.	Dorota Strojowska	Business Partnership Division

All members sitting on the bank's Management Board as at 31 December 2021 were appointed by the Supervisory Board for a joint three-year term of office on 22 March 2021, except for Lech Gałkowski, who joined the Management Board on 26 May 2021. Furthermore, Michael McCarthy, who sat on the Management Board as at 31 December 2020, decided not to apply for a new term of office on 18 March 2021.

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/en/investor-relations/about-company/authorities>.

## 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, 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: Bank Millennium S.A. (Macroregional Director in the Retail Banking Division)
- 2015: Member of the Management Board of Bank Millennium 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



**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 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



### Lech Gatkowski

Member of the Management Board  
Business and Corporate Banking Division

Academic background:

- Graduate of the SGH Warsaw School of Economics (Finance and Banking)
- Holder of scholarship at Staffordshire University Business School

Professional background:

- 1996–1998: Senior Auditor responsible for the banking sector, Coopers & Lybrand sp. z o.o.
- 1998–2003: Senior Banker responsible for the automotive, consumer and healthcare sectors, ABN AMRO Bank (Polska) S.A.
- 2003–2007: CFO and commercial representative, Volvo Auto Polska sp. z o.o.
- 2008–2012: Member of the Management Board in charge of Corporate and Investment Banking, RBS Bank (Polska) S.A. (formerly ABN AMRO Bank (Polska) S.A.)
- since 2010: Chairman of the Supervisory Board of Telestrada S.A.
- 2012–2021: Head of the Corporate and Investment Banking Department (until 2018) and – following an organisational change – Head of the Investment Banking Department of Santander Bank Polska S.A. responsible for development and implementation of a customer relationship strategy
- since 2021: Member of the Management Board of Santander Bank Polska S.A. in charge of the Business and Corporate 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, 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 Science 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 in Banking at 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 Strojowska

Member of the Management Board  
Business Partnership Division

#### Academic background:

- Graduate of Polish and Classical Philology at the 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

## 5. Remuneration Policy

### Remuneration of Management and Supervisory Board members

#### Remuneration of Supervisory Board members

##### Internal regulations concerning remuneration for supervisory function holders

As at 31 December 2021, 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. 30 of 22 March 2021. 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 and José Luis de Mora.

The table below presents the remuneration paid to members of the Supervisory Board of Santander Bank Polska S.A. in 2020 and 2021.

First and last name	Position	2021		2020	
		Period	PLN k	Period	PLN k
Gerry Byrne <sup>1)</sup>	Chairman of the Supervisory Board	01.01.2021-22.03.2021	-	01.01.2020-31.12.2020	-
Antonio Escámez Torres <sup>2)</sup>	Chairman of the Supervisory Board	22.03.2021-31.12.2021	227	nd.	nd.
José Luis de Mora <sup>1)</sup>	Deputy Chairman of the Supervisory Board	01.01.2021-31.12.2021	-	01.01.2020-31.12.2020	-
Dominika Bettman	Member of the Supervisory Board	01.01.2021-31.12.2021	303	22.06.2020-31.12.2020	128
José García Cantera <sup>1)</sup>	Member of the Supervisory Board	01.01.2021-31.12.2021	-	01.01.2020-31.12.2020	-
Danuta Dąbrowska	Member of the Supervisory Board	01.01.2021-31.12.2021	283	01.01.2020-31.12.2020	249
Isabel Guerreiro <sup>1)</sup>	Member of the Supervisory Board	01.01.2021-31.12.2021	-	01.01.2020-31.12.2020	-
David Hexter	Member of the Supervisory Board	01.01.2021-31.12.2021	346	01.01.2020-31.12.2020	320
John Power	Member of the Supervisory Board	01.01.2021-31.12.2021	307	01.01.2020-31.12.2020	289
Jerzy Surma	Member of the Supervisory Board	01.01.2021-31.12.2021	329	01.01.2020-31.12.2020	302
Marynika Worozylska-Sapieha	Member of the Supervisory Board	01.01.2021-31.12.2021	282	01.01.2020-31.12.2020	254

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

2) Antonio Escámez Torres replaced Gerry Byrne as the Chairman of the Supervisory Board as of 22 March 2021.

John Power additionally received PLN 90k in 2020 (PLN 99k in 2020) for his membership of the Supervisory Board of the bank's subsidiaries.

## 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 July 2021.

### 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 violation of their obligations or standards of integrity, culture and professional conduct, 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 or the Supervisory Board.

## 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 for 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) as well as 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 2021 and 2020 for their membership of the Management Board.

First and last name	Position	2021 <sup>1)</sup>			2020		
		Period	Remuneration (PLN k)	Additional benefits <sup>2)</sup> (PLN k)	Period	Remuneration (PLN k)	Additional benefits <sup>2)</sup>
Michał Gajewski	President of the Management Board	01.01.2021-31.12.2021	2 817	174	01.01.2020-31.12.2020	2 603	159
Andrzej Burliga	Vice President of the Management Board	01.01.2021-31.12.2021	1 296	131	01.01.2020-31.12.2020	1 308	123
Michael McCarthy	Vice President of the Management Board	01.01.2021-22.03.2021	297	16	01.01.2020-31.12.2020	1 384	25
Juan de Porras Aguirre	Vice President of the Management Board	01.01.2021-31.12.2021	1 029	701	01.01.2020-31.12.2020	1 478	217
Arkadiusz Przybył	Vice President of the Management Board	01.01.2021-31.12.2021	1 320	101	01.01.2020-31.12.2020	1 332	89
Lech Gałkowski	Member of the Management Board	26.05.2021-31.12.2021	637	62	n/a.	n/a	n/a
Patryk Nowakowski	Member of the Management Board	01.01.2021-31.12.2021	1 053	101	01.01.2020-31.12.2020	972	88
Carlos Polaino Izquierdo	Member of the Management Board	01.01.2021-31.12.2021	1 300	630	01.01.2020-31.12.2020	1 565	254
Maciej Reluga	Member of the Management Board	01.01.2021-31.12.2021	1 053	127	01.01.2020-31.12.2020	972	115
Dorota Strojowska	Member of the Management Board	01.01.2021-31.12.2021	1 076	101	01.01.2020-31.12.2020	1 074	89

1) Changes to the composition of the Management Board in 2021 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 2021, Management Board members were paid allowances in lieu of annual leave of PLN 798.7k. 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 for Members 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.

In 2021, the assessment of delivery of the objectives set out in the Responsible Banking Strategy, including measures related to environmental protection and prevention of climate change, became one of the criteria for determining the bonus for members of the Management Board and the Chairman of the Supervisory Board. This process takes into account the progress made in a given year in the following three main areas of the Responsible Banking Strategy: promotion of diversity, financial empowerment and education, and development of green products and services.

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, qualitative and risk indicators as well as 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 four years (five years in the case of Management Board members and senior executives). It is paid in equal annual instalments in arrears during the deferral period, 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 2021 and 2020.

First and last name	Position	2021		2020	
		Period	Awards paid <sup>2)</sup> (PLN k)	Period	Awards paid <sup>2)</sup> (PLN k)
Michał Gajewski	President of the Management Board	01.01.2021-31.12.2021	1 713	01.01.2020-31.12.2020	2 058
Andrzej Burliga	Vice President of the Management Board	01.01.2021-31.12.2021	617	01.01.2020-31.12.2020	910
McCarthy Michael	Vice President of the Management Board	01.01.2021-22.03.2021	850	01.01.2020-31.12.2020	1 193
Juan de Porras Aguirre	Vice President of the Management Board	01.01.2021-31.12.2021	1 008	01.01.2020-31.12.2020	1 413
Arkadiusz Przybył	Vice President of the Management Board	01.01.2021-31.12.2021	744	01.01.2020-31.12.2020	917
Lech Gałkowski	Member of the Management Board	26.05.2021-31.12.2021	n/a	n/a	n/a
Patryk Nowakowski	Member of the Management Board	01.01.2021-31.12.2021	294	01.01.2020-31.12.2020	186
Carlos Polaino Izquierdo	Member of the Management Board	01.01.2021-31.12.2021	616	01.01.2020-31.12.2020	874
Maciej Reluga	Member of the Management Board	01.01.2021-31.12.2021	558	01.01.2020-31.12.2020	663
Dorota Strojowska	Member of the Management Board	01.01.2021-31.12.2021	533	01.01.2020-31.12.2020	611

1) Changes to the composition of the Management Board in 2021 are presented above in "Management Board".

2) The awards paid in 2021 include part of the award for 2016–2019 which was conditional and deferred in time, and non-deferred part of the award paid for 2020.

3) The awards paid in 2020 include part of the award for 2018, 2017, 2016 and 2015 which was conditional and deferred in time, and non-deferred part of the award paid for 2019 r.



Pursuant to the remuneration system applicable at the bank, Management Board members may be conditionally entitled to a bonus for 2021 which would be paid in part in 2022 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.

## Incentive Programme

As at the approval date of the Annual Report of Santander Bank Polska Group for 2021, the periodical "Performance Shares" Incentive Programme was not renewed.

In 2020, Santander Bank Polska S.A. settled the sixth edition of the three-year incentive programme (6th Incentive Programme) addressed to the employees of the bank and its subsidiaries (up to 250 people) who contributed significantly to an increase in the value of the organisation.

The 6th Incentive Programme was launched under resolution of the bank's Annual General Meeting of 17 May 2017. Its objective was to retain and incentivise executives and – in the long term – to facilitate the achievement of the quantitative and qualitative indicators at the levels set by the Supervisory Board.

In view of the fulfillment of the economic criteria for payment of the award, on 22 June 2020 the bank's Annual General Meeting approved the final list of participants in the programme (197 names) and passed a resolution on raising the bank's share capital by issuing new shares. As part of the programme, the bank issued 101,009 series O shares at PLN 10 per share.

## Shares and conditional rights held by Supervisory and Management Board members

As at the release dates of the financial reports for the periods ended 31 December 2021, 30 September 2021 and 31 December 2020, 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 above-mentioned reports.

	23.02.2022	27.10.2021	23.02.2021
<b>Management Board members as at 31.12.2021</b>	<b>Number of shares of Santander Bank Polska S.A.</b>		
Michał Gajewski	4 795	4 795	4 795
Andrzej Burliga <sup>1)</sup>	1 884	3 884	3 884
Lech Gałkowski <sup>1)</sup>	951	951	n/a
Michael McCarthy <sup>2)</sup>	n/a	n/a	4 403
Patryk Nowakowski <sup>3)</sup>	-	1 055	1 055
Carlos Polaino Izquierdo	3 126	3 126	3 126
Juan de Porras Aguirre	3 379	3 379	3 379
Arkadiusz Przybył	2 999	2 999	2 999
Maciej Reluga	2 301	2 301	2 301
Dorota Strojewska	2 732	2 732	2 732
<b>Razem</b>	<b>22 167</b>	<b>25 222</b>	<b>28 674</b>

1) On 24 November 2021 Patryk Nowakowski disposed of all of its shares in Santander Bank Polska S.A. On 13 January 2021 Andrzej Burliga sold 2,000 shares.

2) Lech Gałkowski took up his role as a Management Board member on 26 May 2021.

3) Michael McCarthy decided not to apply for a new term of office as the Management Board member.

## 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 regulates 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 four 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;
- a possibility to set up 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, payment of min. 40% of variable remuneration is deferred for the period of at least four years (five years in the case of Management Board members and senior executives). It is paid in equal annual instalments in arrears during the deferral period, unless there are reasons for reduction or non-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 identified employees (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 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 PLN5 996k as at 31 December 2021 vs PLN 6,528k as at 31 December 2020. 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 14 014k as at 31 December 2021 (PLN 18,351k as at 31 December 2020).

### Accruals for employee benefits

Accruals for unused holidays of PLN 45 018k (PLN 42,614k in 2020) disclosed in Note 55 to the Consolidated Financial Statements of Santander Bank Polska Group for 2021 also include accruals for unused holidays related to members of the bank's Management Board.

## 6. Diversity Policy

### Foundations of the diversity management approach

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 presented in Chapter XIV "Statement on Non-Financial Information for 2021", Section 4 "Employee Policies and their Outcomes", Subsection "Protection and promotion of diversity".

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 policy regarding the governing bodies

The bank pursues its diversity strategy as part of selection, assessment of suitability 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 of men and women on these boards, while ensuring diversity in terms of age, academic and professional background and geographical origin.

The above processes are delivered in a way preventing discrimination on any grounds, particularly based on gender, race, colour, ethnic or social origin, genetic features, religion or beliefs, membership of a national minority, property, birth, disability, age or sexual orientation.

The bank's internal regulations in this respect are 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 the Banking Law Act and the Commercial Companies Code. They also comply with new Guidelines EBA/GL/2021/06 effective as of 31 December 2021.

The Management Board Diversity Policy of Santander Bank Polska S.A. promotes diversity among Management Board members in terms of their qualities and skills to ensure different perspectives and extensive experience, prevents exclusion (promotes inclusion) and supports independent judgment and informed decision making based on a wide range of criteria.

Pursuant to the above policy, the Supervisory Board strives to achieve minimum 30% representation of women in 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 maintaining the best possible balance of the management team in terms 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 qualities and skills and independence of mind. Moreover, the former policy sets out an objective of 40%–60% female representation on the Supervisory Board by 2025.

To ensure min. 30% 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 2021, 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 Strojowska, Head of the Business Partnership Division (11% of membership). Women accounted for 26% of the supervisory and management bodies and taking into account key managers –29%. They represented 45% of senior management and 56% of middle 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 of the above-mentioned bodies:

<b>Gender</b>	<b>Women</b>	<b>Men</b>
Supervisory Board	4	6
Management Board	1	8

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

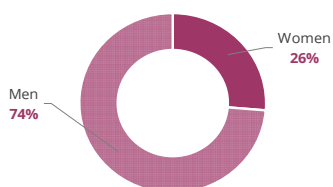
  

<b>Years of employment with Santander Bank Polska S.A.</b>	<b>up to 5</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>	<b>21-25</b>	<b>over 26</b>
Supervisory Board	3	5	1	1	-	-
Management Board	2	3	2	1	1	1

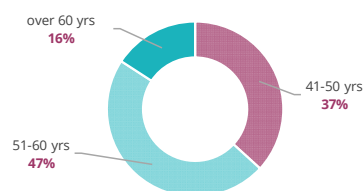
  

<b>Work experience</b>	<b>Number of persons</b>
Supervisory Board	7
Management Board	4

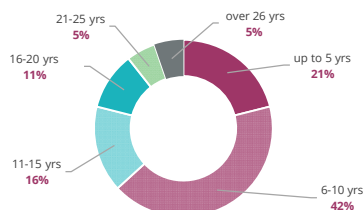
GENDER OF SUPERVISING AND EXECUTIVE STAFF OF SANTANDER BANK POLSKA S.A.



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.



## 7. Internal Control and Risk Management Systems

### 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

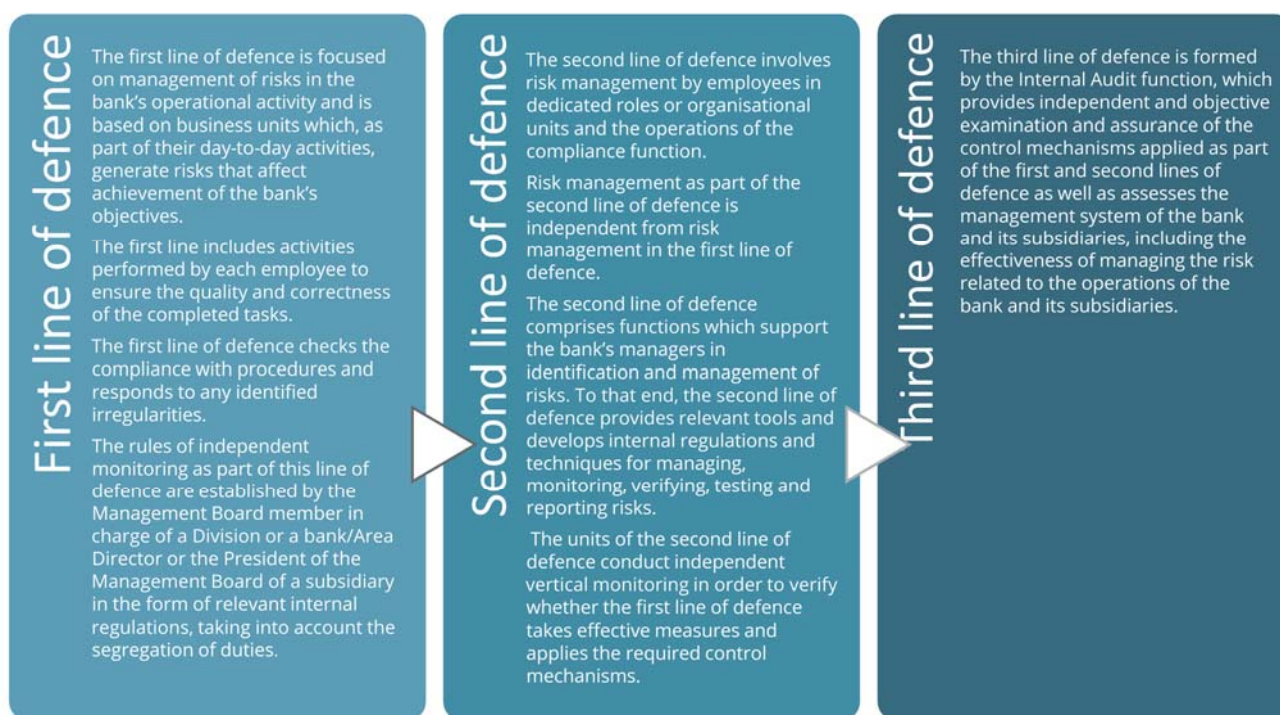
The bank's Management Board is responsible for developing and implementing an effective internal control system in all organisational units, and for updating internal regulations and establishing adequacy and effectiveness criteria for evaluating that system. Its role is to ensure continuity of the system 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, please see Chapter XII "Risk and Capital Management");
- a compliance function, which is a separate organisational unit (Compliance Area and Money Laundering and Terrorist Financing Risk Management 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.

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.

Data inputs in the source systems are subject to formal operational and approval procedures which state 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 exercises oversight of its consolidated entities through its representatives sitting on the supervisory boards of individual subsidiaries.

Financial reporting is subject to multi-stage verification:

- Financial statements are formally 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.
- Annual and interim financial statements are also reviewed by the Audit and Compliance Committee of the Supervisory Board and approved by the Supervisory Board.
- The Audit and Compliance Committee monitors the financial reporting process, taking into account information about changes in the accounting and reporting policies, and analyses all recommendations issued for the bank's Management Board by an external auditor along with the Management Board's response, and supervises their implementation.
- 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 2021 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 2021, 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.

## 8. External auditor

### Entity authorised to audit financial statements

In accordance with the bank's Statutes and applicable regulations and pursuant to the recommendation of the Audit and Compliance Committee issued in line with the applicable principles, on 23 February 2021 the bank's Supervisory Board adopted Resolution no. 24/2021 reappointing PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (PwC) to:

- review the bank's semi-annual financial statements and the Group's semi-annual consolidated financial statements for H1 2021 and H1 2022;
- audit the bank's financial statements and the Group's consolidated financial statements for 2021 and 2022.

On 9 June 2021, the bank signed an agreement with PwC on the audit and review of financial statements for the above-mentioned periods of 2021. On 3 August 2021, an annex to the agreement was signed in relation to voluntary audit of the condensed interim special purpose financial statements for the period from 1 January to 30 June 2021, which was one of the conditions precedent to payment of an interim dividend.

The audit firm has been providing services to the bank since 2016. The bank uses 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.

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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 an entity authorised to audit financial statements pursuant to the Policy of Auditor Selection (adopted by the Supervisory Board on 4 October 2017 pursuant to the recommendation of the Audit and Compliance Committee, 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 oversight.

Detailed rules of cooperation with the audit firm and the audit team are specified in the Audit Services Policy of Santander Bank Polska S.A. of 6 May 2021.

### Selection of an external auditor

A decision to appoint or reappoint an entity authorised to audit 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 audit firm 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 entity authorised to audit financial statements takes into consideration the following aspects where applicable:

<b>INITIAL ENGAGEMENT OF AN AUDITOR:</b>	<ul style="list-style-type: none"> <li>✓ at least two audit firms to choose from, along with the rationale and the Committee's justified preference for one of them;</li> <li>✓ competencies of the audit firms and their ability to perform the required services;</li> <li>✓ independence of the auditor;</li> <li>✓ legal requirements;</li> <li>✓ consistency and effectiveness of the audit from the Group's perspective as well as from the higher-level consolidation perspective;</li> <li>✓ comparison of individual proposals in accordance with the agreed criteria, having regard to the weights allocated on the basis of a relevant questionnaire.</li> </ul>
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<b>REAPPOINTMENT OF THE AUDITOR:</b>	<ul style="list-style-type: none"> <li>✓ assessment of the quality of services provided to date;</li> <li>✓ independence of the auditor;</li> <li>✓ legal requirements;</li> <li>✓ consistency and efficiency of the audit from local Group perspective as well as from the higher level consolidation perspective.</li> </ul>
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- 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.
- 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 537/2014 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 Audyt 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 2021 and 2022 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 (reappointment of the auditor). The process included, among other things, the assessment of PwC's independence and the quality of services provided to date.

## Permitted non-audit services

The rules for provision of permitted non-audit services to Santander Bank Polska S.A. by the audit firm performing the audit, entities connected with the audit firm or by members of the audit firm network are laid down in the Policy for audit related and non-audit services rendered by the auditor, which was reviewed by the Audit and Compliance Committee and approved by the Supervisory Board on 29 September 2021. The Policy meets the requirements arising from Act of 11 May 2017 on statutory auditors, audit firms and public oversight as well as EU regulations, including 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 Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 on statutory audits of annual accounts and consolidated accounts.

Pursuant to the foregoing policy:

- Appointment of an auditor to render audit-related or permitted non-audit services must be approved by the Audit and Compliance Committee based on the assessment of whether such services will not affect independence of the auditor.
- Once a year, before the conclusion of the audit of the Group's annual financial statements, summary information on non-audit services is sent to the Committee for assessment of their potential impact on the auditor's independence and objectivity.



- 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 years, the total fees for such services must not exceed 70% of the average total fees paid in the last three consecutive years for statutory audits of separate and consolidated financial statements of the above-mentioned entities. The above limit does not apply if the auditor has not rendered non-audit services for at least one year.

The scope of permitted services (i.e. services which, under the existing regulations, the statutory auditor can provide when auditing the financial statements of the bank/ Group) includes audit-related services (e.g. review of interim financial statements, assurance services) and non-audit services (e.g. tax services and general advisory services).

The Policy also lists prohibited services. Specifically, the auditor must 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).

In addition, it is not permitted to provide accounting, financial, actuarial, outsourcing (as part of internal audit) and mediation services as well as services related to valuation, design and implementation of financial information systems and specific tax services.

In 2021, PwC, the audit firm appointed to audit the financial statements of Santander Bank Polska S.A. and its Group for 2020 and 2021 (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 capital adequacy disclosures;
- ✓ verification of reports on remuneration of the Management and Supervisory Boards;
- ✓ services connected with an issue prospectus;
- ✓ assurance services related to safekeeping 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.

## Remuneration of external auditor

The table below shows the remuneration paid to PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt 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.

<b>Remuneration of External Auditors (in PLN k)</b>	<b>Reporting Year ended on 31.12.2021</b>	<b>Reporting Year ended on 31.12.2020</b>
Audit fees in respect of the parent bank <sup>1)</sup>	3 693	2 738
Audit fees in respect of the subsidiaries	2 239	2 148
Audit fees related to assurance services, including the review of the parent bank and subsidiaries <sup>2)</sup>	1 258	1 146
Fees for non-assurance services <sup>3)</sup>	354	349

1) Remuneration for audits performed by PricewaterhouseCoopers sp. z o.o. Audyt sp. k. in 2021 and 2020 under the Agreements with Santander Bank Polska S.A. on audit and review of financial statements of 9 June 2021 and of 16 June 2020, respectively, including assurance services on compliance with the ESEF standard. Based on Annex 1 of 3 August 2021 to the Agreement of 9 June 2021, PwC also performed the audit of the Interim Condensed Special Purpose Financial Statements of Santander Bank Polska S.A. for 6 months ended on 30 June 2021.

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 amounts also include 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 remuneration for issuance of attestation letters made in connection with the EMTN prospectus.

## 9. Pending court proceeding

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 2021 and 31 December 2020.

<b>Court Proceedings with Santander Bank Polska Group as a Party (in PLN m)</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Amounts claimed by the Group	1 133,8	1 004,7
Claims against the Group <sup>1)</sup>	2 533,3	1 261,6
Receivables due to bankruptcy or arrangement cases	54,8	51,6
<b>Value of all litigation</b>	<b>3 721,9</b>	<b>2 317,9</b>
Completed significant court proceedings	659,3	735,2

For more information on legal proceedings, including disputes over foreign currency mortgage loans, see Note 49 "Contingent liabilities" to the Consolidated Financial Statements of Santander Bank Polska Group for 2021.