



DIRECTORS' REPORT ON THE OPERATIONS OF THE BANK OCHRONY ŚRODOWISKA GROUP IN 2023

CONTAINING DIRECTORS' REPORT ON THE OPERATIONS OF
BANK OCHRONY ŚRODOWISKA S.A.

Warsaw, 7 March 2024

Contents

I.	SUMMARY OF THE FINANCIAL RESULTS OF THE GROUP	6
II. I.	FACTORS AND EVENTS AFFECTING THE FINANCIAL CONDITION OF THE GROUP	10
1.	MACROECONOMIC SITUATION	10
2.	FACTORS WHICH WILL AFFECT THE GROUP'S PERFORMANCE IN THE NEXT QUARTER AND BEYOND	12
3.	THE GROUP'S PRIMARY PRODUCTS, SERVICES AND BUSINESS AREAS	13
3.1.	Share of the Bank in the banking sector	13
3.2.	Banking products	13
3.3.	Brokerage business	17
3.4.	The Bank's engagement with national and regional operational programmes and European and national financial mechanisms	19
4.	COOPERATION WITH FOREIGN FINANCIAL INSTITUTIONS IN BOŚ S.A.	22
5.	MARKETS	22
6.	SELECTED OPERATIONAL DATA OF THE GROUP	23
7.	DEVELOPMENT DIRECTIONS FOR THE BANK	23
8.	KEY CAPEX PROJECTS	24
9.	ORGANISATION OF THE GROUP	25
III.	FINANCIAL RESULTS AND OPERATIONS	26
1.	FINANCIAL RESULTS OF THE GROUP	26
1.1.	Statement of profit or loss	26
1.2.	Statement of financial position of the Group	30
1.3.	Contingent assets and contingent liabilities of the Group	35
2.	FINANCIAL RESULTS OF THE BANK	36
2.1.	Statement of profit or loss of the Bank	36
2.2.	Statement of financial position of the Bank	39
2.3.	Contingent assets and contingent liabilities of the Bank	43
3.	DIFFERENCE BETWEEN FINANCIAL FORECASTS AND ACTUAL RESULTS	43
4.	KEY ACHIEVEMENTS IN THE FIELD OF RESEARCH AND DEVELOPMENT AND INFORMATION ON EXPECTED DEVELOPMENT	43
IV.	RISK MANAGEMENT AT THE GROUP	44
1.	CREDIT RISK	44
2.	FINANCIAL RISK	47
2.1.	Liquidity risk	48
2.2.	Interest rate risk	52
2.3.	Currency risks	56
2.4.	Other market risks	58
3.	OPERATIONAL RISK AND COMPLIANCE RISK	58
3.1.	Operational risk	58
3.2.	Compliance risk	59
V.	ADDITIONAL INFORMATION	61
1.	ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT	61
2.	DEPENDENCE ON PARTNERS	61
3.	RELATED-PARTY TRANSACTIONS	61
4.	SEASONAL OR CYCLICAL NATURE OF THE BUSINESS	61
5.	THE BANK'S AGREEMENTS	61
5.1.	Significant agreements	61
5.2.	Agreements with the Central Bank and regulatory bodies	61
5.3.	Contracts for audit of financial statements	62
5.4.	Auditor's fee	63
6.	NON-RECURRING FACTORS AND EVENTS	64
7.	COURT PROCEEDINGS AND DESCRIPTION OF CHANGES IN THE LEGAL ENVIRONMENT FOR THE HOUSING LOAN PORTFOLIO, INCLUDING LOAN MORATORIUM AND OTHER FORMS OF ASSISTANCE FOR CLIENTS	64
8.	CHANGES IN SIGNIFICANT MANAGEMENT POLICIES	67
9.	DIVIDEND	67
10.	VALUE OF COLLATERAL	67
11.	EVENTS AFTER THE REPORTING DATE	67
VI.	CORPORATE GOVERNANCE STATEMENT	68
1.	CORPORATE GOVERNANCE PRINCIPLES	68
1.1.	Corporate governance principles applicable to BOŚ S.A.	68

1.2. Non-adherence to specific corporate governance principles from the Best Practices for WSE Listed Companies 2021 and PFSA's Corporate Governance Principles for Supervised Institutions.....	68
2. SHAREHOLDING STRUCTURE AND RIGHTS ATTACHED TO SHARES	69
2.1 Shareholders holding directly and indirectly 5% or more of total voting rights in the Bank.....	69
2.2. Treasury shares.....	69
2.3. Agreements concerning future changes in the shareholding structure.....	69
2.4. Holders of special control rights attached to securities.....	69
2.5. Limitations to exercising of voting rights and to transfer of ownership of shares	70
2.6. Rules of amending the Articles of Association of the Bank	70
2.7. Description of the manner of operation of the General Meeting and its basic scope of authorisation and the rights of shareholders and the manner of exercising these rights.....	70
3. GOVERNING BODIES.....	72
3.1. General Meeting of the Bank.....	72
3.2. Supervisory Board of the Bank.....	72
3.3. Management Board of the Bank.....	83
5. CONFLICTS OF INTEREST AT BOŚ S.A.....	90
6. REMUNERATION POLICY AT BOŚ S.A.....	90
6.1. Management Remuneration Policy.....	90
6.2. Management Stock Option Plan and Employee Share Plan.....	92
6.3. Remuneration and other payments due to key management staff at BOŚ S.A.....	92
6.4. Severance compensation for members of managing bodies.....	93
6.5. Bank shares held by members of the Management Board and the Supervisory Board.....	93
VII. NON-FINANCIAL STATEMENT	94
THE NON-FINANCIAL STATEMENT CONSTITUTES THE ESG REPORT OF THE BOŚ GROUP FOR 2023.....	94
1. LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD.....	94
2. BANK OCHRONY ŚRODOWISKA S.A. GROUP.....	95
2.1. Vision and mission	95
2.2 Shareholding structure.....	96
2.3 BOŚ in numbers.....	96
2.4 Financial results	96
2.5 History of the Bank	97
2.6. The BOŚ Group BOŚ	98
3. STRATEGY AND BUSINESS MODEL.....	99
3.1. Business strategy.....	99
3.2. ESG Strategy.....	100
3.3. Contribution to the achievement of UN Sustainable Development Goals.....	103
3.4. ESG governance structure.....	105
3.5 Key policies and documents outlining our approach to ESG in the reporting period	105
3.6. BOŚ stakeholders and relations with the environment.....	112
3.7. Key partnerships.....	113
3.8. Awards and accolades in 2023.....	114
3.9 Transparency and client dialogue.....	117
3.10. Policies related to consumers and end-users.....	119
3.11. Reliable information to clients, ethical marketing and sales.....	120
4. GREEN TRANSITION LEADER (E).....	121
4.1. Supporting transition towards sustainability	122
4.2. Sustainable financing of projects. Products and services	122
4.3. Green initiatives of subsidiaries	125
4.5. EU Taxonomy.....	126
Voluntary disclosures.....	151
4.5. Responsible approach to environmental protection.....	153
4.6. Energy efficiency, consumption, and mix.....	153
4.7. Carbon footprint.....	154
4.8. Transition plan for climate change mitigation.....	156
4.9. Resource consumption – water, equipment, paper, office and marketing materials.....	157
5. SOCIALLY ACTIVE BANK (S).....	159
5.1 Joint efforts in fostering sustainable developments.....	160
5.2. Shared goals, shared commitment	160
5.3. Bank Ochrony Środowiska Foundation.....	160
5.4. Employee volunteering	164
5.5. Donations and sponsorship.....	166

5.6.	Friendly working environment	167
5.7.	BOŚ values	168
5.8	Actions in managing risks and pursuing opportunities related to workforce.....	169
5.9.	Employment structure	171
5.10.	Employee turnover in the BOŚ Group.....	175
5.11.	Policies related to employees.....	175
5.12.	Diversity of governance bodies and employees.....	177
5.13.	Remuneration policies.....	178
5.14.	Parental leave and work-life balance indicator	181
5.15.	Communication with employees.....	181
5.16.	Employee benefits	183
5.17.	Training and development.....	185
5.18.	Employee evaluation.....	188
5.19.	Workplace safety and ergonomics.....	189
6.	CONSCIOUS ORGANISATION (G).....	191
6.1	Corporate governance.....	191
6.2.	Management Board of the	191
6.3.	Supervisory Board	192
6.4.	Rules for the election and appointment of governance bodies	192
6.5.	Political influence and lobbying activities	193
6.6	Compliance with laws and regulations	193
6.7.	Ethics.....	194
6.8.	Anti-corruption measures, detection and confirmed cases.....	196
6.9	Prevention of money laundering and terrorist financing (AML)	197
6.10.	Communication of critical concerns.....	198
6.11.	Risk management system	198
6.12.	ESG risk management.....	200
6.13.	Security of our clients and employees.....	201
6.14.	Cyber Security	204
6.15.	Supply chain.....	206
6.16.	Key due diligence policies and procedures.....	207
7.	ABOUT THE RAPORT.....	210
7.1.	Material topics.....	210
7.2.	Reporting standards.....	213
7.3.	Contact details.....	213
7.4.	GRI Index.....	214
7.5.	ESRS Index.....	220
8.	ADDITIONAL REPORTING STANDARDS.....	225
8.1	TCFD-aligned climate-related disclosures.....	225
VIII.	REPRESENTATION ON THE RELIABILITY OF FINANCIAL STATEMENTS.....	229

FINANCIAL HIGHLIGHTS

THE GROUP	(PLN thousand)	(EUR thousand)	(EUR thousand)	(EUR thousand)
	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022
Interest and similar income	1,598,700	1,205,878	353,039	257,210
Fee and commission income	174,690	167,992	38,577	35,832
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	61,759	22,878	13,638	4,880
Gain (loss) on investment securities	-	-	-	-
Profit before tax	157,032	194,135	34,677	41,408
Net profit	78,374	128,244	17,307	27,354

THE GROUP	(PLN thousand)	(EUR thousand)	(EUR thousand)	(EUR thousand)
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Total assets	22,032,451	22,006,181	5,067,261	4,692,250
Amounts due to central bank and other banks	75,146	141,143	17,283	30,095
Amounts due to clients	18,565,197	18,820,809	4,269,825	4,013,051
Equity attributable to owners of parent	2,148,620	1,964,138	494,163	418,802
Common equity	1,461,036	1,461,036	336,025	311,528
Number of shares	92,947,671	92,947,671		
Capital ratio	16.27	14.95		

BANK	(PLN thousand)	(EUR thousand)	(EUR thousand)	(EUR thousand)
	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022	12 months ended 31 Dec 2023	12 months ended 31 Dec 2022
Interest and similar income	1,582,903	1,198,582	349,550	255,654
Fee and commission income	83,753	82,766	18,495	17,654
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	10,294	-2,658	2,273	-567
Gain (loss) on investment securities	-	-	-	-
Profit before tax	122,106	185,912	26,964	39,654
Net profit	61,701	127,608	13,625	27,218

BANK	(PLN thousand)	(EUR thousand)	(EUR thousand)	(EUR thousand)
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Total assets	21,869,452	21,915,238	5,029,773	4,672,858
Amounts due to central bank and other banks	75,146	141,143	17,283	30,095
Amounts due to clients	18,641,304	18,879,924	4,287,328	4,025,656
Equity attributable to owners of parent	2,129,805	1,961,996	489,836	418,345
Common equity	1,460,364	1,460,364	335,870	311,385
Number of shares	92,947,671	92,947,671		
Capital ratio	16.71	15.05		

I. SUMMARY OF THE FINANCIAL RESULTS OF THE GROUP

The Group of Bank Ochrony Środowiska S.A. (the “BOŚ Group” or the “Group”) consists of Bank Ochrony Środowiska S.A. (the “Bank”), as the parent, two direct subsidiaries: Dom Maklerski BOŚ S.A. and BOŚ Leasing Eko Profit S.A., and MS Wind Sp. z o.o., an indirect subsidiary.

Strategy of Bank Ochrony Środowiska S.A. for 2024–2026

On 15 December 2023, the Supervisory Board of the Bank endorsed the ‘Strategy of Bank Ochrony Środowiska S.A. for 2024–2026’.

By the end of 2026, the Bank aims to achieve the following objectives as set in the Strategy:

- a net banking income of PLN 1 billion,
- a return on equity (ROE) over 10%,
- a cost-to-income (C/I) ratio at 46%,
- a non-performing loan (NPL) ratio at 7.5%,
- the share of green loans in the total loan portfolio over 50%,
- employee engagement above 58%.

These objectives and strategy pillars are not to be interpreted as forecasts or predictive outcomes (including financial forecasts) but instead underline the Bank's strategic intent over the span of 2024-2026.

Results of the Group

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

Selected items of the statement of profit or loss

Selected items of the profit and loss account, PLN thousand	2023	2022	Change (%)
Net interest income	810,981	758,340	6.9
Net fee and commission income	131,525	127,568	3.1
Gain (loss) on financial instruments measured at fair value through profit or loss	61,759	22,878	169.9
Gain (loss) on foreign exchange transactions	9,888	36,890	-73.2
Net other income	-4,070	-5,172	-23.3
Legal risk costs of mortgage loans denominated in foreign currencies	-284,411	-144,306	97.1
Net impairment losses	-50,474	-105,995	-52.4
Administrative expenses	-518,166	-496,068	4.5
Profit before tax	157,032	194,135	-19.1
NET PROFIT	78,374	128,244	-38.9

From 1 January to 31 December 2023, BOŚ S.A. Group generated net interest income amounting to PLN 811.0 million, marking a PLN 52.6 million on the previous year.

In 2023, interest income increased by PLN 392.8 million year on year. The most significant growth was seen in interest earned on investment debt securities, as well as interest income from institutional clients and retail clients. The primary factor contributing to improved interest income was higher WIBOR rates compared with 2022, due to the Monetary Policy Council's series of interest rate hikes implemented in the second and third quarters of 2022, which included an increase in the NBP reference rate to 6.75%. The Monetary Policy Council's decision to lower interest rates by 75 basis points in September 2023, followed by an additional cut of 25 basis points in October 2023,

bringing the National Bank of Poland's reference rate down to 5.75%, is expected to significantly affect financial results starting from 2024.

Total interest expense increased by PLN 340.2 million relative to 2022. Due to the sustained high proportion of current accounts and deposits with low interest rates in the overall deposit mix, the increase in interest expense was relatively lower than the increase in interest income. The Bank offered its clients term deposit products adjusted to the rising interest rates. Starting from June 2022, the Bank was increasing the interest rates of retail deposits sold through electronic channels and at the Bank's branches. The interest rates on selected deposits positioned the Bank's offer as a market leader compared with other banks.

The Group's net fee and commission income was PLN 131.5 million, which represents a year-on-year increase of PLN 4.0 million. The principal driver behind the increase was an uptick in commission income from brokerage services and loan-related fees.

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 61.8 million, compared with PLN 22.9 million in 2022.

The effect of legal risk of foreign currency mortgage loans was PLN -284.4 million, compared with PLN -144.3 million in 2022. The change is due to the modifications in the parameters of the provision estimation model, implemented in response to a notable increase in the number of new cases and the judgment issued by the CJEU, which is unfavourable to banks. The Bank will continue to monitor emerging trends in case law, track the influx of new cases, and thoroughly study their effect on the parameters of the estimation model. Additionally, in the quarter ending 30 September 2023, the growth of impairment losses was driven by the Bank's introduction, from September 2023, of improved terms for clients negotiating settlements on foreign currency mortgage loans. This had an effect on the estimation of the provision for settlement costs in accordance with the Bank's provision estimation model.

In 2023, impairment losses amounted to PLN -50.5 million, compared with PLN -106.0 million in 2022. The improvement was seen primarily in the corporate portfolio and was driven by the reversal of write-downs following loan repayments as well as execution of amendments and restructuring agreements. The change in the structure of the loan portfolio and the recovery and restructuring measures taken by the Bank facilitated a steady improvement in the NPL ratio.

Administrative expenses of the Group were PLN 518.2 million, representing an increase of PLN 22.1 million, or 4.5%, compared with 2022. In the previous year, the Group incurred the cost of a PLN 38.4 million contribution to the Borrower Support Fund, with no such costs reported in 2023. The Group also reported lower costs of contributions and payments to the Bank Guarantee Fund, marking a decrease of PLN 6.9 million on 2022. Conversely, there was an increase of PLN 35.9 million in employee benefits expense, primarily due to the job evaluation process conducted at the Bank, aimed, among other things, at adjusting the salary levels for various positions within the Bank to market standards. Another significant driver of administrative expenses were material costs, which increased by PLN 15.2 million.

The Bank continuously implements measures to optimise administrative expenses, both at the budgeting stage and as part of its day-to-day management. To mitigate the impact of inflation and cost pressures across various areas, the Bank strives to maximise the utilisation of its existing physical and personnel resources. This approach enables the Bank to effectively manage cost growth while ensuring the smooth and secure operation of the organisation in compliance with applicable laws and supervisory requirements. The Bank also conducts regular evaluations of the efficiency and profitability of individual outlets within its network.

Loan moratorium

The Business Crowdfunding and Borrowers Assistance Act of 7 July 2022 granted borrowers the right to temporarily suspend repayment of up to eight instalments of a mortgage loan granted in the Polish currency for their own housing needs between 2022 and 2023. This temporary suspension is commonly referred to as loan repayment holidays. As borrowers are likely to exercise this right, the Bank, acting in accordance with the applicable accounting policies, recognised the effect on a one-off basis in advance in the result for the third quarter of 2022.

As at 31 December 2023, the total of housing loan accounts that were granted repayment moratorium amounted to 3.6 thousand. The gross carrying amount of housing loans denominated in Polish currency, before applying any adjustments associated with the statutory repayment holidays approved by the Bank, was PLN 794.8 million.

Provision for the legal risk of foreign currency mortgage loans. Settlement Programme

As at 31 December 2023, the provision for foreign currency-linked mortgage risk amounted to a total of PLN 692.7 million, of which PLN 164.0 million is presented as a provision for litigation and claims for legal risk related to foreign currency mortgage loans, and PLN 528.7 million – as an adjustment to the gross carrying amount.

The provisions recognised by the Bank for the risk of mortgage loans tied to foreign currency exchange rates cover the cost of the Settlement Programme for clients repaying foreign currency mortgage loans as proposed by the Chairman of the Polish Financial Supervision Authority. The Bank launched the Programme on 31 January 2022. In light of the adverse rulings by the CJEU, several changes were made in 2023 to the settlement offers extended to clients, including a reduction in the fixed interest rate and an increase in the proportion of loan principal that the Bank agrees to cancel beyond standard forgiveness terms. These changes were designed to enhance the Bank's offer and increase clients' willingness to enter into settlements. This initiative succeeded in maintaining the pace at which new settlements were executed. By 31 December 2023, a total of 645 settlements had been concluded under the Programme.

Financial results of the Group

Financial results of the Group	31 Dec 2023	31 Dec 2022	Change (%)
Return on capital (ROE)	3.8	6.7	-2.9
Return on assets (ROA)	0.4	0.6	-0.2
Interest margin on total assets	3.7	3.6	0.1
Costs/income (C/I)	51.3	52.7	-1.4
Risks costs	-0.4	-0.8	0.4
Tier 1 capital ratio	15.17	14.11	1.06
Total capital ratio	16.27	14.95	1.32

Return on equity (ROE), calculated as the ratio of net profit to average equity, stood at 3.8%, compared with 6.7% in 2022.

The interest margin on total assets, calculated as the ratio of net interest income to average assets, was 3.7%, compared with 3.6% for 2022. For the most part, the improvement was attributable to an increase in the average interest rate on loans resulting from the interest rate rises implemented by the Monetary Policy Council, as well as higher return on interest-earning assets and deposit margins on current accounts, despite lower interest income from retail clients who availed of loan moratoriums.

The BOŚ S.A. Group's cost-to-income ratio (C/I) improved significantly, registering at 51.3% in 2023 compared with 52.7% in 2022, primarily due to income growing at a faster rate than expenses. The C/I ratio calculated for the Bank was 49.1% in 2023.

The capital adequacy ratio of the Group was above the levels recommended by the Polish Financial Supervision Authority. As at 31 December 2023, the Bank and the Group met the applicable capital standards. The Tier 1 capital ratio for BOŚ S.A. Group stood at 15.17%, while the total capital ratio was 16.27%.

ESG Risk Assessment

In December 2023, an external agency conducted its third consecutive annual ESG Risk assessment, with the current rating being 12.2. Last year's update to the rating confirmed the Bank's ESG risk assessment remains at a 'Low Risk' level, positioning BOŚ among the leading banks and corporations worldwide evaluated by this agency.

BOŚ's credit ratings and stable outlook affirmed

On 6 October 2023, Fitch Ratings maintained its long-term rating (IDR) unchanged at 'BB-', with a stable outlook. Currently, the ratings of the Bank are as follows:

- Long-Term Foreign Currency Issuer Default Rating at 'BB-', outlook stable;
- Short-Term Foreign Currency Issuer Default Rating at 'B';
- National Long-Term Rating at 'BBB-(pol)', outlook stable;
- National Short-Term Rating at 'F3(pol)';
- Viability Rating at 'bb-';
- Government Support Rating at 'b';
- National Long-Term Rating for senior unsecured bonds at 'BBB- (pol)';
- Rating for subordinated bonds at 'BB(pol)';
- National Short-Term Rating for senior unsecured bonds at 'F3 (pol)'.

The affirmation of the rating by Fitch Ratings was disclosed in Current Report No. RB/21/2023.

Impact of the war in Ukraine on operations

BOŚ monitored the economic and market situation, in particular the risk of major sudden external events likely to have a significant indirect impact on the Bank's situation.

As part of its stress tests, the Bank analysed the impact of these events on financial risk and assessed the consequences of possible negative scenarios.

The stress tests' results show a modest increase in exposure to liquidity risk, interest rate risk in the banking book, and counterparty credit risk; however the overall impact on risk exposure within what is expected by the Bank.

With the current developments under the stress scenario for the ongoing Russian-Ukrainian conflict, the Bank has not experienced any liquidity problems or adverse impact on other financial risks. Despite short-lasting liquidity problems on the interbank market and a temporary sharp increase in cash withdrawals seen during the initial phase of the conflict (in 2022), no major threats to the Bank's liquidity have been observed. 2023 did not see any other significant symptoms indicating an increase in financial risk as the domestic currency strengthened, with the exchange rates coming back to the pre-conflict levels.

The Bank closely monitors the portfolio of its largest exposures associated with the conflict zone based on its established rules and guidelines.

The economic and financial conditions in Poland took a turn for the worse due to, among others, the energy crisis triggered directly by the war in Ukraine, which – as a critical factor behind the health of all Polish businesses, i.e. also the Bank's clients – is affecting the quality of its loan portfolio and the level of impairment losses.

The international situation invariably has a very strong impact on the Bank's cybersecurity. There is a continuing trend of an increased number of attempted attacks on the Bank's electronic banking services. Most frequently, those have been attempts to break through the security systems exploiting vulnerabilities recently communicated to the public. No successful security breach has been identified. DDoS attacks targeted at the Bank's infrastructure occurred, however, they did not result in any service disruptions. Cybersecurity is ensured by 24/7 monitoring of cyberspace events by the Bank's Security Operation Centre. The Head of the Cybersecurity Department plays an active role in the activities of the financial sector groups operating at the Polish Bank Association and participates in monthly meetings organised by the PFSA, sharing information on current international developments.

The Cybersecurity Department completed the process of affirming information security management's compliance with the international ISO 27001 standard, and on 15 January 2024, obtained a certificate of compliance with the standard.

II. I. FACTORS AND EVENTS AFFECTING THE FINANCIAL CONDITION OF THE GROUP

1. Macroeconomic situation

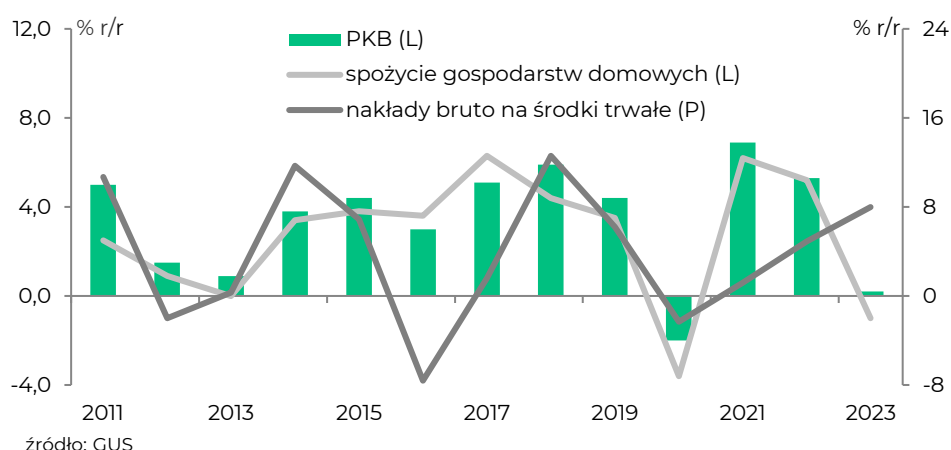
Throughout 2023, the global economic landscape remained subdued, largely due to eroding household purchasing power under the weight of persistent high inflation. In tandem, the commodities market saw a continued downward trajectory initiated in late 2022, softening its potential drag on economic momentum. This period was characterised by a distinct divergence in sectoral growth rates – the manufacturing sector grappled with challenges, contrasted by a more upbeat outlook in services, against a backdrop of varying regional dynamics, including stagnation in Europe, a softer-than-expected economic recovery in China, and a surprisingly vigorous US economy.

The fall in commodity prices played a key role in lowering consumer price inflation from its peaks in autumn 2022. Nevertheless, inflation rates in major economies continued to exceed target levels.

Central banks, vigilant of the lingering threat of entrenched inflation amidst a backdrop of relatively strong wage rises, persisted with a tightened monetary stance throughout 2023. This included an increase in the Federal Reserve's Federal Funds Rate to 5.50% and a hike in the European Central Bank's reference rate to 4.50%.

In Poland, in the first half of 2023, GDP growth declined to -0.3% (y/y) in the first quarter and then to -0.6% (y/y) in the second quarter. This slowdown stemmed from the lagged effects of escalating commodity and material prices, predominantly curtailing consumption through inflationary pressures, a downturn in global economic activity – with the eurozone being particularly affected – and lower stock levels. Nonetheless, the domestic economic landscape found support in sustained robust investment activity. Entering the third quarter, an uplift in GDP was observed, driven by easing declines in household consumption paired with continued strong investment flows. The final quarter of 2023 saw an uptick in construction and assembly output, markedly mitigated contraction in retail sales compared with the year's outset, albeit amidst persisting decline in industrial production output. According to Statistics Poland's preliminary estimate, GDP grew by 0.2% for the entire year of 2023, compared with 5.3% growth in 2022.

GDP growth in Poland and its components



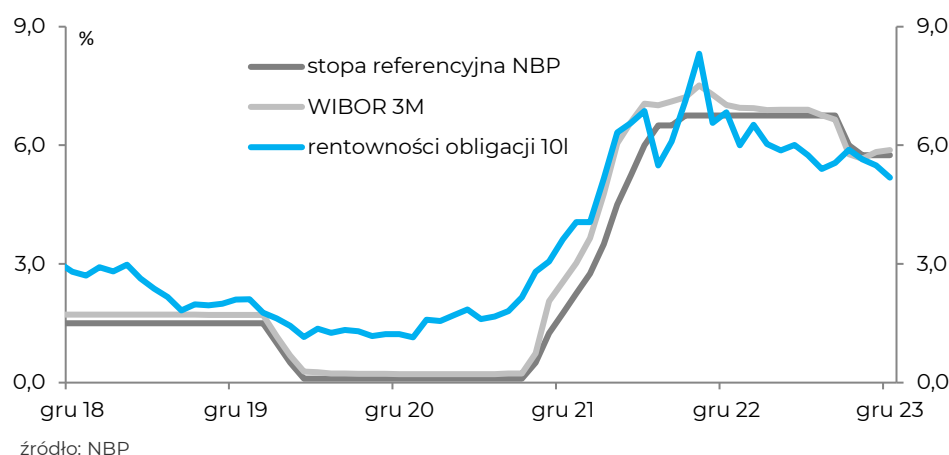
PKB (L)	GDP (L)
Spożycie gospodarstw domowych (L)	Household consumption (L)
Nakłady brutto na środki trwałe (P)	Gross fixed capital formation (P)
% r/r	% y/y
Źródło: GUS	Source: Statistics Poland

Following the peak in CPI inflation in February, when it reached 18.4% year on year, a downward trend in CPI inflation emerged starting from March. The decrease in fuel and energy carrier prices, combined with a slowdown in food price inflation, led to a decline in the CPI inflation rate to 6.2% (y/y) at the end of 2023. Core inflation (CPI excluding food and energy prices) decreased at a slower pace – after reaching a local peak in March at 12.3% (y/y), it fell to 6.9% (y/y) by the end of the year.

In the first half of 2023, the Monetary Policy Council (RPP) maintained stable interest rates, including the National Bank of Poland's (NBP) reference rate at 6.75%. The clear shift in its rhetoric in July in view of the growing likelihood of inflation receding to a single-digit figure in the third quarter fuelled expectations of the NBP monetary policy easing in 2023. Finally, in September, the Monetary Policy Council cut interest rates by 75 basis points, and in October by another 25 basis points, to 5.75% for the NBP reference rate. In November and December, the RPP kept the NBP interest rates unchanged.

As a result of the NBP reference rate reduction, 3M WIBOR decreased to 5.88% at the end of December, compared with 7.02% at the end of 2022.

Interest rates in Poland

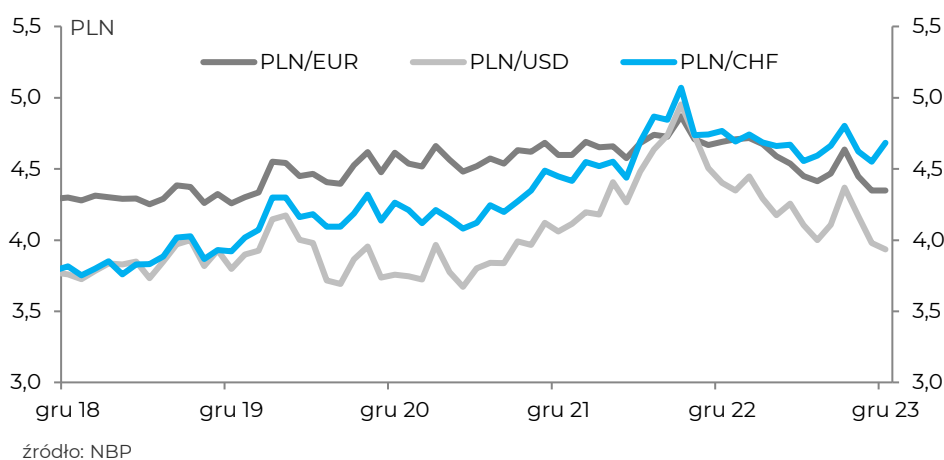


Stopa regencyjna NBP	NBP regency rate
WIBOR 3M	3M WIBOR
Rentowności obligacji 10l	10-year treasury yield
Gru 18	Dec 2018
Źródło: NBP	Source: NBP

Throughout the first three quarters of 2023, rising expectations regarding the scale of monetary policy tightening by major central banks led to increased yields on treasury bonds in base markets (USA, Germany). It was only in the fourth quarter that, influenced by a faster-than-expected decline in inflation and a scaling back of expectations for further tightening of monetary policy by the Fed and ECB, the yields on bonds in base markets fell from local highs.

For Polish treasury bonds, the first three quarters exhibited contrasting trends – market expectations of a cut in NBP interest rates drove treasury bond yields down, but this decline was tempered by conditions in the base markets. The pressure for lower yields associated with expectations of NBP rate cuts receded in the fourth quarter, yet declining yields on bonds in the base markets favoured the downward trend in yields of Polish treasury bonds. Throughout 2023, yields on 2-year treasury bonds dropped by 168 basis points to 4.95%, and on 10-year bonds – by 165 basis points to 5.18%.

PLN exchange rates



Źródło: NBP

Source: NBP

In the first quarter of 2023, the volatility of the Polish zloty noticeably decreased compared to the high volatility experienced in 2022. In the second quarter and for most of the third quarter, the zloty strengthened amid a decline in global risk aversion and stabilisation of the domestic economic situation (lower inflation, improvement in the current account balance). Following a temporary weakening of the zloty in September in response to the unexpectedly large scale of interest rate cuts by the RPP, in the second half of October and in the subsequent months, the zloty regained value in reaction to the results of the parliamentary elections. This fuelled market expectations for the unlocking of EU funds under the National Recovery Plan and was accompanied by a marked increase in demand for riskier assets on the global market. By the end of December, the exchange rate of the zloty to the euro was 4.35 PLN/EUR (an appreciation of 7.3% on year-end 2022), to the US dollar it was 3.94 PLN/USD (up by 10.6%), and to the Swiss franc it was 4.68 PLN/CHF (up by 1.8%).

2. Factors which will affect the Group's performance in the next quarter and beyond

The Group's business in 2024 will be affected by macroeconomic factors and the situation in financial markets.

The prevailing geopolitical risk, primarily arising from the Russian-Ukrainian war and the economic sanctions imposed on Russia and Belarus by the European Union, the United States, and other countries, continues to be the most significant factor influencing the macroeconomic and market environment. These geopolitical tensions have implications for various aspects, including the commodities market, particularly the energy sector. The situation in the Middle East will be an additional risk factor in the geopolitical landscape.

In particular, the heightened geopolitical risk could mean:

- weaker activity in the Polish economy;
- high CPI inflation, fuelled by a global increase in commodity prices;
- increased volatility of prices of Polish financial assets;
- subdued demand for credit in an environment of economic uncertainty and high interest rates.

At the same time, geopolitical risk introduces heightened uncertainty when it comes to the future development of the macroeconomic and market environment.

Furthermore, the aggressive monetary tightening by major central banks during 2022 and 2023 represents another significant factor influencing the global economy. Its adverse effects have so far been concentrated in real estate markets and have contributed to restricting credit supply. However, given the scale and pace of interest

rate hikes, unseen for several decades, one cannot rule out in this context a sharper and more abrupt slowdown in global economic activity compared to the baseline scenario, which could adversely affect the economic climate in Poland.

3. The Group's primary products, services and business areas

3.1. Share of the Bank in the banking sector

According to data from the Polish Financial Supervision Authority (PFSA) covering the banking sector, the Bank's share in the banking sector at the end of 2023 was:

- 0.7% in terms of the total assets, compared with 0.8% at year-end 2022,
- 1.2% in terms of deposits from the non-financial sector, compared with 1.1% at year-end 2022,
- 0.7% in terms of loans and advances, which remained unchanged from year-end 2022.

3.2. Banking products

The Bank's portfolio includes deposit, loan, and payment products available to all customer groups, as well as offerings tailored specifically for selected client segments.

The terms of engagement with each client group are dynamically adapted by the Bank in response to changing market conditions and the needs of the Bank's targeted client groups, all the while maintaining the objective of continually improving customer service efficiency.

Institutional clients

The Bank has a wide range of payment, deposit and credit products, which can be used to build individual offers for each client, tailored to their specific needs.

As part of its range of payment products, the Bank offers standard current accounts that serve as payment accounts in domestic and international transactions but are also used to accumulate funds.

There is also a separate offering of bank accounts for institutional clients who are sole traders. The Bank launched the product in the performance of the requirements of the Act Amending Certain Acts to Reduce Regulatory Burdens of 31 July 2019 (the "Act on Reduction of Regulatory Burdens"), which instituted an entrepreneur-consumer.

In 2023, in the area of payment products:

- The Bank completed work on the SInF Act compliance project. The entry into force of the Act entailed a new reporting obligation aimed at preventing money laundering and financing of terrorism. The Act implements Directive 2018/843 into Polish law, resulting in the establishment of the Financial Information System, which serves to collect, process, and share information about broadly defined open and closed institutional and individual client accounts, as well as about safe deposit box agreements. Launch of the system is also intended to curb financial crimes through the supervision of all accounts by authorised bodies. Bringing the Bank into compliance with the requirements of the Financial Information System Act involved implementing changes to the Bank's reporting systems, which are currently used to fulfil reporting obligations under the STIR system;
- The Bank optimised its offering and the Tariff of Fees and Commissions for accounts. In February, the optimisation was implemented for institutional clients, and in March, it was extended to sole traders.
- The Bank continued its efforts to align with the requirements of the new property development law, specifically the Law of 20 May 2021, which concentrates on safeguarding the rights of purchasers of dwellings or single-family houses and establishing the Developers Guarantee Fund.

Credit products for institutional clients

As regards the financing of small and medium-sized enterprises, in addition to the standard credit offering, the Bank continued the special offer implemented in 2022 – financing of Polish Strategic Investments.

On 29 December 2022, Cooperation Agreement no. 9/2022/KTEKO was signed with Bank Gospodarstwa Krajowego under the European Funds for a Modern Economy 2021-2027 Programme, Measure 2.32 – Priority 2 Technological Credit. Environment for Innovation and Measure 3.1 Green Credit – Priority 3 Greening of Enterprises. The Agreement sets out the rules for cooperation in the provision of technology and green credits to enterprises by the Lending Bank and the technology bonus and green bonus by Bank Gospodarstwa Krajowego (BGK).

Pursuant to the Agreement, changes were made regarding the technology credit and a new product – the environmental credit – was added to the Bank's offering: The FENG technology credit is a new edition of the technology credit offered as part of the POIG 2007-2013 programme and the technology innovation credit offered as part of the POIR 2014-2020 programme. This is offered as support for micro, small and medium-sized enterprises in the form of a technology bonus for repayment of part of the credit. The product is designed for SMEs that implement novel technologies and leverage them to initiate the production of innovative or substantially enhanced products, processes, or services. Funding applications were accepted from 23 March to 31 May 2023. The Bank signed conditional technology credit facility agreements with three clients, totalling approximately PLN 44.8 million, and issued one financing commitment letter for a PLN 23.9 million technology credit facility.

The FENG environmental credit is a grant for companies aiming to modernise their infrastructure (e.g. buildings, machinery and equipment). The effect of such modernisation must be reduction of primary energy consumption in the modernised area by at least 30% compared to current consumption. The product is intended for SMEs and for small mid-cap and mid-cap companies. Together with CRIDO, the Bank organised webinars for businesses interested in technology and environmental credits, focusing on securing EU funding and outlining the terms for financing their investments through the credit offered by the Bank.

Moreover, in the area of lending products:

- The Bank offered its clients loans for energy retrofitting and renovation projects with a bonus from the Energy Retrofitting and Renovation Fund;
- in selected provinces, the Bank offered preferential loans for environmentally-friendly projects in cooperation with the Provincial Funds for Environmental Protection and Water Management;
- The Bank took steps to optimise and automate the lending process, from client acquisition, to assessment of credit application and credit decision-making, to disbursement of funds, credit monitoring and credit administration;
- The Bank continued efforts to implement the EU Regulation concerning benchmark rates – WIBOR, LIBOR, EURIBOR, which included:
 - participation, as part of the National Working Group, in the work on developing measures to replace WIBOR and LIBOR USD with substitute rates;
 - implementation of the CME Term SOFR rate, which replaced LIBOR USD, in the Bank's offering of US dollar credit products for institutional clients.

Factoring

BOŚ S.A. uses the specialised online system, BOŚ Faktor, for factoring services, providing clients full control over receivables and enabling 24-hour contact with the Bank seven days a week. The system is used for the automated processing of factoring transactions.

In 2023, the turnover from factoring transactions at the Bank was PLN 4.8 billion. In 2023, BOŚ S.A.'s factoring services managed accounts for 3 thousand clients and processed 38 thousand invoices.

Retail clients

The Bank's portfolio for retail clients encompasses all essential products and services available on the Polish banking market, including bank accounts, payment solutions, payment cards, options for managing surplus funds, electronic banking services, and lending products. Additionally, it offers an extensive selection of green financial products designed to support environmentally-friendly solutions, as well as services tailored for VIP clients,

managed by dedicated account managers. Regarding payment cards, the Bank continued to issue debit cards featuring images of protected species, aiming to raise clients' awareness of endangered wild animals in Poland and broader environmental issues.

In 2023, the Bank, in partnership with Mastercard, offered the 'Points to Start' promotion. The initiative was part of the Priceless Moments Programme and exclusively targeted new clients. Together with Mastercard, the Bank promoted cashless transactions, which contributed to reinforcing the ecological attitudes of clients, such as supporting the protection of rare species of wild animals and donating tree saplings for reforestation. Clients participating in the promotion earned extra points for their cashless transactions, which they could ultimately redeem for rewards in the Programme.

In March 2023, the Bank introduced a new product: the new funds deposit (*Lokata na nowe środki*), which was initially available only at Bank's branches. The initial offering of the new funds deposit launched on 4 April 2023, providing clients with an attractive interest rate for depositing new funds into their BOŚ S.A. accounts. This deposit is non-renewable and available in Polish złoty, with terms of 3, 6, or 12 months. In October 2023, the availability of this deposit expanded to include both electronic and mobile banking platforms.

Amounts due to retail clients

In 2023, measures taken by the Bank with respect to deposit products for retail clients were aimed at:

- adapting them to the changing market environment;
- maintaining the balance of deposits as needed to meet the Bank's liquidity needs.

The key deposit products for retail clients were:

- current accounts, including personal accounts (*EKOkonto bez Kosztów*), and savings accounts (*EKOkonto Oszczędnościowe*) in PLN;
- promotional term deposits, including a special offer *EKOlokata* deposit (*EKOlokata Promocyjna*) and new funds deposit, as well as standard term deposits and negotiated term deposits.

The Bank focused on building retail deposit balances by promoting *EKOlokata* deposit products, specifically *EKOlokata Promocyjna*, as well as the standard *EKOlokata* with longer terms, including a 24-month option. The special-offer deposits are characterised by a high maximum amount (PLN 500 thousand) and simple terms (the only requirement is the client's consent to receiving electronic communications).

In 2023, the Bank continued a special offer of the *EKOkonto Oszczędnościowe bez ograniczeń* savings account, which stood out in the market as a savings product with no additional conditions attached for the client to benefit from a higher interest rate (no requirement to have a checking account or to deposit new funds).

The fee and commission tariff for retail clients was permanently updated with a rule that exempts savings account holders from charges for internal transfers to a deposit where the client is either the sole holder or a joint holder with the same individual. This measure supports the sale of deposits and the management of the deposit portfolio through savings accounts.

The Bank's other activities with respect to checking accounts focused on maintaining a transparent offering by retaining the following checking accounts: *EKOkonto bez Kosztów*, *EKOkonto VIP*, *EKOkonto PRP* and *EKOkonto oszczędnościowe* in three currencies: PLN, EUR and CHF. Following the termination of demand deposit account offering, the *EKOkonto* savings account offering has been extended to include USD and GBP.

Credit products for retail clients

The Bank conducted a number of promotional campaigns targeting retail clients in 2023 to support the sales of cash loan products:

- For environmental purposes:
 - *Energia ze słońca* (Energy from the Sun), an offering specifically designed to finance renewable energy sources, with a primary focus on supporting clients in the purchase and installation of photovoltaic systems;
 - *Pożyczka Zielona* (Green Loan) enabling the financing of the client's investments in five areas of green investment:
 - renewable energy sources;
 - energy efficiency/energy retrofitting;
 - waste management;
 - water management/small retention;
 - eco-vehicles.
- For use on any personal expenditure:
 - 'Winter Season Offer' (*Zimowy czas*) – a special promotional cash loan available until the end of February 2023, aimed at supporting clients' consumer needs throughout the winter holiday season.
 - 'Flexible Loan' (*Pożyczka elastyczna*) – a promotional cash loan running from March 2023 until the end of the year, tailored to cater to clients' immediate personal spending needs. The product was also offered with an insurance option.

The Bank's product range features mortgage loans for Large Family Card holders, who benefit from either a waiver of the arrangement fee or a 50% discount on the arrangement fee, along with a margin reduced by 0.1 percentage points compared with the standard margin.

The Bank's preferential terms for the financial sector feature reduced commission and margin rates compared to the standard mortgage loan offering. The offer targets employees of:

- banks,
- insurance companies,
- brokerage houses,
- fund management companies,
- other financial sector institutions.

The Bank also continued its *Kredyt hipoteczny bez prowizji* (no commission mortgage) promotional offer. To qualify for the waiver of the arrangement fee, clients had to retain all marketing consents for the duration of the loan and purchase one of two insurance packages from TU Europa S.A. or TU na Życie Europa S.A. offering life protection and financial support in the event of loss of income. The promotion was closed on 30 June 2023.

On 19 May 2023, the Bank introduced *Kredyt Hipoteczny w Dobrym Stylu* (mortgage in style) promotion to the offering of mortgage loans. The offer includes a promotional margin on variable-rate mortgage loans for the entire term of the loan. To qualify for the promotional margin, a client must either open or hold a fee-free *EKOKonto bez kosztów* account with an associated card and ensure a minimum monthly inflow of PLN 3,000. Additionally, the client must access both Online and Mobile Banking services and provide all necessary consents for the processing of personal data as specified in the mortgage loan application. As part of the *Kredyt hipoteczny w dobrym stylu* promotion, clients are required to purchase an additional product from the Bank's offerings. Options include an overdraft, a credit card, or the *Hipoteka pod ochroną* mortgage protection insurance. If a client purchases one of the mortgage protection insurance plans, they will be exempt from the arrangement fee.

In the third quarter of 2023, following the enactment of the State Aid for Housing Savings Act on 26 May 2023, the Bank launched the 'Secure 2% Mortgage'. This product is administered by BGK as part of the government's 'First Home' programme. The loan is available for individuals – either married couples or single parents raising a child or children. A distinctive feature of this product is the subsidy towards the loan instalments for a period of 10 years. The programme was legislated for the years 2023 to 2027. Due to the allocated funds being fully utilised, the programme was suspended effective 31 December 2023.

The most recognisable mortgage product offered by BOŚ is the *Ekologiczny Kredyt Hipoteczny* green mortgage loan. To meet clients' expectations and adapt to the dynamic market conditions, the Bank updated the eco-

friendly criteria required to qualify for the green mortgage offer, to align them with the Environmental Risk Assessment Principles.

The Bank offers a stock exchange loan designed for individuals with an investment account at BOŚ Brokerage House. The loan can be used to:

- buy securities via BOŚ S.A. Brokerage House
 - in organized markets,
 - in primary market or in initial public offerings,
 - in special cases – repay a stock exchange loan previously granted by BOŚ S.A.,
- refinance securities previously bought with the borrower's own funds.

Credit products for micro-enterprises and housing communities

The Bank's permanent offering also includes loan products specifically designed for micro-enterprises, including sole traders using simplified accounting, as well as housing communities.

Insurance products and additional services

The Bank provides insurance products as additional offerings alongside its banking services.

In 2023, our Bank offered a comprehensive range of insurance products, including insurance for financed assets, specifically for devices and installations that protect the environment, life and health insurance for borrowers, insurance covering loss of income for borrowers, and insurance packages for payment card holders.

The Bank acts as an insurance agent for six insurance companies. PZU SA, PZU Życie SA, STU ERGO HESTIA SA, STUnŻ ERGO HESTIA SA, TU EUROPA SA and TUnŻYCIE EUROPA SA.

The Bank places particular emphasis on green insurance products. In partnership with PZU SA, the Bank offers a specialised insurance product called *Ubezpieczenie urządzeń eko* (eco equipment insurance). This coverage is designed for a variety of eco-friendly installations and devices, including photovoltaic systems (complete with car chargers and batteries), solar thermal installations, central heating boilers, heat pumps, and hybrid heating systems.

The Bank offers a variety of additional products that contribute to generating commission income, including Mecenias Direct, a legal assistance service to personal account holders, providing professional legal support via remote communication tools.

3.3. Brokerage business

For the Brokerage House, 2023 was a record-breaking year in terms of new investment accounts opened. The retirement accounts, IKE and IKZE, were particularly popular, with nearly 21.1 thousand new accounts opened. As a result, the balance opened investment accounts reached 27.5 thousand, marking the best performance in the history of the Brokerage House (compared with 18.2 thousand accounts in 2022). At year-end, DM BOŚ managed a total of 181.3 thousand accounts, of which 147.7 thousand were stock market accounts. In 2023, BOŚ Brokerage House was the market's runner-up in terms of the balance of open brokerage accounts registered in the CSDP, totalling nearly 24.1 thousand accounts.

The significant expansion in our client base was observed despite a reduction in investor activity, a trend that persisted notwithstanding upward movements in stock market indices. All major stock indices saw increases, with the WIG index rising by 36.5%. However, trading volumes in session transactions on the Warsaw Stock Exchange equity market fell by 3.9%, with domestic brokers experiencing an even more pronounced decline of 5.2% (y/y). Investor activity was also lower in other major market segments. On the futures market, trading volumes decreased by 9.5%, and on the NewConnect market – by almost 13%.

Among retail clients, constituting the core demographic for DM BOŚ, there was an observable decline in investment activity. Consequently, the turnover generated by DM BOŚ in session transactions declined on both the WSE equity market (-9.9% y/y) and the NewConnect market (-7.4% y/y). However, there was an increase in turnover on the futures market (+23.2% y/y).

In 2023, DM BOŚ's share in session trades on the WSE equity market was 2.57%, compared with 2.74% in the previous year. On the futures market, DM BOŚ's share was 12.49%. On the NewConnect market, conversely, DM BOŚ secured a market share of 18.13%, thereby securing a leading position in this particular segment.

In 2023, the Brokerage House's activity in the primary market closely aligned with the existing market demand. Throughout the period, DM BOŚ served either as an issue arranger or as part of the distribution syndicate for all three initial public offerings (IPOs) on the main market. Furthermore, it executed one secondary public offering (SPO) on the NewConnect market and managed the transfer of listings from the NewConnect market to the main market of the WSE for one issuer, not involving any issuance.

DM BOŚ's activity reached an all-time high on the corporate bond market. In this segment, DM BOŚ served as the lead organiser or a member of the distribution syndicate for 22 issues from 10 entities, marking the best performance in its history to date. DM BOŚ played an active role in promoting the growth of the green finance market. Among the offerings, two bond issuances, totalling PLN 181 million in value, were green issues, having been organised in compliance with the Green Bond Principles.

In the second half of the year, the Brokerage House expanded its operations to include the municipal bond market. In that period, it served as co-organiser for the issuance of municipal bonds on behalf of 25 local government units, with the total nominal value in excess of PLN 400 million.

DM BOŚ continued its cooperation with AgioFunds TFI and Beta Securities Poland S.A. to promote the domestic market for investment certificates. In 2023, it served as the coordinator for 12 issuances of Beta ETF certificates listed on the Warsaw Stock Exchange, for which it also acted as the market maker.

Last year, the bossafund platform offered a selection of funds from 18 fund companies. In total, bossafund currently offers over 300 funds, making it one of the largest domestic distribution platforms in terms of the number of available funds.

In 2023, DM BOŚ's initiatives in technology development were centred on the implementation, modernisation, or enhancement of functionalities in the services and tools employed by the Brokerage House to facilitate investing activities. These initiatives involved products such as the MetaTrader 5 trading platform, which is intended to eventually replace the current MT4 platform, the bossaStaticaTrader transaction application, the bossaMobile mobile service, and the Vibank online transaction portal.

The continued war in Ukraine did not have a direct impact on the stock market situation in 2023. Nonetheless, should the conflict continue, the risk aversion among clients could solidify into a more permanent trend. In such a scenario, a gradual decline in the trading volumes executed by Brokerage House clients is possible, which would negatively affect the amount of fees and commission earned.

3.4 The Bank's engagement with national and regional operational programmes and European and national financial mechanisms

Mój Elektryk (My EV) programme

The Bank entered into an agreement with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to administer subsidies for leasing zero-emission vehicles as part of the Priority Programme 'My EV' on 8 September 2021. The purpose of the Programme is to support the purchase of zero-emission vehicles. The Bank has at its disposal a total of PLN 500 million, which is intended for use between 2021 and 2025. As at 31 December 2023, thirty leasing companies had entered into cooperation agreements with the Bank. The list of the partner companies is available at <https://www.bosbank.pl/moj-elektryk>.

Between 6 December 2021 and 10 January 2024, the Bank received over 15 thousand applications for an aggregate amount of PLN 501.66 million. This translates to an average of 137 applications per week, with an average value of PLN 4.60 million per week. Between 1 January 2023 and 31 December 2023, the Bank received over 9 thousand applications, amounting to a total of PLN 310.53 million. This represents an average of 174 applications per week, with the average weekly value of the submitted applications being PLN 5.97 million.

Since the launch of the Programme until 31 December 2023, the Management Board of the National Fund for Environmental Protection and Water Management approved 104 collective applications relating to subsidies for 12,946 vehicles. The total amount of subsidies under approved applications is PLN 426.41 million, representing 85% of the funds made available to BOŚ for 2021–2025.

The Bank signed subsidy agreements in respect of 9,283 applications for an amount of PLN 318.33 million.

ELENA grant

Pursuant to Agreement No. ELENA-2019-157 executed between the Bank and the European Investment Bank (EIB) in February 2022, under the ELENA initiative, the Bank was awarded a grant of EUR 2.59 million. The agreement remains in effect until 28 February 2025.

Grant funds, designated among others for supporting projects aimed at enhancing energy efficiency, are available to investors undertaking investments in areas such as:

- energy retrofitting of residential buildings, public utility buildings and buildings constituting corporate property;
- upgrades of district heating networks,
- construction of electric vehicle charging stations,
- street lighting upgrades.

Eligible for support are public sector entities (local government units and municipal companies), housing sector entities (housing cooperatives and housing communities) and businesses (including SMEs and mid-caps).

The grant support entails financing 90% of the cost of the required technical documentation for the implementation of projects in the specified areas. This funding is distributed through two channels:

- reimbursement of 90% of the cost of technical documentation for projects carried out by housing sector entities;
- co-financing of 90% of the cost of technical documentation for projects implemented in areas other than energy retrofitting of residential buildings.

By year-end 2023, subsidies were disbursed to 16 investors, facilitating the execution of 37 energy efficiency-enhancing projects, cumulatively valued at PLN 128.45 million.

European Union funds under the programme European Funds for a Modern Economy 2021-2027

On 29 December 2022, Cooperation Agreement no. 9/2022/KTEKO was signed with Bank Gospodarstwa Krajowego under the European Funds for a Modern Economy 2021-2027 Programme (FENG Programme). The Agreement sets out the terms of cooperation regarding the provision by BOŚ of technology and green loans, as well as the disbursement of technology and green bonuses by BGK. The programme is further described in Section 3.2 'Credit products for institutional clients'.

European Union loans financed under the European Funds Scheme for the Lublin Province 2021-2027

BOŚ has been designated by BGK (serving as the Trust Fund Manager) to administer preferential loans aimed at development of renewable energy sources (RES). The aggregate value of RES loans to be facilitated by BOŚ over a 24-month term is set at PLN 62.5 million, inclusive of PLN 12.5 million to be sourced from BOŚ's own funds. Should the demand for such loans exceed initial projections, BGK retains the option to increase the amount of funds allocated to BOŚ.

The funding can be provided for:

- Construction and extension of RES installations for electricity generation (also with energy storage units serving the needs of a given RES source and connection to the grid),
- Construction and extension of RES installations for heat production (also with heat storage units serving the needs of a given RES source).

The main groups of potential beneficiaries include: local government units (LGUs), their associations and societies; organisational units of LGUs with legal personality; municipal companies; housing cooperatives and communities, social housing associations (TBS); hospitals, and other entities involved in healthcare.

JESSICA initiative

The purpose of the initiative was to increase the socio-economic potential of the cities and to foster urban development through investment in public transport services, and in infrastructure/amenities making them more attractive as economic and cultural centres and places to live.

The loans were financed with EU funds under the regional operational programmes of the 2007-2013 edition. The Bank disbursed as loans all funds administered by the Bank under the programme. Currently, BOŚ's role is to passively manage the loan portfolio.

The Bank has acted as the administrator of the Urban Development Fund in the following provinces:

- Province of Szczecin, excluding the Szczecin Metropolitan Area – since 2010;
- Province of Gdańsk, excluding Tricity – since 2011;
- Province of Katowice – since 2011.

Data as at 31 December 2023

- Fifty-three loan agreements signed for a total amount of PLN 422.2 million,
- the principal repaid is PLN 267.7 million, with the current outstanding balance of PLN 154.5 million.

BOŚ S.A. is compensated for the processing and administration of JESSICA loans. The fee received in 2023 for managing the JESSICA Initiative was PLN 1.4 million.

JEREMIE initiative

Since 2017, BOŚ S.A. has been acting as a Financial Intermediary for the JEREMIE II Initiative in the Province of Szczecin. The programme is administered on behalf of the Province of Szczecin by Zachodniopomorska Agencja Rozwoju Regionalnego S.A. (ZARR S.A.).

The disbursed loans were funded by the Regional Operational Programme for the Province of Szczecin 2007-2013. BOŚ was selected to act as an intermediary in a competitive process announced by BGK.

On 28 August 2018, the implementation of the facility was concluded. BOŚ S.A. contracted 100% of the funds for qualifying projects, amounting to a total of PLN 65.35 million, including the Bank's own funds of PLN 32.7 million. The outstanding balance as at 31 December 2023 was PLN 50 million (with PLN 25 million owed to both BOŚ and ZARR S.A.).

The Bank is compensated for the administration of JEREMIE loans. In 2023, it received a management fee of PLN 0.6 million.

BGK portfolio guarantees

The value and number of new guarantees issued in 2023, and the utilisation of guarantee limits as at 31 December 2023.

BGK portfolio guarantees – active

(PLN thousand)	DE MINIMIS guarantee	FG POIR Businessmax guarantee	PLG FGK guarantee (liquidity – crisis)	LGF FGK guarantee (factoring – crisis)	Czyste Powietrze (Clean Air) guarantee
Allocated limit	1,500,000	522,000	2,100,000	450,000	28,800
Availability period	30 Jun 2024	31 Oct 2023	31 Dec 2023	31 Dec 2023	30 Jun 2023
Limit utilisation as at 31 December 2023	1,425,677	505,310	1,849,581	449,998	23,088
Limit remaining	74,322	16,689	250,419	2	5,711
Amount of facilities secured by new guarantees in 2023	406,496	177,842	1,251,933	327,599	10,221

Based on BGK–Zlecenia

Czyste Powietrze (Clean Air) programme

The Bank is engaged in executing the Clean Air Priority Programme pursuant to an agreement for the provision of funding signed on 14 April 2021 between BOŚ S.A., the National Fund for Environmental Protection and Water Management (NFOŚiGW), and sixteen provincial environmental protection and water management funds.

Since mid-2021, BOŚ S.A. has been offering loans to individuals as part of the Programme's 'banking path'. These are loans with a loan principal repayment subsidy financed by the individual provincial environmental protection and water management funds. By the end of 2023, clients entered into 581 Clean Air Loan agreements with the Bank for a total amount of about PLN 30 million.

4. Cooperation with foreign financial institutions in BOŚ S.A.

The Bank continued cooperation with international financial institutions, including the European Investment Bank (EIB), which is one of its most important lenders.

No.	Lender	Loan amount (EUR thousand)	Available amount	Currency	Contract date	Principal repayment date
1	Council of Europe Development Bank, Paris	50,000	-	EUR	8 Mar 2010	Tranche 1 22 April 2025
2	European Investment Bank, Luxembourg	75,000	-	EUR	13 Jun 2017	Tranche 1 15 December 2028, Tranche 2 15 December 2029, Tranche 3 15 December 2030
3	European Investment Bank, Luxembourg	42,000	33,000	EUR	28 Oct 2021	Tranche 1 16 June 2031, maturity up to 12 years from the date of disbursement
TOTAL EUR		167,000	33,000			

5. Markets

The Bank operates on the Polish market. The table below presents the geographical distribution of financing sources in the form of retail and institutional deposits taken by the Bank (at nominal amounts, PLN thousand), disaggregated into the Bank's main branches.

Structure, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Branches in Warsaw, Head Office, Strategic Clients Branch, Private Banking Centre, Sales and Client Service Centre, Debt Collection	5,959,856	7,280,665	-18.1
Branch in Białystok	559,266	535,960	4.3
Branch in Bydgoszcz	1,045,497	995,696	5.0
Branch in Częstochowa	820,850	782,521	4.9
Branch in Gdańsk	747,977	823,849	-9.2
Branch in Katowice	988,304	907,687	8.9
Branch in Koszalin	257,200	261,637	-1.7
Branch in Kraków	1,688,638	1,603,824	5.3
Branch in Lublin	1,058,679	945,005	12.0
Branch in Łódź	551,560	574,448	-4.0
Branch in Olsztyn	834,178	688,195	21.2
Branch in Ostrów Wielkopolski	287,919	277,704	3.7
Branch in Poznań	834,620	795,588	4.9
Branch in Rzeszów	934,125	816,440	14.4
Branch in Szczecin	697,776	529,563	31.8
Branch in Wrocław	1,069,296	967,963	10.5

Companies of the BOŚ S.A. Group do not operate outside Poland

6. Selected operational data of the Group

Selected data on the Group's business, thousand	31 Dec 2023	31 Dec 2022	Change (%)
BANK OCHRONY ŚRODOWISKA S.A.			
Number of clients	154.0	160.5	-4.0
Number of retail clients	143.8	148.9	-3.4
Number of micro-enterprise clients	6.5	7.7	-15.6
Number of institutional clients	3.7	3.9	-5.1
Number of clients using electronic channels	100.8	101.4	-0.6
Number of checking accounts ¹⁾	155.4	157.6	-1.4
Debit and credit cards in total	59.1	63.1	-6.3
Number of branches	54	54	0.0
DOM MAKLERSKI BOŚ S.A.			
Number of investment accounts	181.3	153.7	18.0
including online accounts	179.0	150.5	18.9
Number of branches	8	8	0.0

¹⁾ including savings accounts

As at 31 December 2023, the Bank operated 54 outlets, including:

- 16 business centres serving corporate and SME clients only,
- 38 branches serving retail clients.

7. Development directions for the Bank

Strategy of Bank Ochrony Środowiska S.A. for 2024–2026

On 15 December 2023, the Supervisory Board of the Bank endorsed the 'Strategy of Bank Ochrony Środowiska S.A. for 2024–2026'.

In accordance with the Strategy, the Bank seeks to attain sustainable profitability by executing critical strategic initiatives and to enhance its role as a specialist institution in financing environmental transformation and sustainable development. This is reflected in the 'We fully finance and support green transition' mission and the Bank's vision: 'BOŚ is the premier specialist bank for corporate clients aiming to invest in projects that foster environmental sustainability. We are a valued partner in banking services.'

Among the priority actions for the coming years are:

- developing relationships with existing clients and acquiring new clients through a comprehensive product offering for companies, especially in the area of green products,
- enhancing product profitability and increasing client product penetration,
- optimising process to increase efficiency and profitability of the Bank.

By the end of 2026, the Bank aims to achieve the following objectives as set in the Strategy:

- a net banking income of PLN 1 billion,
- a return on equity (ROE) over 10%,
- a cost-to-income (C/I) ratio at 46%,
- a non-performing loan (NPL) ratio at 7.5%,
- the share of green loans in the total loan portfolio over 50%,
- employee engagement above 58%.

These objectives and strategy pillars are not to be interpreted as forecasts or predictive outcomes (including financial forecasts) but instead underline the Bank's strategic intent over the span of 2024-2026.

8. Key capex projects

In 2023, capital expenditure of the BOŚ Group was PLN 57.0 million, including PLN 46.1 million at the Bank.

In 2023, the Bank carried out more than 30 projects with a total value of PLN 32 million. The project initiatives encompassed projects of strategic, streamlining, and regulatory nature, aimed at ensuring the Bank's compliance with regulatory requirements. In addition to key strategic initiatives, the implemented projects included:

- A project involving the implementation of a systemic approach to business process automation (RPA) and the automation itself within the Bank.
- My EV – the objective of the My EV project is to prepare the Bank to function as a participating entity in collaboration with the National Fund for Environmental Protection and Water Management, specifically within the leasing path of the My EV programme. The scope of the project includes the development of a concept and the implementation of a tool to manage requests from leasing companies and provide subsidies for projects that support the purchase or lease of zero-emission vehicles.

In 2023, work was carried on to deploy a new CRM system. In April, the roll-out of the CRM system within the Call Centre was finalised, followed by completion of the RAPM (revenue calculator) project in and in September.

The implemented CRM system supports the daily activities of the sales network, thereby enabling:

- Streamlining of consultants' work by replacing multiple applications and tools with a single, more functional and intuitive application, which translates into improved client portfolio management.
- Ensuring faster access to detailed information on both existing and potential bank-client relationships as soon as contact with the client is established, thereby increasing the probability of a successful sales outcome (with the CRM, the consultant can access a variety of client information in a single view).

Accumulation of integrated, high-quality data contributes to:

- the broadening of understanding of the client and their needs;
- comprehensive insights into conversion rates within sales processes and the reasons for the absence of so-called sales successes;
- higher-level, multidimensional analyses;
- a better alignment of solutions to client needs.
- Enhancing the ability to manage sales processes, resulting in:
 - automation of tasks associated with delivering client-specific data, client communication, sales personalisation, and the development of sales campaigns/promotions for certain products or clients;
 - improved oversight and monitoring of all sales-related activities.

In addition, among the various regulatory projects implemented at the Bank, a significant focus was given to the adaptation process in response to the New Recommendation R issued by the PFSA. Project work was initiated to adapt invoice processing to the requirements of the National e-Invoice System (KSEF) and to align the Bank's internal regulations with EU taxonomy rules for classification of investments. This includes the development of internal tools and processes to ensure accurate reporting in accordance with regulatory guidelines.

A significant amount of capital expenditure was incurred on the development of the Bank's IT environment, reduction of the technological debt and cyber security – PLN 15.7 million in total.

Feasibility of investment plans, including equity investments, in the context of available funds, taking into consideration possible changes in the structure of financing such investments

In 2024, capital expenditure is expected to be higher than in previous years due to the planned implementation of IT projects. No equity investments are planned. Capital expenditure will be financed with the Bank's own funds. The Bank does not expect any changes in the financing structure. The size of planned investments is adequate to the scale of the Bank's operations.

Capital expenditure at Dom Maklerski BOŚ S.A. amounted to PLN 10.5 million in 2023. The Brokerage House's investments were primarily focused on the development of electronic channels for client service and contact, as well as transactional systems and tools. DM BOŚ also expanded its IT infrastructure to ensure security and maintain a high standard of client service in both the financial instruments market and the commodities market.

The expenditure was financed with the company's own funds.

In 2024, DM BOŚ is allocating investment expenditure primarily towards improving client service quality. Efforts will focus on upgrading transactional systems, increasing the security of IT systems and the brokerage firm's infrastructure, and adapting its technology to accommodate infrastructural changes in its operational markets.

9. Organisation of the Group

Structure of the Group

Consolidated subsidiaries of the Group as at 31 December 2023:

Subordinated entities	Registered office	% equity interest	% voting interest	Consolidation method
Dom Maklerski BOŚ S.A.	Warsaw	100%	100%	Full consolidation
BOŚ Leasing - EKO Profit S.A.	Warsaw	100%	100%	Full consolidation
MS Wind sp. z o.o. – indirect subsidiary (subsidiary of BOŚ Leasing-EKO Profit S.A.)	Warsaw	100%	100%	Full consolidation

Dom Maklerski BOŚ S.A. – a direct subsidiary operating on the capital market, provides mainly brokerage services;

BOŚ Leasing - EKO Profit S.A. – a direct subsidiary engaged in lease activities involving financing of environmental protection projects, also provider of financial and advisory services complementary to the Bank's service offering;

MS Wind Sp. z o.o. – an indirect subsidiary (wholly-owned by BOŚ Leasing - EKO Profit S.A.) engaged in the execution of a wind farm project.

Other companies in which BOŚ S.A. held equity interest as at 31 December 2023.

- Wodkan Przedsiębiorstwo Wodociągów i Kanalizacji S.A. - 29.48%.
- Polskie Domy Drewniane S.A. – 0.42%.
- Kemipol Sp. z o.o. – 15.03%.

III. FINANCIAL RESULTS AND OPERATIONS

1. Financial results of the Group

1.1. Statement of profit or loss

Statement of profit or loss of the Group, PLN thousand	2023	2022	Change (%)
Interest and similar income	1,598,700	1,205,878	32.6
Interest expense and similar charges	-787,719	-447,538	76.0
Net interest income	810,981	758,340	6.9
Fee and commission income	174,690	167,992	4.0
Fee and commission expense	-43,165	-40,424	6.8
Net fee and commission income	131,525	127,568	3.1
Dividend income	8,384	7,188	16.6
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	61,759	22,878	169.9
Gain (loss) on hedge accounting	-2,028	119	x
Gain (loss) on foreign exchange transactions	9,888	36,890	-73.2
Gain (loss) on derecognition of financial instruments	1,038	2,070	-49.9
Other income	65,321	41,148	58.7
Other expenses	-76,785	-55,697	37.9
Effect of legal risk of mortgage loans denominated in foreign currencies	-284,411	-144,306	97.1
Net impairment losses	-50,474	-105,995	-52.4
Administrative expenses	-518,166	-496,068	4.5
Profit (loss) before tax	157,032	194,135	-19.1
Income tax expense	-78,658	-65,891	19.4
Net profit (loss)	78,374	128,244	-38.9

In 2023, the BOŚ Group earned a net profit of PLN 78.4 million, compared with PLN 128.2 million reported in 2022.

In 2023, the BOŚ Group generated net interest income of PLN 811 million, an increase of PLN 52.6 million, or 6.9%, year on year. Income from credit products increased, driven by higher interest and WIBOR rates. The improvement in the interest margin was driven by the increased profitability of interest-earning assets relative to the size of the Bank's capital. Additionally, expenses grew more slowly than income thanks to the quite significant proportion of current accounts and low-interest deposit products.

Interest and similar income increased by PLN 392.8 million, or 32.6%, in 2023. The increase was mainly due to an increase in interest income from institutional clients of PLN 96.9 million, or 15.5%, an increase in interest on non-trading investment debt securities of PLN 189.8 million, or 49.8%, in interest income on receivables from banks and Central Bank of PLN 8.7 million, or 14.8%, and an increase in interest income from retail clients of PLN 89.7 million, or 72.1%.

In 2022, the average base interest rate applicable to PLN-denominated credit facilities granted by the Bank (net of the impairment interest adjustment) was 9.83% compared with 8.02% in 2022, and to foreign currency-denominated facilities – 5.57% compared with 3.33% in 2022.

Net interest income, PLN thousand	2023	2022	Change (%)
Interest and similar income:	1,598,700	1,205,878	32.6
Amounts due from banks and the central bank	67,335	58,662	14.8
Amounts due from institutional clients	722,157	625,218	15.5
Amounts due from retail clients	214,098	124,427	72.1
Non-trading investment debt securities	570,646	380,822	49.8
Financial instruments held for trading	3,800	4,451	-14.6
Hedging transactions	20,664	12,298	68.0
Interest expense and similar charges on:	787,719	447,538	76.0
Bank accounts and deposits from banks	2,881	3,538	-18.6
Bank accounts and deposits from institutional clients	263,726	171,285	54.0
Bank accounts and deposits from retail clients	460,583	236,793	94.5
Borrowings from clients	18,512	2,360	684.4
JESSICA lending support funds	1,304	885	47.3
Financial instruments – own debt securities	36,069	28,657	25.9
Lease liabilities	3,390	4,001	-15.3
Other	1,254	19	6,500.0
NET INTEREST INCOME	810,981	758,340	6.9

Interest expense and similar charges increased by PLN 340.2 million, or 76%, on 2022, driven mainly by higher interest expense on retail loans by PLN 223.8 million, or 94.5%, and costs of institutional accounts and deposits by PLN 92.4 million, or 54%.

The rise in interest expenses was chiefly due to higher deposit interest rates prevailing for a considerable portion of the year. The average base interest rate on deposits placed with the Bank branches in 2023 was as follows:

- 4.87%, compared with 3.05% in 2022, for PLN deposits,
- 0.78%, compared with 0.33% in 2022, for foreign currency deposits.

In 2023, the Group's net fee and commission income was PLN 131.5 million, up PLN 4.0 million, or 3.1%, from 2022, while the Group's commission income and fee and commission expense increased.

Income from brokerage services increased by PLN 5.2 million, or 6.0%, and commission income from loans grew by PLN 2.2 million, or 5.7%.

Fee and commission expense went up by PLN 2.7 million (6.8%), driven mainly by higher brokerage fees (up by PLN 3.8 million, or 12.5%).

Net fee and commission income, PLN thousand	2023	2022	Change (%)
Fee and commission income	174,690	167,992	4.0
Brokerage service fees	91,576	86,396	6.0
Fees for maintaining client accounts, other domestic and international settlement transactions	35,267	35,901	-1.8
Commission fees on credit facilities	40,506	38,330	5.7
Commission fees on guarantees and letters of credit	6,717	6,865	-2.2
Fees for portfolio management services and other management fees	617	494	24.9
Other fees	7	6	16.7
Fee and commission expense	43,165	40,424	6.8
Brokerage fees, including:	34,063	30,269	12.5
for custody services	843	662	27.3
Payment card fees	6,849	7,790	-12.1
Current account fees	589	1,014	-41.9
ATM service charges	434	513	-15.4
Fees on amounts due from clients	429	96	346.9
Other fees	801	742	8.0
TOTAL NET FEE AND COMMISSION INCOME	131,525	127,568	3.1

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 61.8 million, compared with PLN 22.9 million in 2022. The improvement was primarily attributable to the better results achieved by DM BOŚ in this area.

In 2023, dividend income was PLN 8.4 million, compared with PLN 7.2 million in 2022. The largest contributor was dividend from Kemipol sp. z o.o., which amounted to PLN 8.1 million, compared with PLN 6.7 million in 2022.

Gain (loss) on foreign exchange transactions was PLN 9.9 million, compared with PLN 36.9 million in 2022, with the change attributable mainly to the remeasurement of financial instruments.

The effect of legal risk of mortgage loans denominated in foreign currencies was PLN -284.4 million, compared with PLN -144.3 million in 2022. The result is a consequence of changing the parameters of the provision estimation model, necessitated by a significant increase in new cases following unfavourable judgments for banks from the European Court of Justice on 15 June 2023 (C-520/21 and C-287/22) regarding the issue of so-called 'Swiss Franc' agreements, preceded by the Opinion of the Advocate General on 16 February 2023 in case C-520/21 (the so-called 'large' ECJ). The Bank will continue to monitor emerging trends in case law, track the influx of new cases, and thoroughly study their effect on the parameters of the estimation model. Additionally, in the quarter ending 30 September 2023, the growth of impairment losses was driven by the introduction, from September 2023, of improved terms for clients negotiating settlements on foreign currency mortgage loans. This had an effect on the estimation of the provision for settlement costs in accordance with the Bank's provision estimation model.

In 2023, impairment losses amounted to PLN -50.5 million, compared with PLN -106.0 million in 2022. The improvement was seen primarily in the corporate portfolio and was driven by the reversal of write-downs following loan repayments as well as execution of amendments and restructuring agreements. The change in the structure of the loan portfolio and the recovery and restructuring measures taken by the Bank facilitated a steady improvement in the NPL ratio.

Administrative expenses of the Bank increased by PLN 22.1 million, or 4.5%, relative to 2022.

A significant cause for the rise in overall administrative expenses was the increase in salaries and wages by PLN 35.9 million, representing a 15.7% rise. This expense item increased as a result of a job evaluation process undertaken by the Bank, which was aimed, among other things, at adjusting the salary levels for various positions within the Bank to market standards.

Administrative expenses, PLN thousand	2023	2022	Change (%)
Employee benefits	264,665	228,735	15.7
Administrative expenses, including:	179,617	204,600	-12.2
material expenses	138,874	123,637	12.3
taxes and charges	13,884	9,176	51.3
contribution and payments to BGF	23,085	30,012	-23.1
contribution and payments to PFSA	3,326	3,131	6.2
contribution to Borrower Support Fund	-	38,358	x
contribution to cover operating expenses of Financial Ombudsman	328	195	68.2
contribution to Chamber of Brokerage Houses (Izba Domów Maklerskich, IDM)	120	91	31.9
Amortisation and depreciation, including:	73,884	62,733	17.8
depreciation of property, plant and equipment	19,678	15,561	26.5
amortisation of intangible assets	37,339	30,442	22.7
depreciation of rights-of-use assets	16,867	16,730	0.8
TOTAL ADMINISTRATIVE EXPENSES	518,166	496,068	4.5

As at 31 December 2023, the Bank employed 1,268 persons (FTEs), compared with 1,210 at the end of 2022. The headcount rose by 4.8% at the Bank and 1.3% at the subsidiaries relative to year-end 2022. The total headcount at the BOŚ Group increased 4.1% relative to year-end 2022.

Employment, FTEs	31 Dec 2023	31 Dec 2022	Change (%)
Employment at BOŚ S.A.	1,268	1,210	4.8
Employment at subsidiaries	320	316	1.3
EMPLOYMENT AT THE BOŚ GROUP	1,588	1,526	4.1

Efficiency and security of the Group's operations

Interest margin on total assets, calculated as the ratio of net interest income to average assets, was 3.7%, compared with 3.6% in 2022.

Presented below are the key profitability and efficiency ratios for the Group, with calculation methodology.

Ratios and indicators	2023	2022	Change in percentage points
Return on equity (ROE) ¹	3.8	6.7	-2.9
Return on assets (ROA) ²	0.4	0.6	-0.2
Interest margin on total assets ³	3.7	3.6	0.1
Risks costs ⁴	-0.4	-0.8	0.4
Cost/income (C/I) ⁵	51.3	52.7	-1.4

¹) net profit to average equity,

²) profit to average assets,

³) net interest income to the average amount of assets at beginning and end of period,

⁴) Net impairment losses including measurement at fair value for the last 12 months to the average amount of the loan portfolio during the period,

⁵) total administrative expenses and costs of use to net interest income, net fee and commission income, dividend income, gain (loss) on financial instruments measured at fair value through profit or loss, gain (loss) on investment securities, gain (loss) on hedge accounting, gain (loss) on foreign exchange transactions, gain(loss) on derecognition of financial instruments, and gain (loss) on other operations.

The cost/income ratio (C/I) in 2023 was 51.3%, compared with 52.7% in 2022, mainly as a result of income growing faster than administrative expenses.

Capital ratios of the Group

Capital ratios	31 Dec 2023	31 Dec 2022	Change in percentage points
Common equity Tier 1 capital ratio	15.17	14.11	1.06
Tier 1 capital ratio	15.17	14.11	1.06
Total capital ratio	16.27	14.95	1.32

As at 31 December 2023, the minimum capital ratios recommended by the Polish Financial Supervision Authority were 9.83% for Tier 1 capital ratio and 11.83% for the TCR ratio.

The capital adequacy ratio of the Group as at 31 December 2023 was above the levels recommended by the Polish Financial Supervision Authority.

1.2. Statement of financial position of the Group

As at 31 December 2023, the Group's total assets stood at PLN 22,032.5 million, having increased by 0.1% on 31 December 2022.

Changes in the structure of the Group's assets

As at 31 December 2023, at 48.9%, amounts due from clients had the highest share in total assets. Their share in assets decreased by 1.7pp from the end of 2022, while the share of investment securities rose by 2.1pp.

Assets PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Cash and balances with central bank	584,089	575,875	1.4
Amounts due from banks	162,781	242,831	-33.0
Financial assets held for trading	169,494	263,259	-35.6
Derivative hedging instruments	15,556	30,562	-49.1
Investment securities:	9,484,770	9,008,118	5.3
Amounts due from clients, including:	10,767,436	11,125,827	-3.2
measured at amortised cost	10,767,297	11,122,777	-3.2
measured at fair value through profit or loss	139	3,050	-95.4
Intangible assets	131,833	132,983	-0.9
Property, plant and equipment	92,327	91,670	0.7
Right of use – leases	53,967	65,839	-18.0
Tax assets:	158,734	175,900	-9.8
Other assets	411,464	293,317	40.3
TOTAL ASSETS	22,032,451	22,006,181	0.1

Amounts due from clients

The carrying amount of amounts due from clients of the Group at the end of 2023 was PLN 10,767.4 million, a decrease of 3.2% on 31 December 2022. Amounts due from retail clients measured at amortised cost decreased by PLN 448.1 million, or 17.3%.

Amounts due from institutional clients measured at amortised cost accounted for the highest share of total amounts due from clients, at 79.7%. Their share increased by 3.4pp on year-end 2022. Amounts due from institutional clients measured at amortised cost were PLN 8,585.5 million. Amounts due from institutional clients measured at amortised cost increased by PLN 96.7 million, or 1.1%.

The share of amounts due from retail clients measured at amortised cost in total amounts due decreased by 3.4pp, to 19.9%. The amount of retail loans measured at amortised cost was PLN 2,140.9 million at year-end 2023, compared with PLN 2,589.0 million at year-end 2022.

Amounts due from clients, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Measured at amortised cost	10,726,424	11,079,957	-3.2
Amounts due from retail clients	2,140,943	2,589,036	-17.3
overdraft facilities	1,722	745	131.1
cash loans	243,660	231,292	5.3
housing loans	1,695,002	2,132,105	-20.5
other credit facilities	200,559	224,894	-10.8
Amounts due from institutional clients	8,585,481	8,490,921	1.1
working capital facilities	901,662	796,262	13.2
term facilities	6,023,495	6,590,720	-8.6
factoring receivables	464,404	552,199	-15.9
lease receivables	240,526	196,949	22.1
purchased receivables	72,864	91,923	-20.7
commercial paper	882,530	262,868	235.7
Measurement at fair value through profit or loss	139	3,050	-95.4
Amounts due from retail clients	109	270	-59.6
overdraft facilities	-	9	x
housing loans	43	99	-56.6
other credit facilities	66	162	-59.3
Amounts due from institutional clients	30	2,780	-98.9
working capital facilities	-	-	x
term facilities	30	2,780	-98.9
Total	10,726,563	11,083,007	-3.2
Margin deposits	34,296	36,251	-5.4
Other amounts due from clients	6,577	6,569	0.1
TOTAL AMOUNTS DUE FROM CLIENTS	10,767,436	11,125,827	-3.2

Housing loans are the largest item among retail loans measured at amortised cost. As at year-end 2023, they amounted to PLN 1,695.0 million, having decreased by 20.5% on 31 December 2022.

Housing loans

Housing loans, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Loans measured at amortised cost	1,695,002	2,132,105	-20.5
Housing loans in PLN	1,194,758	1,267,780	-5.8
Housing loans in CHF	139,620	368,950	-62.2
Housing loans in EUR	344,047	467,772	-26.4
Housing loans in USD	16,577	27,603	-39.9
Loans measured at fair value through profit or loss	43	99	-56.6
Housing loans in PLN	43	99	-56.6
TOTAL HOUSING LOANS	1,695,045	2,132,204	-20.5

The primary cause of the decrease in the balance of home loans was the year-on-year rise in the provision for the legal risk associated with foreign currency loans.

Foreign currency loans accounted for 29.5% of total housing loans (40.5% at year-end 2022). The share of housing loans denominated in CHF in the total loan portfolio of the Group (net) was 1.3%, having decreased by 2.0pp on year-end 2022.

Balance of green loans (in accordance with internal classification rules)

The balance of green loans as at 31 December 2023 was 4,923 million, a decrease of 3.3% on 31 December 2022. The green loans accounted for 41% of the Bank's total lending portfolio (vs 41% as at 31 December 2022).

Sales of loans

Sales of loans, PLN thousand	2023	2022	Change (%)
Loans provided to institutional clients during the year	4,963,880	3,618,192	37.2
Loans provided to retail clients during the year	236,621	114,919	105.9
TOTAL LOANS ADVANCED DURING THE YEAR	5,200,501	3,733,111	39.3

In 2023, the BOŚ Group advanced loans of PLN 5.2 billion, 39.3% more year on year. Growth in new sales was observed across both institutional and retail segments, driven by clients' increased propensity to take on new obligations and enhanced creditworthiness resulting from the lowering of interest rates in the latter half of 2023.

Sale of receivables

In 2023, the Bank executed the following transactions to sell receivables:

- On 24 July 2023, the Bank sold receivables owed to the Bank by a corporate client. The total outstanding amount was nominally valued at PLN 22.0 million (with the principal being PLN 13.3 million).
- On 17 August 2023, a portfolio of retail mortgage-secured receivables along with associated products was sold. The total outstanding amount was nominally valued at PLN 21.0 million (with the principal being PLN 13 million).
- On 18 August 2023, a portfolio of retail unsecured and secured receivables along with all related products was sold. The total outstanding amount was nominally valued at PLN 31.9 million (with the principal being PLN 20.7 million).

Quality of the Group's loan portfolio

Quality of the loan portfolio, PLN thousand	31 Dec 2023	%	31 Dec 2022	%
Amounts due from clients measured at amortised cost				
Amounts due from clients without indications of impairment, including:	10,081,168	86.5	10,375,799	85.1
<i>exposures without significant credit risk increase since initial recognition (Bucket 1)</i>	9,027,502	77.5	9,301,183	76.3
<i>exposures with significant increase in risk since initial recognition (Bucket 2)</i>	1,053,666	9.0	1,074,616	8.8
Amounts due from clients with indication of impairment (Bucket 3) but with no impairment identified given the estimated cash flows	-	-	-	-
Amounts due from clients with indication of impairment, impaired (Bucket 3)	1,573,263	13.5	1,813,402	14.9
Total amounts due from clients measured at amortised cost (gross)	11,654,431	100.0	12,189,201	100.0
Impairment losses on:				
<i>amounts due from clients – (Bucket 1)</i>	-121,105		-97,079	
<i>amounts due from clients – (Bucket 2)</i>	-64,508		-57,275	
<i>amounts due from clients – (Bucket 3) with no indication of impairment</i>	0		0	
<i>amounts due from clients – (Bucket 3) with indication of impairment</i>	-742,394		-954,890	
Total impairment losses	-928,007		-1,109,244	
Total amounts due from clients measured at amortised cost (net)	10,726,424		11,079,957	
Amounts due from clients measured at fair value through profit or loss				
Fair value	139		3,050	
Total amounts due from clients measured at fair value through profit or loss	139		3,050	
Margin deposits	34,296		36,251	
Other amounts due from clients	6,577		6,569	
TOTAL AMOUNTS DUE FROM CLIENTS	10,767,436		11,125,827	

As at 31 December 2023, impairment losses were PLN 928.0 million. As at December 31 2023, the percentage of impaired amounts due from clients in the entire portfolio measured at amortised cost was 13.5%, compared with 14.9% at the end of 2022.

Equity and liabilities of the Group

As at the end of 2023, amounts due to clients represented the largest share (84.3%) of total equity and liabilities. Their share decreased by 1.3pp on 31 December 2022. There was also a decrease in the share of financial liabilities held for trading by 0.4 percentage point.

Equity was PLN 2,148.6 million at the end of 2023, marking an increase of PLN 184.5 million or 9.4%. This rise was primarily due to the positive impact from the appreciation of securities valued at fair value through other comprehensive income, caused by the fall in market interest rates, and the generation of net profit in 2023.

On 1 September 2023, the Bank issued its seven-year series AB subordinated bonds for a total amount of PLN 100 million. Proceeds from the issue were used to improve the Bank's capital ratios and to finance or refinance green projects.

Equity and liabilities, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Amounts due to central bank and other banks	75,146	141,143	-46.8
Financial liabilities held for trading	79,920	152,977	-47.8
Amounts due to clients	18,565,197	18,820,809	-1.4
Subordinated liabilities	447,184	345,035	29.6
Provisions	256,289	165,458	54.9
Tax liabilities	3,260	449	626.1
Lease liabilities	53,253	67,928	-21.6
Other liabilities	403,582	348,244	15.9
Total equity	2,148,620	1,964,138	9.4
TOTAL EQUITY AND LIABILITIES	22,032,451	22,006,181	0.1

Sources of funding of the Group

The main source of financing the Group's activities were amounts due to clients, including:

- deposits obtained through the Bank's outlets;
- borrowings from international financial institutions;
- funds provided by external donors for lending activity in the form of direct facilities, interest subsidies or contributions to equity (National Fund for Environmental Protection and Water Management, Provincial Funds for Environmental Protection and Water Management, European Fund for the Development of Polish Villages and JESSICA – Urban Development Fund).

Amounts due to clients, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Retail clients	10,669,066	10,120,218	5.4
current/checking accounts	4,624,837	4,270,044	8.3
term deposits	6,044,229	5,850,174	3.3
Institutional clients	7,204,703	7,944,141	-9.3
current/checking accounts	4,627,042	5,645,340	-18.0
term deposits	2,577,661	2,298,801	12.1
Other clients	208,099	118,584	75.5
Borrowings from international financial institutions	439,283	589,675	-25.5
Lending support funds	44,046	48,191	-8.6
TOTAL LIABILITIES	18,565,197	18,820,809	-1.4

As at 31 December 2023, the Group's amounts due to clients were PLN 18,565.2 million, having decreased by PLN 255.6 million, or -1.4%, on year-end 2022.

Amounts due to retail clients increased by PLN 548.8 billion, or 5.4%, in 2023. The rise in amounts due to retail clients was attributed to the acquisition of higher deposit volumes, driven by the attractive offering of interest rates on 3-, 6-, and 12-month *ELOkata Promocyjna* deposits and the *EKOkonto Oszczędnościowe* savings account, available through both electronic channels and bank branches.

Amounts due to institutional clients fell by PLN 739.4 million, or 9.3%.

Borrowings, sureties and guarantees not related to the Group's operating activities

In 2023, the Group did not take out any credit facilities or sign any borrowing, surety or guarantee agreements not related to its business.

1.3. Contingent assets and contingent liabilities of the Group

Contingent assets and contingent liabilities of the Bank, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Contingent liabilities:	3,797,386	3,138,890	21.0
Financial, including:	3,252,643	2,672,372	21.7
open lines of credit, including:	3,249,265	2,657,528	22.3
revocable	2,763,285	2,195,331	25.9
irrevocable	485,980	462,197	5.1
open import letters of credit	3,378	14,844	-77.2
Guarantees, including:	534,943	466,518	14.7
credit repayment sureties and guarantees	12,739	12,739	0.0
performance bonds	522,204	453,779	15.1
Underwriting	9,800	-	-
Contingent assets:	2,396,932	2,167,513	10.6
Financial, including:	143,484	154,767	-7.3
open lines of credit	143,484	154,767	-7.3
Guarantees	2,231,402	2,010,194	11.0
Other	22,046	2,552	763.9

Total contingent liabilities of the Group as at 31 December 2023 were PLN 3,797.4 million, including financial liabilities of PLN 3,252.6 million.

As at 31 December 2023, total outstanding guarantees and sureties provided by the Bank, disclosed off-balance sheet, were PLN 534.9 million, or 13.9% of total off-balance sheet liabilities, of which:

- all guarantees were provided by the Bank to residents,
- the highest guarantee was provided for the amount of PLN 59,650 thousand,
- in value terms, most of the guarantees (82.4%) were domestic performance bonds (39.1%), other domestic guarantees (17.3%), domestic advance payment guarantees (14.8%), and domestic payment guarantees (11.2%).

As at 31 December 2023, the guarantees were issued at the request of (in value terms):

- non-financial entities – 99.8%
- central and local government institutions – 0.2%

As at 31 December 2023, the total amount of guarantees increased by PLN 68,4 thousand, or +14.7%, year on year.

Sureties and guarantees granted and obtained in the financial year

In 2023, the Bank provided 160 guarantees and sureties for a total amount of PLN 264.4 million, of which 103 guarantees and sureties for a total amount of PLN 246.9 million were outstanding as at 31 December 2023 (2022: 126 guarantees and sureties provided for a total amount of PLN 346.2 million, of which 87 guarantees and sureties for a total amount of PLN 148.7 million were outstanding as at 31 December 2022).

In value terms, most of the guarantees (92.4%) were domestic performance bonds (36.4%), other domestic guarantees (24.3%), domestic advance payment guarantees (18.2%), and domestic payment guarantees (13.5%).

Maturities of the outstanding guarantees and sureties were as follows (in value terms):

- from 1 month to 3 years – 97.3%,
- 3 to 5 years – 1.7%,
- more than 5 years – 1.0%.

2. Financial results of the Bank

2.1. Statement of profit or loss of the Bank

Statement of profit or loss of the Bank, PLN thousand	2023	2022	Change (%)
Interest and similar income, including:	1,582,903	1,198,582	32.1
Interest expense and similar charges, including:	-886,556	-527,642	68.0
Net interest income	696,347	670,940	3.8
Fee and commission income	83,753	82,766	1.2
Fee and commission expense	-9,256	-10,061	-8.0
Net fee and commission income	74,497	72,705	2.5
Dividend income	8,118	6,924	17.2
Gain (loss) on financial instruments measured at fair value through profit or loss (including amounts due from clients)	10,294	-2,658	x
Gain (loss) on hedge accounting	-2,028	119	x
Gain (loss) on foreign exchange transactions	10,483	36,706	-71.4
Gain (loss) on derecognition of financial instruments	1,038	2,070	-49.9
Other income	18,721	16,608	12.7
Other expenses	-35,311	-24,946	41.5
Effect of legal risk of mortgage loans denominated in foreign currencies	-284,411	-144,306	97.1
Net impairment losses	-61,498	-100,634	-38.9
Administrative expenses	-384,178	-384,403	-0.1
Share of profit (loss) of equity-accounted entities	70,034	36,787	90.4
Profit before tax	122,106	185,912	-34.3
Income tax expense	-60,405	-58,304	3.6
NET PROFIT	61,701	127,608	-51.6

In 2023, the Bank earned a net profit of PLN 61.7 million, compared with a net profit of PLN 127.6 million in 2022.

The Bank generated interest income of PLN 696.3 million, an increase of PLN 25.4 million, or 3.8%, on 2022. Interest and similar income increased by PLN 384.3 million, or 32.1% year on year, mainly due to an increase in interest income on non-trading investment debt securities by PLN 189.8 million, or 49.8%. Interest income on amounts due from retail clients increased by PLN 89.7 million, or 72.2%. Interest income on amounts due from institutional clients increased by PLN 88.8 million, or 14.4%, and interest income on amounts due from banks and Central Bank increased by PLN 8.2 million.

Interest expense increased by PLN 358.9 million, or 68.0%, on 2022, driven mainly by an increase in interest expense on retail bank accounts and deposits, which increased by PLN 220.9 million, or 94.7%. Interest expense on institutional bank accounts and deposits increased by PLN 115.3 million, or 45.2%. Costs of financial instruments (own debt securities) increased by PLN 7.4 million, or 25.9%.

Net interest income, PLN thousand	2023	2022	Change (%)
Interest and similar income:	1,582,903	1,198,582	32.1
Amounts due from banks and the central bank	66,717	58,483	14.1
Amounts due from institutional clients	707,005	618,176	14.4
Amounts due from retail clients	214,098	124,427	72.1
Non-trading investment debt securities	570,646	380,822	49.8
Financial instruments held for trading	3,773	4,376	-13.8
Hedging transactions	20,664	12,298	68.0
Interest expense and similar charges on:	886,556	527,642	68.0
Bank accounts and deposits from banks	2,881	3,538	-18.6
Bank accounts and deposits from institutional clients	370,628	255,293	45.2
Bank accounts and deposits from retail clients	454,147	233,216	94.7
Borrowings from clients	18,512	2,360	684.4
JESSICA lending support funds	1,304	885	47.3
Financial instruments – own debt securities	36,069	28,657	25.9
Lease liabilities	3,015	3,693	-18.4
NET INTEREST INCOME	696,347	670,940	3.8

The Bank's net fee and commission income was PLN 74.5 million, having increased by PLN 1.8 million, or 2.5%, relative to 2022, due to an increase in fee and commission income (PLN 1.0 million) and lower fee and commission expense (by PLN 0.8 million).

The Bank reported an increase in fee and commission income from credit products by PLN 2.2 million, or 5.8%. Conversely, income from payment card fees decreased by PLN 0.9 million, or 12.1%, and fees from current accounts fell by PLN 0.4 million, representing a 41.9% reduction.

Net fee and commission income, PLN thousand	2023	2022	Change (%)
Fee and commission income	83,753	82,766	1.2
Fees for maintaining client accounts, other domestic and international settlement transactions	36,294	37,379	-2.9
Commission fees on credit facilities	40,735	38,516	5.8
Commission fees on guarantees and letters of credit	6,717	6,865	-2.2
Other fees	7	6	16.7
Fee and commission expense	9,256	10,061	-8.0
Payment card fees	6,849	7,790	-12.1
Current account fees	589	1,014	-41.9
ATM service charges	434	513	-15.4
Fees on amounts due from clients	429	96	3 46.9
Other fees	955	648	47.4
TOTAL NET FEE AND COMMISSION INCOME	74,497	72,705	2.5

The dividend income in 2023 stood at PLN 8.1 million compared with PLN 6.9 million in 2022. The main driver behind this increase was the dividend from Kemipol sp. z o.o.

Gain (loss) on financial instruments measured at fair value through profit or loss was PLN 10.3 million, compared with PLN -2.7 million in 2022.

The effect of legal risk of mortgage loans denominated in foreign currencies was PLN 284.4 million, compared with PLN 144.3 million in 2022. The increase in this item is primarily due to modifications in the reserve estimation model parameters following the rise in the number of court cases resulting from judgments of the Court of Justice of the European Union (CJEU).

In 2023, impairment losses were PLN -61.5 million, compared with PLN -100.6 million in 2022.

The overall administrative expenses of the Bank decreased by PLN 0.2 million, i.e. 0.1% compared with 2022, mainly due to the Bank not being charged the fee for the Borrower Support Fund and lower contributions to the BFG in 2023.

Administrative expenses, PLN thousand	2023	2022	Change (%)
Employee benefits	193,276	168,990	14.4
Administrative expenses, including:	131,074	164,824	-20.5
material expenses	97,430	90,470	7.7
taxes and charges	8,817	5,725	54.0
contribution and payments to BGF	21,987	27,597	-20.3
contribution and payments to PFSA	2,569	2,498	2.8
contribution to Borrower Support Fund	-	38,358	x
contribution to cover operating expenses of the Financial Ombudsman	271	176	54.0
Amortisation and depreciation, including:	59,828	50,589	18.3
depreciation of property, plant and equipment	13,093	9,598	36.4
amortisation of intangible assets	32,464	26,430	22.8
depreciation of rights-of-use assets	14,271	14,561	-2.0
TOTAL ADMINISTRATIVE EXPENSES	384,178	384,403	-0.1

Efficiency and security of the Bank's operations

Presented below are the key profitability and effectiveness ratios for the Bank and their calculation methodology:

Financial ratios	2023	2022	Change in percentage points
Return on equity (ROE) ¹	3.1	6.7	-3.6
Return on assets (ROA) ²	0.3	0.6	-0.3
Interest margin on total assets ³	3.3	3.2	0.1
Risks costs ⁴	-0.4	-0.8	0.4
Cost/income (C/I) ⁵	49.1	49.4	-0.3

¹⁾ net profit to average equity,

²⁾ profit to average assets,

³⁾ net interest income to the average amount of assets at beginning and end of period,

⁴⁾ Net impairment losses including measurement at fair value for the last 12 months to the average amount of the loan portfolio during the period;

⁵⁾ total administrative expenses and costs of use to net interest income, net fee and commission income, dividend income, gain (loss) on financial instruments measured at fair value through profit or loss, gain (loss) on investment securities, gain (loss) on hedge accounting, gain (loss) on foreign exchange transactions and gain (loss) on other operations.

Interest margin on total assets, calculated as the ratio of net interest income to average assets, was 3.3%, compared with 3.2% in 2022.

The cost/income ratio (C/I) in 2023 was 49.1%, compared with 49.4% in 2022, mainly as a result of income growing faster than administrative expenses.

Capital ratios

Capital ratios	31 Dec 2023	31 Dec 2022	Change in percentage points
Common equity Tier 1 capital ratio	15.50	14.16	1.34
Tier 1 capital ratio	15.50	14.16	1.34
Total capital ratio	16.71	15.05	1.66

As at 31 December 2023, the minimum capital ratios recommended by the Polish Financial Supervision Authority were 9.93% for Tier 1 capital ratio and 11.93% for the TCR ratio.

The capital adequacy ratio of the Bank as at 31 December 2023 was above the levels recommended by the Polish Financial Supervision Authority.

2.2. Statement of financial position of the Bank

Assets of the Bank, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Cash and balances with central bank	584,082	575,865	1.4
Amounts due from banks	162,681	240,885	-32.5
Financial assets held for trading	113,345	222,944	-49.2
Derivative hedging instruments	15,556	30,562	-49.1
Investment securities:	9,484,770	9,008,118	5.3
Amounts due from clients, including:	10,819,261	11,173,579	-3.2
measured at amortised cost	10,819,122	11,170,529	-3.1
measured at fair value through profit or loss	139	3,050	-95.4
Investments in subsidiaries	276,191	226,158	22.1
Intangible assets	115,815	118,251	-2.1
Property, plant and equipment	48,477	45,987	5.4
Right of use – leases	47,211	61,199	-22.9
Tax assets:	143,464	161,532	-11.2
Other assets	58,599	50,158	16.8
TOTAL ASSETS	21,869,452	21,915,238	-0.2

Total assets of the Bank as at 31 December 2023 were PLN 21,869.5 million, having decreased by -0.2% compared to year-end 2022.

As at 31 December 2023, at 49.5%, amounts due from clients had the highest share in total assets. The share fell by 1.5pp on year-end 2022. The share of amounts due from other banks also declined by 0.4pp. The share of investment securities and investments in subsidiaries increased by 2.3pp.

Amounts due from clients

Amounts due from clients, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Measured at amortised cost	10,780,611	11,130,618	-3.1
Amounts due from retail clients	2,140,943	2,589,036	-17.3
overdraft facilities	1,722	745	131.1
cash loans	243,660	231,292	5.3
housing loans	1,695,002	2,132,105	-20.5
other credit facilities	200,559	224,894	-10.8
Amounts due from institutional clients	8,639,668	8,541,582	1.1
working capital facilities	901,662	796,262	13.2
term facilities	6,318,208	6,838,330	-7.6
factoring receivables	464,404	552,199	-15.9
purchased receivables	72,864	91,923	-20.7
commercial paper	882,530	262,868	235.7
Measurement at fair value through profit or loss	139	3,050	-95.4
Amounts due from retail clients	109	270	-59.6
overdraft facilities	-	9	x
housing loans	43	99	-56.6
other credit facilities	66	162	-59.3
Amounts due from institutional clients	30	2,780	-98.9
working capital facilities	-	-	x
term facilities	30	2,780	-98.9
Total	10,780,750	11,133,668	-3.2
Margin deposits	34,296	36,251	-5.4
Other amounts due from clients	4,215	3,660	15.2
TOTAL AMOUNTS DUE FROM CLIENTS	10,819,261	11,173,579	-3.2

The carrying amount of amounts due from clients at the end of 2023 was PLN 10,819.3 million, a decrease of 3.2% on 31 December 2022.

As at the end of 2023, amounts due from retail clients measured at amortised cost decreased compared with year-end 2022 by PLN 448.1 million, or 17.3%, primarily as a result of the lower volume of housing loans. Amounts due from institutional clients measured at amortised cost increased by PLN 98.1 million, or 1.1%.

Amounts due from institutional clients measured at amortised cost accounted for the highest share of total amounts due from clients, at 79.9%. Their share increased by 3.4pp on year-end 2022. Amounts due from institutional clients measured at amortised cost were PLN 8,639.7 million.

The share of amounts due from retail clients measured at amortised cost in total amounts due decreased by 3.4pp, to 19.8%. The amount of retail loans measured at amortised cost was PLN 2,140.9 million at year-end 2023, compared with PLN 2,589.0 million at year-end 2022.

Lending products sold in the reporting period

For information on sale of lending products, see section 1.2.

Quality of the Bank's loan portfolio

Quality of the Bank's loan portfolio PLN thousand	31 Dec 2023	%	31 Dec 2022	%
Amounts due from clients measured at amortised cost				
Amounts due from clients without indications of impairment, including:	10,176,579	87.0	10,452,180	85.5
exposures without significant credit risk increase since initial recognition (Bucket 1)	8,915,035	76.2	9,385,350	76.8
exposures with significant increase in risk since initial recognition (Bucket 2), including:	1,261,544	10.8	1,066,830	8.7
Amounts due from clients with indication of impairment (Bucket 3) but with no impairment identified given the estimated cash flows, including:	0	0.0	0	0.0
Amounts due from clients with indications of impairment, impaired (Bucket 3), including:	1,522,157	13.0	1,767,980	14.5
Total amounts due from clients measured at amortised cost (gross)	11,698,736	100.0	12,220,160	100.0
Impairment losses on:				
amounts due from clients – (Bucket 1)	-117,170		-94,294	
amounts due from clients – (Bucket 2), including:	-78,490		-56,399	
amounts due from clients – (Bucket 3) with no indication of impairment, including:	0		0	
amounts due from clients – (Bucket 3) with indications of impairment, including:	-722,465		-938,849	
Total impairment losses	-918,125		-1,089,542	
Total amounts due from clients measured at amortised cost (net)	10,780,611		11,130,618	
Amounts due from clients measured at fair value through profit or loss				
Fair value, including:	139		3,050	
Total amounts due from clients measured at fair value through profit or loss	139		3,050	
Margin deposits	34,296		36,251	
Other amounts due from clients	4,215		3,660	
Total amounts due from clients	10,819,261		11,173,579	

At year-end of 2023, impairment losses were PLN 918.1 million.

The share of amounts due from clients with indications of impairment in the entire portfolio measured at amortised cost was 13.0% as at 31 December 2023, compared with 14.5% as at year-end 2022.

Equity and liabilities of the Bank

As at the end of 2023, amounts due to clients represented the largest share (85.2%) of total equity and liabilities. Their share decreased by 0.9pp on 31 December 2022. The share of provisions increased by 0.3pp. The share of amounts due to central bank and other banks fell by 0.3pp.

The share of equity in total assets increased by 0.8pp on year-end 2022.

Equity and liabilities of the Bank, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Amounts due to central bank and other banks	75,146	141,143	-46.8
Derivative financial instruments held for trading	76,653	147,922	-48.2
Amounts due to clients	18,641,304	18,879,924	-1.3
Subordinated liabilities	447,032	345,035	29.6
Provisions	228,388	159,357	43.3
Tax liabilities	2,312	-	x
Lease liabilities, IFRS 16	46,378	63,475	-26.9
Other liabilities	222,434	216,386	2.8
Total equity	2,129,805	1,961,996	8.6
TOTAL EQUITY AND LIABILITIES	21,869,452	21,915,238	-0.2

Sources of funding of the Bank

As at 31 December 2023, the Bank's amounts due to clients were PLN 18,641.3 million, having decreased by 1.3% on year-end 2022. Amounts due to retail clients rose by PLN 346.6 million, or 3.8%, relative to the end of 2022. Amounts due to institutional clients fell by PLN 521.0 million, or 5.8%. Amounts due under borrowings from International Financial Institutions decreased by PLN 150.4 million, or 25.5%.

Amounts due to clients, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Retail clients	9,485,310	9,138,745	3.8
current/checking accounts	3,441,081	3,288,571	4.6
term deposits	6,044,229	5,850,174	3.3
Institutional clients	8,457,566	8,978,603	-5.8
current/checking accounts	5,878,400	6,678,344	-12.0
term deposits	2,579,166	2,300,259	12.1
Other clients	215,099	124,710	72.5
Borrowings from international financial institutions	439,283	589,675	-25.5
Lending support funds	44,046	48,191	-8.6
TOTAL LIABILITIES	18,641,304	18,879,924	-1.3

2.3. Contingent assets and contingent liabilities of the Bank

Contingent assets and contingent liabilities of the Bank, PLN thousand	31 Dec 2023	31 Dec 2022	Change (%)
Contingent liabilities:	3,848,409	3,263,185	17.9
Financial, including:	3,303,666	2,796,667	18.1
open lines of credit, including:	3,300,288	2,781,823	18.6
revocable	2,814,308	2,319,626	21.3
irrevocable	485,980	462,197	5.1
open import letters of credit	3,378	14,844	-77.2
Guarantees, including:	534,943	466,518	14.7
credit repayment sureties and guarantees	12,739	12,739	0.0
performance bonds	522,204	453,779	15.1
Underwriting	9,800	-	x
Contingent assets:	2,374,886	2,164,961	9.7
Financial, including:	143,484	154,767	-7.3
open lines of credit	143,484	154,767	-7.3
Guarantees	2,231,402	2,010,194	11.0

Total contingent liabilities of the Bank as at 31 December 2023 were PLN 3,848.4 million, including financial liabilities of PLN 3,303.7 million. As at 31 December 2023, outstanding guarantees provided by the Bank, disclosed off-balance sheet, were PLN 534.9 million.

For information on the structure of the guarantees as well as on sureties and guarantees provided and received in the financial year, see section 1.3.

3. Difference between financial forecasts and actual results

The BOŚ Group did not publish any financial forecasts.

4. Key achievements in the field of research and development and information on expected development

The BOŚ Group does not conduct any research and development activities. For information on the Bank's development achievements, see section II. of this Report.

As at the date of authorisation of these financial statements for issue, there were no circumstances that would indicate a threat to the Bank's or the Group companies' ability to continue as going concerns for at least 12 months after the reporting date as a result of deliberate or compulsory discontinuation or limitation of their existing activities (for more information, see Note 3.3. To the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023).

IV. RISK MANAGEMENT AT THE GROUP

1. Credit risk

The primary goal in credit risk management in 2023, especially concerning asset quality management, was to enhance the quality and structure of the loan portfolio.

The efforts to enhance the quality of the loan portfolio focused on maintaining a policy of moderate risk appetite to achieve a risk cost close to the sector's average.

In order to improve the structure of the loan portfolio, the Bank continued efforts to reduce individual exposures and concentration risk.

The modifications in financial indicators and strategic metrics in Bank Ochrony Środowiska S.A.'s Updated Strategy for 2021–2023 were approved in 2023. The reasons for updating the Strategy included changes in the Bank's external environment, such as modifications in the legal framework and associated risks that resulted in increased burdens on the banking sector, as well as the geopolitical situation and its impact on the macroeconomic climate. The existing business model and strategic development directions of the Bank remained unchanged.

On 15 December 2023, the new "Strategy of Bank Ochrony Środowiska S. A. for 2024-2026" was published. It focuses on supporting clients in the green transition, prioritising corporate clients. Among the priority initiatives for the upcoming years are process and product optimisations, as well as digitalisation efforts, all aimed at enhancing the Bank's efficiency and profitability.

The Bank financed transactions that were compliant with generally applicable laws and regulations.

In accordance with its lending policy, the Bank did not engage in transactions that:

- could pose a risk to its reputation,
- may cause risk-bearing debt of one entity or entities with equity or organisational links to exceed concentration levels provided in external regulations,
- would violate the provisions of the Environmental Protection Law or be a potential source of damage to the natural environment,
- would be effected for clients without reliable, fixed and stable income.

The Bank is scaling down financing for entities whose activities do not align with sustainable business practices that benefit the environment, local communities, consumers, and employees. This is achieved through the introduction of a catalogue specifying transactions BOŚ will not engage in, adhering to ESG principles.

The Bank made lending decision conditional on:

- the borrower's creditworthiness to repay the requested facility,
- provision of collateral in the form and in the amount acceptable to the Bank in so far as internal regulations require,
- fulfilment by the borrower of other criteria, such as, in particular, results of the client's relationship with the Bank to date and assessment of the client's credit history in the banking sector.

Clients and transactions were subject to a comprehensive credit risk assessment, taking into account market conditions and the geopolitical situation.

The Bank conducted credit risk assessments utilising rating and scoring models tailored to the specific client and transaction types. The models were developed, constructed, monitored, and managed by the Risk Area, taking into account both internal protocols and external regulatory frameworks.

The credit risk assessment model for retail clients seeking funding unrelated to business ventures included several components:

- a quantitative analysis, which appraised the value and stability of the sources of loan repayment,
- and a qualitative analysis, assessing crucial personal characteristics of retail clients that significantly influence their commitment to repaying the loan on the agreed terms. This facet of assessment utilised scoring methods and analysed client behaviour based on data from Biuro Informacji Kredytowej S.A. (Credit Information Bureau).

The process also adhered to the stipulations outlined in Recommendations T and S of the Polish Financial Supervision Authority.

During the client evaluation phase, the Bank used information from a variety of sources, including external databases.

The credit risk model for retail clients requiring finance for business purposes or statutory activities (such as municipal borrowers) concentrated on two primary aspects: client assessment and transaction assessment (rating).

Client assessment involved quantitative and qualitative elements. The quantitative assessment focused on the key areas of the client's business with a bearing on profit generation capacity and financial liquidity. The qualitative assessment included analysis of development plans, experience and skills of the managing personnel, and quality of relations with external stakeholders, including the Bank.

The model for assessing the risk associated with local government units involved an analysis of the client based on key budget indicators and debt ratios. It also included an examination of the credit transaction, encompassing an assessment of the projected debt ratios, the quality of collateral, and the duration of the transaction.

The assessment of credit risk related to financing sought by institutional clients included an ESG risk analysis.

Where financing was sought by an entity operating within a group of related parties, the Bank assessed the credit risk taking into account the economic and financial standing of the related parties.

The transaction was assessed in particular on the basis of an assessment of the purpose of the financing, the facility term and the value of the collateral. The Bank proposed financing structures that ensured risk sharing between borrowers and the Bank, mainly through involvement of the borrowers' own funds adequate to the scale of the risk.

The risk assessment was verified by a credit risk expert – an employee specialising in risk identification and the selection of appropriate forms of risk mitigation, who was independent from the sales functions.

The Bank monitored the credit risk throughout the life of the credit transaction.

If the Bank identified a situation that could jeopardise timely repayment, the Bank used reminders and took restructuring measures using, among other things, solutions implemented in the early warning system (EWS).

The Bank analysed all credit exposures on a monthly basis in order to:

- identify non-performing exposures,
- measure impairment,
- recognise impairment losses or provisions.

The Bank employed both individualised and group approach to measure impairment of credit exposures and to recognise allowances or provisions.

The powers to make credit decisions at the Bank depend on:

- the type and value of the transaction,
- the amount of the Bank's total credit exposure to the group of related entities to which the client belongs,
- the level of risk generated by the client and the transaction,
- possible departure from standard lending procedures affecting credit risk.

The Bank operated a credit decision-making system based on the principle that the higher the risk of a transaction resulting due to its complexity, the amount of exposure or the client's economic and financial standing, the higher the decision-making level at which the credit decision must be made. The decision-making levels with the highest authority are the Head Office Credit Committee and the Management Board of the Bank. Where there is a

departure from standard lending procedures that affects the credit risk, credit decisions are made by a decision-making body with higher authority.

In credit decisions on transactions concluded with members of the Bank's bodies or persons holding managerial positions at the Bank, or entities affiliated with them through equity or organisational links, the Bank was guided by the requirements of the Banking Law Act.

The Bank accepted both physical assets as well as personal guarantees as collateral.

The Bank preferred collateralised transactions, with the proviso that in the retail segment the maximum amount of unsecured transactions was determined taking into account features of the lending products, the client segment, the impact of such transactions on the Bank's profit or loss and the amount of potential losses.

The level of collateral depended on the level of risk generated by the transaction, including in particular the type of transaction and its duration.

In determining the amount of the required collateral, the Bank was guided by the principle of prudent valuation.

When selecting the form of security, the Bank took into account:

- adequate protection of the Bank's interests,
- the amount of costs related to establishing the security,
- the ability to quickly liquidate collateral.

The Bank had in place a Policy for Managing Non-Performing Exposures, which defines a strategy of action to achieve reduction, within a prescribed time limit, of non-performing exposures, and an action plan that supports the implementation of the strategy.

The Bank identified, measured, monitored and reported the concentration risk of the engagements on the following levels:

- individual client and transaction,
- the loan portfolio.

At the individual client and transaction level, the concentration risk was managed in compliance with the supervisory exposure limits, in particular those under Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 and the Banking Law, as well as by applying the principle that the risk assessment and monitoring process depends on the amount of credit exposure.

At the loan portfolio level, the concentration of exposures was effectively managed by adhering to external limits, internal limits, or warning thresholds. Additionally, an acceptable level of credit risk appetite was determined by a set of indicators that encompassed not only traditional credit risk factors but also considerations of Environmental, Social, and Governance (ESG) risks. The levels of internal limits are approved by the Bank's Management Board, and the risk appetite – also by the Supervisory Board.

In particular, the Bank applied the following limits:

- geographical limits – limit of exposure to other countries;
- product-specific limits – e.g. maximum LTV;
- limits for the portfolio of mortgage loans and loans financing real property – in compliance with the PFSA Recommendations,
- sector-specific limits,
- limits concerning the share of foreign currency loans in the Bank's portfolio,
- limits for the aggregate exposure to related entities/groups of related entities with respect to which the Bank's exposure exceeds 10% of Tier 1,
- limits for the aggregate exposure to related entities/groups of related entities, depending on the rating of the related entity/group of related entities,
- limits for credit exposures towards the Bank's subsidiaries.
- limit for transactions with derogation from the credit rules set out in internal procedures that result in increased credit risk.

In the concentration risk management process, the Bank used a warning level system that applied to all internal limits for credit risk. The system is based on distinguishing three levels of limit utilisation and gradual implementation of measures mitigating the risk of exceeding the limit.

The utilisation of the limits was monitored and reported to the Bank's governance bodies on a regular basis, in accordance with the Bank's internal regulations.

In line with the requirements set out by the Polish Financial Supervision Authority in Recommendation C, Recommendation T and Recommendation S, the Bank performed stress tests in the field of credit risk for its retail and corporate loan portfolios, including in respect of the largest exposures.

Information regarding the credit risk level in the Bank's loan portfolio was presented to the Management Board on a monthly basis and to the Supervisory Board at least on a quarterly basis.

In its lending process, the Bank complied with regulatory requirements, good banking practices and internal procedures.

2. Financial risk

The financial risk in the Group is concentrated mainly at the Bank and at Dom Maklerski BOŚ S.A. (DM BOŚ S.A.) and includes:

1. liquidity risk,
2. market risk, including:
 - a. interest rate risk (in the banking book and the trading book),
 - b. currency risk (mainly in the trading book; currency risk from the banking book is transferred to the trading book),
 - c. other risks (general and specific risk of equity instruments, commodities risk and position risk in collective investment undertakings).

Liquidity risk and interest rate risk occur mainly at the Bank, and currency risk – at DM BOŚ S.A. (in the trading book and the non-trading book) and at the Bank (in the trading book; currency risk from the banking book is transferred to the trading book). DM BOŚ S.A. is also exposed to equity risk, commodity price risk and position risk at collective investment undertakings.

The key principles of financial risk management at Bank Ochrony Środowiska S.A. and at the Group are set out in the Banking Risk Management Strategy. This strategy is an integral part of the Bank's strategy.

The risk management system at the Group includes examination of individual risks related to both the Bank's and the Group's operations. The Bank, as the parent, oversees the risk management system at the Group. The risk management process is subject to periodic reviews aimed at adapting the process to changes in the environment and taking into account changes occurring within the Bank and the Group.

The Group's risk management is conducted within strategic limits tailored to the appetite and tolerance for individual risks, as outlined in the policies for managing liquidity risk, interest rate risk in the banking book, and market risk in the trading book.

Based on the limits, an early warning system has been established which focuses on identifying, measuring, monitoring, controlling and reporting the risks.

Transactions in the banking book represent the core business of the Bank, which means that they result from commercial operations, including raising financing and efficient management of financial liquidity. The banking book includes positions which are not included in the trading book, in particular:

- a. granted credit facilities and guarantees, as well as accepted deposits, including term deposits,
- b. liquidity- and interest-rate hedges of transactions carried in the banking book,
- c. purchase of securities for non-trading purposes.

In line with the Group's strategy, the trading book business is complementary to the banking book business. The trading book contains transactions that were entered into by the Bank on its own account for trading purposes, i.e. to gain financial profits in short-term periods due to actual or expected differences between bid and offer prices in the market, as well as other movements of prices or price parities, including in particular interest rates and foreign exchange rates. Transactions held in the trading book are not sold for liquidity purposes. The purpose of

the trading book is to ensure the highest quality of services for clients. To this end, the Bank and Dom Maklerski BOŚ S.A. maintain open positions within the applicable risk limits.

The purpose of risk management by the Group is to maintain individual risks at the level consistent with the approved risk appetite and tolerance in order to protect the value of shareholders' capital, maintain the safety of client deposits and achieve adequate efficiency of the Group's operations, including ensuring the Group's ability to adapt its operations to changing market conditions, competence and commitment of managers and employees, and the quality of management information systems.

In 2023, the Group monitored the economic and market situation associated with the COVID-19 pandemic and the wars in Ukraine and Israel and analysed their impact on financial risks, including the market and liquidity risks. The levels of individual risks generally remained within the limits applied by the Group.

In 2023, the main objectives, principles and organisation of the financial risk management process at the Group did not change. The level and profile of financial risk are regularly monitored by the Financial and Operational Risk Department (the second line of defence) of the Bank and by the Risk Management Department of DM BOŚ S.A., and reported to the Bank's Supervisory Board, the Supervisory Board of DM BOŚ S.A., the Risk Committee (at the Supervisory Board of the Bank), the Management Board of the Bank, the Management Board of DM BOŚ S.A., the Committee of Assets and Liabilities Management (ALCO) and the ALCO Liquidity and Market Risk Committee (ALCO LMRC).

2.1. Liquidity risk

The purpose of liquidity management by the Group is to maintain the capacity to finance assets and settle liabilities promptly, and to sustain a balanced structure of assets and liabilities. This ensures a secure liquidity profile across specific time bands, segmented into liquidity in PLN and major foreign currencies, with a primary focus on the overall liquidity position.

The liquidity risk management strategy and processes are specifically tailored to align with the Bank's business profile and scale. The liquidity risk management strategy is set out in the Liquidity Strategy of BOŚ S.A. approved by the Supervisory Board. The strategy defines the Bank's risk appetite, designates key directions and quantitative targets for selected volumes, and is an integral part of the Bank's Strategy. The liquidity risk tolerance, adjusted to the Bank's risk appetite through a system of internal limits and warning values, is set out in the Liquidity Management Policy approved by the Supervisory Board.

The structure and organisation of the liquidity risk management function includes all levels of the Bank's organisational structure and operates within the three lines of defence. A particular role in the liquidity risk management process is played by the Management Board of the Bank and the Committee of Assets and Liabilities Management.

The Bank's liquidity is analysed over the following time horizons:

1. intra-day liquidity – during the day;
2. current liquidity – in the period up to 7 days;
3. short-term liquidity – in the period up to 1 month;
4. medium-term liquidity – in the period of above 1 month to 12 months;
5. long-term-term liquidity – in the period of more than 12 months.

To measure the liquidity and intra-day, current and short-term liquidity risk, the Bank uses the following measures and tools:

1. the level of intraday liquidity – reflects the level of funds required to be maintained in the Bank's account with the National Bank of Poland to enable the Bank to pay its liabilities during the day, in both normal and stress situations,
2. liquid assets (excess liquidity) – a buffer for expected and unexpected outflows over a period of 30 days,

3. liquidity reserve – which measures the level of liquid assets less expected and unexpected outflows, determined for a period of 30 days,
4. net liquidity coverage ratio (%)
5. assessment of the stability of the deposit base,
6. short-term liquidity gap (for PLN, EUR, CHF and USD) – showing the level of mismatch in foreign currency funding structures; the gap consists primarily of flows from wholesale and derivatives transactions,
7. stress tests, including scenarios that account for ESG risks (allowing, among other things, verification of the ability to maintain liquidity over the time horizon defined by the Bank in various scenarios).

For the purpose of measuring liquidity as well as the medium- and long-term liquidity risk, the Bank sets and monitors:

1. the contractual and actual liquidity gap (which is supplemented by regular analyses of the stability of the deposit base, the concentration of the deposit base, the amount of loan prepayments and the level of deposit breakage),
2. the non-current assets to non-current liabilities ratio;
3. the coverage of loans used by clients to finance long-term needs with the most stable sources of funding (LKD);
4. the net stable funding ratio (NSFR),
5. stress test taking into account ESG risks (for a 12-month horizon),
6. the forecast of LCR, NSFR and liquid assets.

To evaluate the effectiveness of the liquidity risk management process, for most of the mentioned measures, limits or warning thresholds are established within a hierarchical framework of internal liquidity risk limits. These thresholds are set at various levels including the Supervisory Board, the Management Board, and the ALCO Committee. The limits and warning thresholds are subject to regular reviews (at least once a year) to ensure effective monitoring of liquidity. They define the framework for the Bank's liquidity tolerance and are consistent with the Bank's risk appetite. The shaping of an appropriate liquidity risk profile is supported by taking into account the cost of liquidity under the Bank's transfer pricing system.

The measures and tools used by the Bank are reviewed on a regular basis and are regularly updated to better map the liquidity profile. The process of monitoring liquidity and liquidity risk in the Bank is supported by a dedicated IT system (used in particular to generate reports on contractual and actual liquidity gaps, on regulatory liquidity measures and on internal limits, and to prepare mandatory reports). At least once a year, the Bank prepares a review of the Internal Liquidity Adequacy Assessment Process (ILAAP), in compliance with the EBA/GL/2016/10 Guidelines on ICAAP and ILAAP information collected for SREP (Supervisory Review and Evaluation Process) purposes. The ALCO Committee gives its opinion on the review, and the document requires approval by the Management Board and the Supervisory Board of the Bank.

Liquidity risk reports are presented to all the Bank's units involved in the liquidity risk management process. Results of the risk analysis, the degree of utilisation of regulatory standards, internal limits and warning thresholds as well as results of stress tests are presented in reports prepared for the ALCO Committee (on a weekly basis), for the Management Board and the ALCO Committee (on a monthly basis), and for the Supervisory Board and its Risk Committee (on a quarterly basis). The reports are part of the Management Information System, the purpose of which is to support the Bank's management, streamline the performance of its tasks and ensure the safety and stability of its operations.

Overall liquidity risk profile

The main source of funding for the Bank continues to be a systematically built and diversified deposit base with a share of stable retail deposits (and deposits from corporate clients and the public sector), followed by loans from international financial institutions (which, together with long-term bilateral interest rate swap agreements secured by debt papers and FX swap transactions, constitute a source of liquidity funding in foreign currencies). The Bank monitors the risk of concentration of the deposit base on an ongoing basis.

The Bank retains its liquid assets predominantly in the form of highly liquid National Bank of Poland (NBP) bills, which comprised 40% of the liquid securities portfolio as at 31 December 2023. Furthermore, Treasury bonds

constituted 57% of the liquid portfolio on the same date, further enhancing the low specific risk associated with these assets. The portfolio of these securities is supplemented with cash and funds held with the National Bank of Poland (above the declared obligatory reserves) and in nostro accounts with other banks. As at 31 December 2023, the amount of liquid assets was PLN 8,177 million. Liquid assets constitute a buffer to secure liquidity in potential crisis situations, i.e. they can be pledged, liquidated under repo transactions or sold at any time without significant loss of value. The Bank's ability to sell liquid assets (product liquidity risk) is monitored on a regular basis. The primary considerations in these analyses are issue size, market turnover, and bid/ask price volatility.

The Bank may access additional funding sources through a technical loan and a lombard loan from the NBP and, under exceptional circumstances, may apply for a refinancing facility from the NBP.

The Bank determines internal capital for liquidity risk, which is considered a significant constant risk, in accordance with the applicable internal capital estimation process. This capital is estimated on the basis of the cost of restoring regulatory and internal measures and liquidity limits under the conditions of stress test scenarios.

Measures of liquidity risk

The Bank establishes supervisory liquidity metrics in accordance with the following regulations: the CRR Regulation and Regulation 2019/876 on prudential requirements for credit institutions and investment undertakings (amending Regulation 575/2013 Regulation) and related delegated and implementing regulations as regards liquidity.

The currently applicable norms regarding short-term liquidity include the liquidity coverage requirement – LCR (the ratio of liquid assets to net outflows (i.e. the difference between net outflows and net inflows) for a 30-day period of extreme conditions). The LCR is calculated on an aggregated basis for all currencies (translated into PLN) and separately for significant currencies, i.e. for PLN and EUR. For the ratio in EUR, the Bank identifies a currency mismatch related to the method of financing long-term loans granted in this currency.

The Bank is also required to satisfy a stable funding requirement, which as of June 2021 is referred to as the net stable funding ratio (NSFR) requirement. It is calculated as the ratio of the institution's available stable funding to the amount of the stable funding required. In line with external standards, the NSFR, as with the LCR, should be maintained at a minimum level of 100%.

The Bank, in accordance with Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 regarding the reporting of additional liquidity monitoring metrics, prepares and submits ALMM reports to the NBP.

In accordance with EBA/GL/2017/01 Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013, the Bank presents quantitative and qualitative data on the net liquidity coverage ratio, the net stable funding ratio and the liquidity risk in the Information on BOŚ Group. Such disclosures comply with the instructions given by the European Banking Authority.

The Bank also performs an in-depth analysis of its long-term liquidity. Results of these analyses are used to manage the Bank's liquidity. At the same time, the process of preparing short- and long-term financial plans of the Bank includes assessment of liquidity, to ensure an adequate financing structure and compliance with the supervisory liquidity measures.

In 2023, the supervisory liquidity measures, i.e. LCR and NSFR, were calculated daily (i.e. every working day), and remained at a safe level, significantly above the regulatory requirements. As at 31 December 2023, these measures were as follows:

Metric*	31 Dec 2023	31 Dec 2022
LCR	199%	185%
NSFR	162%	157%

*/LCR and NSFR for the Group.

The Bank has an Emergency Liquidity Action Plan in place, ensuring the uninterrupted continuation of operations and preservation of liquidity in the event of crisis situations.

As part of its risk management system, the Bank has in place an Emergency Liquidity Action Plan approved by the Management Board, which sets out potential sources of deterioration/loss of liquidity, rules of conduct and contingency powers. It is intended to estimate the survival horizon as well as the ability and costs of restoring stable liquidity. This Plan, in addition to analysing liquidity deterioration in emergency situations (which is based on the conducted stress tests), also includes quantifiable and non-quantifiable early warning indicators of emergency situations, allowing for the systematic monitoring of potential sources of liquidity crises. These indicators are monitored by the Bank on an ongoing basis. The contingency liquidity plan shall be regularly reviewed and updated so as to ensure that the Bank is operationally prepared to activate potential measures that can be taken in the event of a liquidity risk.

In addition to the Emergency Liquidity Action Plan, the Bank also conducts liquidity stress tests. The tests are conducted in accordance with the Liquidity Risk Stress Testing Programme, which comprises:

1. Sensitivity analyses (conducted no less frequently than once a year);
2. Scenario-based analyses/tests (conducted on a monthly basis);
3. Reverse stress tests (conducted no less frequently than once a year).

The objective of these tests is to assess the Bank's position in the event that highly unfavourable risk factors materialise. The specific type and extent of these risk factors are dynamically established, taking into account the current situation of the Bank and its clients and the prevailing market conditions. The tests cover both internal factors (client behavioural patterns) and external factors (market conditions). These factors are analysed within certain defined liquidity scenarios, which include at a minimum the occurrence of an internal crisis, an external crisis, and a mixed crisis.

Stress tests encompass three fundamental types of scenarios:

1. internal crisis – its source is the loss of confidence in the Bank by market participants ("bank run"), reduced availability of financing, materialisation of concentration risk and downgrading of the Bank's rating,
2. external crisis – assumes materialisation of currency risk, rising interest rates, crisis in financial markets and possible second round effects,
3. mixed crisis – a combination of elements of both internal and external crises.

The Bank also prepares (once every quarter) intraday liquidity stress tests. The outcomes of the stress tests are presented to the Bank's management in quarterly reports related to liquidity risk. As part of the analysis, three intraday liquidity stress testing scenarios (internal, external, mixed) are prepared, along with a reverse stress test.

Additionally, for the purposes of monitoring liquidity indicators, further stress-testing scenarios are developed:

1. Addressing the Bank's sensitivity to long-term liquidity risk factors (such as market liquidity withdrawal, strategic changes in funding structure) as well as short-term internal or external shocks (effect of geopolitical risk);
2. Considering the ESG risk in terms of any negative financial impact on the Bank caused by current or future effects of ESG factors (environmental, social, and governance issues) prepared in scenarios spanning up to 1 month and up to 12 months.

The stress tests carried out facilitate the identification of factors whose manifestation could lead to liquidity risk within the Bank, and the formulation of requisite contingency measures in the event of crises.

Moreover, within the scope of the annual review of the Liquidity Risk Stress Testing Programme, the Bank undertakes analyses of sensitivity to individual liquidity risk drivers and conducts reverse stress tests. A comprehensive review of the Liquidity Risk Stress Testing Programme is performed annually. Conclusions from the tests are used in managing liquidity and liquidity risk and are the basis for building the structure of assets and liabilities.

In its assessments, the Bank also considers the potential for adverse movements in foreign exchange rates, especially CHF and EUR, which could potential trigger increased liquidity needs.

Furthermore, the Bank undertakes testing of the Emergency Liquidity Action Plan, and modifications to this Plan are implemented based on the outcomes of those tests. The outcomes of the Emergency Liquidity Action Plan

tests are reported to, and reviewed by, both the Asset and Liability Management Committee and the Bank's Management Board.

The Stress tests performed in 2023, as in 2022, demonstrated that the Bank had a stable liquidity position, with its liquid assets proving sufficient to withstand the stipulated scenarios over the tested periods.

2.2. Interest rate risk

Interest rate risk refers to the present or potential risk of a decrease in both Bank's income and economic value due to unfavourable fluctuations in interest rates, impacting interest rate-sensitive instruments. This risk is associated with factors such as mismatch risk, basis risk, and option risk. The interest rate risk is primarily generated in the Bank, both in the banking book and the trading book.

Interest rate risk in the banking book

The main purpose of interest rate risk management in the banking book is to seek stabilisation and optimisation of net interest income ('NII') while limiting the negative effect of market interest rate movements on economic value of equity ('EVE').

To achieve this, the Bank uses two tools: the investment portfolio held and derivative transactions entered into as part of hedge accounting. The investment portfolio, built in the banking book, should help to, among others, secure net interest income generated by the Bank's equity and to secure core deposits in current accounts insensitive to interest rate movements. On the other hand, this portfolio is a source of volatility of the revaluation reserve.

The Bank applies fair value hedge accounting. Its purpose is to secure the fair value of the fixed-rate Treasury bonds, which are part of the HtC&S bond portfolio and also serve as the Bank's liquidity buffer. IRS hedging transactions reduce the extent of capital fluctuations caused by movements in interest rates.

Monitoring of interest rate risk in the banking book is supported by a dedicated IT system which the Bank uses in particular to determine/perform:

1. repricing gap, presenting the values of assets, liabilities and on-balance-sheet items sensitive to interest rate movements at maturity or repricing,
2. simulation of net interest income – a dynamic analysis reflecting the projection of net interest income over a given period of time, based on the Bank's growth scenarios, as well as assumptions regarding market factors,
3. net present value (NPV) simulation, presenting values of all cash flows discounted at given market parameters; results of the NPV analysis are used to calculate EVE,
4. sensitivity analysis of EVE and NII to a 100 basis points change in credit spread,
5. price shocks for basis risk analysis, the purpose of which is to estimate the impact on the net interest income of varying changes in interest rates of products whose interest rates are based on different base rates,
6. unparallel mismatch risk analysis, which aims to estimate the impact on the economic value of equity of unparallel movements in the shape of the yield curve,
7. client option risk analysis, whose objective is to assess the impact of client options embedded in interest bearing products on the Bank's financial result,
8. stress tests, including reverse tests and the Supervisory Outlier Test – the objective is to determine how extreme changes in market factors affect the net interest income and the economic value of equity,
9. the level of internal capital for interest rate risk in the banking book.

Measures of interest rate risk in the banking book

To manage interest rate risk in the banking book, the Bank employs two measures: the sensitivity of the net interest income (NII), both with and without consideration of changes in market value, to a +/- 200 basis points change in interest rates, and the sensitivity of the economic value of equity (EVE) to a +/- 200 basis points change in interest rates. Interest rate risk in the banking book is measured on the basis of product characteristics (capital flow schedules, interest rate re-pricing, embedded options), resulting from contracts with counterparties. For current products where the client may flexibly determine, among other things, the repayment schedule or use of

funds, the Bank builds replicating portfolios that reflect the economic timing of capital flows.

In the replicating portfolios, the average maturity of deposits with undetermined maturity is 6 months, and the maximum maturity is 12 months. The Bank also takes into consideration client behaviour patterns, such as: early credit repayment levels or deposit breakage levels, which are estimated in accordance with internal regulations of the Bank. The assumptions are consistent with the EBA/GL/2022/14 Guidelines on the management of interest rate risk arising from non-trading book activities.

The table below provides a comparison of the NII and EVE measures as at 31 December 2023 and 31 December 2022:

Date	ΔNII		ΔEVE	
	-200 bps	+200 bps	-200 bps	+200 bps
31 Dec 2023	-46,290	45,835	159,359	-145,744
31 Dec 2022	-78,285	64,606	118,472	-112,632
Change	31,995	-18,771	40,887	-33,112

In 2023, both NII and EVE were within limit/at warning thresholds consistent with the risk appetite and risk tolerance approved by the Supervisory Board. Changes in the values of these measures have a certain cyclical nature, which is due to the regular approximation of the timing of the repricing of floating rate positions and the maturity of fixed rate positions. In 2023, the sensitivity of net interest income to a decrease in market interest rates significantly fell. The change was driven by several factors, including a rise in the balance of retail deposits by PLN 0.275 billion and a decrease in the balance of NBP monetary bills by PLN 1.17 billion. Additionally, the easing of monetary policy by the Monetary Policy Council, along with the Bank's decisions to lower interest rates on term deposits and savings accounts, contributed to the change. The increase in the sensitivity of the economic value of equity (EVE) to rising interest rates was, among other factors, due to the purchase of Treasury bonds with a 4-year duration for a total amount of PLN 0.495 billion.

In accordance with the EBA/GL/2022/14 Guidelines on the management of interest rate risk arising from non-trading book activities the Bank is obliged to carry out a Supervisory Outlier Test (SOT).

Results of the SOT for the six standard shock scenarios specified in the Guidelines are presented in the table below.

Data	ΔEVE in a given SOT scenario					
	parallel shock up ¹	parallel shock down ¹	steepener shock ²	flattener shock ²	short rates shock up ³	short rates shock down ³
31 Dec 2023	-146,017	84,320	31,049	-89,171	-133,973	73,442
31 Dec 2022	-98,900	51,697	21,499	-64,830	-94,513	37,161
Change	-47,117	32,623	9,550	-24,341	-39,460	36,281

¹ sharper shock (decrease in short-term rates and increase in long-term rates),

² more moderate shock (increase in short-term rates and decrease in long-term rates),

³ interest rate shocks in the short run are extinguished in longer tenors.

The results of the conducted SOT (stress testing) analysis indicate that, as at the end of 2023, similar to the situation at the end of 2022, the Bank was most vulnerable to a decline in the economic value of equity (EVE) in the scenario of a parallel upward shift in the interest rate curve (Parallel Up). The sensitivity of the economic value of the Bank's equity in the two most severe scenarios (i.e. Short Up and Parallel Up) increased relative to 2022. Across all scenarios, the sensitivity of the economic value of equity remains significantly below the supervisory warning thresholds and limits. This indicates a low level of exposure to interest rate risk.

Once a month, the Bank conducts stress testing analysis, examining the development of the interest rate risk in the banking and trading book in case of materialisation of extreme changes in risk factors. In the bank book, the Bank examines the impact of these scenarios on the following elements:

- 1.** sensitivity of the net interest income (NII):
 - scenarios of parallel shifts of interest rate curves within the range of [-500 bps, +500 bps],
 - scenarios of exchange rate movements by $\pm 5\%$, $\pm 10\%$ and $\pm 25\%$,
 - scenarios of cumulative changes in the parallel shifts of interest rate curves by $\pm 100/200$ bps and ± 500 bps, and foreign exchange rates by $\pm 5\%$, $\pm 10\%$ and $\pm 25\%$,
- 2.** sensitivity of the economic value of equity (EVE):
 - scenarios of parallel shifts of interest rate curves within the range of [-500 bps, +500 bps],
 - scenarios of exchange rate movements by $\pm 5\%$, $\pm 10\%$ and $\pm 25\%$,
 - scenarios of cumulative changes in the parallel shifts of interest rate curves by ± 200 bps and ± 500 bps, and foreign exchange rates by $\pm 5\%$, $\pm 10\%$ and $\pm 25\%$,
- 3.** sensitivity of revaluation reserve in scenarios of interest rates movements within the range [-500 bps., +500 bps],
- 4.** sensitivity of the present value of the bond portfolio in scenarios of interest rate movements within the range of [-500 bps, +500 bps] – by issuer (SP&NBP (excluding FVH), corporations, local governments) and by portfolio (H2C&S (excluding FVH), H2C).

The Bank also conducts reverse tests:

- 1.** for the EVE – tests of the impact of changes in market factors, the purpose of which is to show when the sensitivity of the EVE falls below 20% of equity,
- 2.** for the NII:
 - tests to show when the NII sensitivity falls below the appetite level,
 - tests designed to identify areas of vulnerability to risks arising from collateral and risk management strategies and behavioural responses of clients.

The results of the stress test as at 31 December 2023 show that, in extremely adverse market conditions and the Bank's increased exposure to instruments sensitive to interest rate risk, the banking book risk remained at a safe level.

Given the nature of the Bank's business and the structure of its securities portfolio, the interest rate risk in the banking book is consistently significant. The Bank, as part of the ICAAP process, estimates internal capital for this risk. In accordance with supervisory and internal regulations, internal capital for interest rate risk in the banking book refers to both potential changes in the economic value of equity and net interest income due to adverse movements of interest rates and credit spreads. The level is tailored to the structure and nature of the Bank's operations.

In order to hedge the interest rate risk of 10-year fixed-rate PLN 150 million BGK bonds (issued to the COVID-19 Fund and guaranteed by the State Treasury) held within the HtC&S business model, as of July 2020 the Bank applies the option of measurement at fair value through profit or loss (the FVPL option). The related IRS hedging transactions enable the Bank to change interest on the bonds accrued at a fixed interest rate into interest accrued at WIBOR 6M plus margin, which hedges the Bank's position against adverse effects of potential increase in market interest rates. Results of monitoring the banking book interest rate risk are presented in weekly reports prepared for the Liquidity and Market Risk ALCO Committee, in monthly reports prepared for the Assets and Liabilities Committee and the Management Board, and in quarterly reports prepared for the Risk Committee and the Supervisory Board (quarterly).

The Bank has implemented the new 2022 EBA guidelines concerning IRRBB (Interest Rate Risk in the Banking Book) and CSRBB (Credit Spread Risk in the Banking Book).

From 30 June 2023, the following are monitored:

- An expanded NII metric, that is, the sensitivity of net interest income accounting for changes in market value in response to a decrease/increase in interest rates by 200 bps, which, as at the end of December 2023, stood at PLN 7.1 million / PLN -3.7 million;

- SOT for NII, calculated in line with the most recent draft of the RTS, indicating -3.81% of RWA/Tier 1, thus falling below the EBA's latest maximum value recommendation of -5%;
- Sensitivity of EVE and NII to a 100 bps shift in credit spread, which, as at the end of December 2023, registered at PLN -122.2 million and PLN -44.6 million, respectively.

Additionally, the Bank has factored credit spread risk into its assessment of interest rate risk appetite and tolerance within the banking book. This consideration extends to the calculation of internal capital as well.

Interest rate risk in the trading book

The objective of interest rate risk management in the trading book is to achieve a financial result in this line of business in keeping with the financial plan, at an acceptable level of exposure of the Bank to the risk, and to minimise the adverse effects of holding interest rate-sensitive instruments in the trading book.

Measures of interest rate risk in the trading book

In order to monitor the interest rate risk, the Bank uses:

1. the value at risk (VaR) model determined for the 99% confidence level based on daily volatility of interest rates for 250 business days preceding the date of analysis,
2. the basis point value (BPV), i.e. sensitivity of securities and derivative instruments generating the interest rate risk to a 1 percentage point movement of interest rates,
3. system of limits/warning thresholds,
4. stress tests.

In 2023, there were no significant changes to the interest rate risk measurement techniques within the trading book. Only the approach to conducting stress test analyses was modified.

The Value at Risk (VaR) for interest rate in the trading book and the impact of the stress test scenario – parallel shifts in the IRS and BOND yield curves upwards/downwards by 500/300 bps on the Bank's annual result were as follows (maximum, minimum, average values, and as at the reporting date are provided):

Date	1-day VaR				+500/-300 bps stress tests**
	mean	max	min	as at*	as at
31 Dec 2023	147	261	40	44	-65
31 Dec 2022	551	1,093	128	181	-329

* From 30 December 2022, a limit applies to 1-day VaR; for calculation purposes, 1-D VaR was scaled to 10-D VaR.

** In 2022, stress tests were conducted based on the scenario of parallel shifts in the Bond and IRS curves by ± 200 bps.

To validate the value-at-risk model, the Bank conducts back-testing analyses on a monthly basis. This process involves a comparison between the maximum losses projected by the VaR model and the actual gains and losses, as well as the theoretical profit or loss changes resulting from the revaluation of positions. Results of monthly back-testing are presented in management reports.

The system of interest rate risk limits/warning thresholds in the trading book includes:

1. the limit/warning threshold for 1-day VaR,
2. the BPV warning threshold for instruments generating interest rate risk in the trading book, both intra-day and end-of-day,
3. maximum 1-day and 30-day (stop loss) limits, as well as annual loss (end loss) limits on assets within the trading portfolio.

The calculation and monitoring of the utilisation levels of individual limits and warning thresholds are conducted daily and throughout the day by the Asset and Liability Management Department as part of the first line of defence. The monitoring of the limits and warning thresholds is carried out at the end of each business day by the Financial Risk Department, in line with the protocols of the second line of defence.

Once a month, the Bank conducts stress testing analysis, examining the development of the interest rate risk in the banking and trading book in case of materialisation of extreme changes in risk factors.

In the trading book, the Bank examines the impact of extreme adverse movements of market interest rates on the Bank's profit or loss using both the historical and parametric methods. The historical method considered the volatility of interest rates, taking into account various factors such as geopolitical crises that contribute to fluctuations in interest rates. Stress testing analyses in the trading book are conducted both with and without the assumption of correlation between curve changes and market illiquidity (the inability to close an open position during the day). In parametric stress tests, the assumption made is a parallel upward/downward shift in interest rate curves by 500/300 basis points. Risk factor levels within historical scenarios are set determined based on an examination of the time series for bond and IRS interest rate curve movements over a three-year period, taking into account statistically significant trends, volatility, and the Hurst exponent, which characterises the propagation of change variance.

Results of the analysis show that in the event of extremely adverse market conditions and the Bank's increased exposure to instruments sensitive to the interest rate risk both the Bank's banking and trading positions are maintained at a safe level.

The Bank also examines potential impact of a large-area flooding on the financial result of the trading book attributable to interest rate risk, as well as on the sensitivity of net interest income (NII) and the economic value of equity (EVE). The findings from the climate risk stress tests (ESG stress tests) reveal a negligible impact on the financial result of the trading book. In the case of the banking book, the realisation of this scenario would not lead to a breach of the established limits for net interest income (NII) and economic value of equity (EVE).

Results of monitoring the interest rate risk in the banking book and the trading book are reported: weekly to the Liquidity and Market Risk ALCO Committee, monthly to the ALCO Committee and the Management Board, and quarterly to the Risk Committee and the Supervisory Board (with the results of the stress tests). Additionally, results of the analysis of interest rate risk in the trading book are communicated to members of the Management Board and the ALCO Committee as part of daily reports.

The interest rate risk metrics in the trading book was monitored on an ongoing basis.

2.3. Currency risks

Currency risk is understood as the risk of loss to the Group due to changes in exchange rates. This risk is generated by DM BOŚ S.A. (in the trading and non-trading book) and in the Bank (mainly in the trading book).

The objective of the Bank's currency risk management policy for the banking book is to not maintain open individual positions. Foreign currency exposures arising in the banking book are transferred systematically to the trading book on the same day or on the following business day at the latest.

The Bank's main currency positions are denominated in PLN, USD, EUR and CHF.

The currency risk in DM BOŚ S.A.'s non-trading book is attributable to deposits of foreign currency cash in the accounts of foreign brokers who buy and sell financial instruments on foreign exchanges on behalf of DM BOŚ clients. DM BOŚ S.A. has open currency positions in USD and EUR in the non-trading book, and the portfolio's currency risk is managed within the limit of the total currency position for the trading book and the non-trading book.

A currency position resulting from transactions in the banking book which has not been transferred on a given day to the trading book is controlled with end-of-day limits of open currency positions in the banking book.

Currency risk in the trading book is generated by both the Bank and DM BOŚ S.A. The currency risk in the trading book was primarily attributable to DM BOŚ S.A., and to a lesser extent to the Bank. Open foreign exchange positions in DM BOŚ S.A.'s trading portfolio arise from offering services to clients in the derivatives trading market and from providing services on a regulated market.

The BOŚ Group maintains a harmonised foreign exchange risk management system, wherein the risk is calculated separately for the Bank and DM BOŚ S.A.

Measures of currency risk

In order to monitor the currency risk of open foreign exchange positions (on- and off-balance-sheet) in the trading book of the Bank, the following measures are used:

1. the value at risk (VaR) model determined for the 99% confidence level based on daily volatility of foreign exchange rates for 250 business days preceding the date of analysis,
2. system of limits/warning thresholds,
3. stress testing.

The value of foreign exchange VaR in the trading book of the Bank and of the Group and the impact of the stress test scenario – a 50%/30% increase/decrease in the exchange rates of all currencies in relation to PLN – on the Group's profit or loss in annual periods are presented below (maximum, minimum, mean and as at the reporting date).

Date	1-day VaR*						Stress tests of the Group – increase/decrease of foreign exchange rates**
	Bank				DM	Group	
	mean	max	min	as at	as at	as at	as at
31 Dec 2023	108	317	8	199	516	648	-64,021
31 Dec 2022	341	1,357	12	655	5,697	6,201	-1,569

* From 30 December 2022, a limit applies to 1-day VaR; for calculation purposes, 1-D VaR was scaled to 10-D VaR.

** The stress-testing scenario used in 2022 involved a 30% increase/decrease in foreign exchange rates.

In order to verify the value-at-risk model, the Group performs a back-testing analysis on a monthly basis, calculated by comparing the maximum losses from the VaR model with actual gains and losses and theoretical changes in profit or loss resulting from revaluation of positions. Results of monthly back-testing are presented in management reports.

The system of limits/warning thresholds for foreign exchange risk in the trading book includes:

1. the limit/warning threshold for 1-day VaR,
2. the warning threshold quoted for the total position separately for the trading book and the banking book,
3. 1-day and 30-day loss limits (stop loss) and annual loss limits (end loss) arising from foreign exchange transactions.

The monitoring of the limits/warning thresholds in the trading book is carried out every business day and intraday by the Asset and Liability Management Department as part of the first line of defence. The monitoring of the limits and warning thresholds is carried out at the end of each business day by the Financial Risk Department, in line with the protocols of the second line of defence.

Analyses show that the BOŚ Group's foreign exchange risk during the audited period remained at the moderate level.

The Bank conducts a monthly stress-test analysis, examining the evolution of currency risk levels in the event of the materialisation of extreme changes in risk factors using both historical and parametric methods. The historical method took into account the volatility of foreign exchange rates caused by such factors as the geopolitical crisis.

The Bank performs parametric stress tests on the financial result of the trading portfolio from foreign exchange transactions, assuming a 30%/50% appreciation/depreciation of the zloty relative to all foreign currencies held by the Bank. Risk factor levels within historical scenarios are set determined based on an examination of the time series for exchange rate, taking into account statistically significant trends, volatility, and the Hurst exponent, which characterises the propagation of change variance. Stress testing analyses are conducted both with and without the assumption of correlation between interest changes and market illiquidity (the inability to close an open position during the day). The Bank also examines potential impact of a large-area flooding on the financial result of the trading book attributable to interest rate risk (ESG stress tests). This analysis indicates that the impact of the risk is negligible.

The outcomes of the stress test analysis indicate that, even under extremely unfavourable market conditions and heightened exposures, the Bank's foreign exchange risk is maintained at a safe level.

The results of the currency risk analysis in the trading book are communicated to the Members of the Bank's Management Board and the Asset and Liability Committee as part of daily reports. In weekly cycles, the reports are presented to the ALCO Liquidity and Market Risk Committee. Monthly reports are prepared for the Bank's Management Board and ALCO, while quarterly reports are presented to the Bank's Supervisory Board and the Risk Committee.

Despite the existence of geopolitical crises and other factors that contribute to exchange rate volatility, the level of currency risk did not increase significantly. The measures of currency risk were monitored on an ongoing basis and remained within the limits applied by the Bank.

2.4. Other market risks

Other market risks are general and specific risk of equity instruments, commodities risk and position risk (related to collective investment undertakings). These risks arise from the effect of movements in prices of equity and commodities and investment certificates on the risk of impairment of assets, increase in liabilities or change in profit or loss.

These risks are mainly attributable to DM BOŚ S.A.'s trading book.

Transactions in equity instruments executed for own account by DM BOŚ S.A. relate to DM BOŚ S.A.'s activities as market maker and in most cases are closed at the end of the day. DM BOŚ S.A. maintains a significant exposure to equity instruments only through hedged (arbitrage) transactions, including short selling activities. Hedged (arbitrage) transactions involve taking advantage of temporary price imbalances between two markets (e.g. between the prices of derivative financial instruments and the prices of the underlying instruments). This risk is limited by total exposure limits for hedged (arbitrage) and unhedged transactions. These limits are monitored on a daily basis. DM BOŚ S.A. also executed transactions (in its capacity as a market maker) in investment certificates. As a result, DM BOŚ S.A. recorded the risk of positions in collective investment undertakings, and the risk of profit or loss resulting from holding those positions was mitigated by taking opposite positions on stock exchange index futures contracts.

Commodity price risk occurs mainly as part of transactions on the OTC market, transactions with clients of DM BOŚ S.A., and hedging transactions with Saxo Bank A/S, X-Trade Brokers Dom Maklerski S.A. or Interactive Brokers Central Europe Zrt.

The volatility of equity instruments, commodity prices, and investment certificates did not significantly increase the level of other market risks. The measures of these risks were monitored on an ongoing basis and remained within the limits applied by DM BOŚ S.A.

3. Operational risk and compliance risk

3.1. Operational risk

Operational risk is defined in the Bank as a risk related to the loss resulting from inadequate or failed internal processes, people and systems, or from external events, including also legal risk, taking into account operational risk events characterised by low frequency but huge losses. Reputational and strategic risks are not part of operational risk.

The ongoing and systemic management of operational risk was made using a system built on qualitative and quantitative methods, focused mainly on prevention and reducing the Bank's exposure to the subject risk. In particular, it was reduced by:

- organising processes in a manner reducing the number of operational risk events,

- monitoring the operational risk level items, in particular, the use of operational risk tolerance limits and operational risk appetite,
- periodic reviews of operational risk based on self-assessment process,
- gathering information in the operational risk events database used for monitoring operational risk as well as measuring and estimating losses arising from such events,
- monitoring the operational risk level based on the key risk indicator (KRI) methodology,
- periodic stress tests for potential operational risk events losses,
- monitoring the risk of cooperation with third parties, in particular regarding outsourcing,
- ongoing, efficient problems resolving arising from operational risk events so that they do not have a significant effect on the Bank's operations,
- regular reporting on operational risk, covering in particular the level and profile of operational risk, the level of utilisation of operational risk limits and the amount of losses from operational risk events at the Bank and the Subsidiaries deemed material from the point of view of operational risk.

Information regarding operational risk is included in periodic management reports prepared for the Operational Risk Committee, the Bank's Management Board and Supervisory Board, and the Risk Committee (in collaboration with the Supervisory Board).

Considering the Bank's profile and the level of development of the operational risk management system, the Bank calculates the capital requirements arising from operational risk using the standard method.

In 2023, a number of tasks were completed as part of the risk management system organisation efforts, including: (1) review and approval of the operational risk appetite and tolerance limits for 2023, (2) periodic monitoring of the utilisation of the applied limits, (3) development of the Operational Risk Map for 2023 based on self-assessment of the Bank's Head Office organisational units, (4) assessment of the significance of BOŚ Group's subsidiaries in terms of the generated operational risk, (5) review of the Key Operational Risk Indicators (KRI).

Additionally, the Bank continued its efforts to enhance operational risk awareness among employees by organising various initiatives, including onboarding training on the Bank's Risk Culture Principles and mandatory e-learning sessions on operational risk management at BOŚ S.A. Another edition of 'Risk Days' was hosted at the Bank, attended by senior management and representatives from various organisational units responsible for risk management.

In 2023, in terms of operational risk, there were no non-recurring events generating extraordinary and unanticipated losses that would materially affect the safety of the Bank's and the Group's operations. Operational risk events were investigated and measures aimed to reduce potential losses were implemented. The most significant operational risk factor affecting the level of this risk in 2023 were court cases filed by the Bank's clients and related to mortgages tied to foreign currency exchange rates. The number of lawsuits lodged following the ruling of the CJEU has increased. In order to mitigate the risk, the Bank has in place the Settlement Programme to reach settlements with clients who have taken out mortgages tied to foreign currency exchange rates. The Bank has created and periodically reviews the provision for future court cases.

3.2. Compliance risk

Compliance risk is defined as a risk of effects of failure to comply with laws, internal regulations and market standards.

The bank maintains compliance with legal regulations, internal policies, and market standards through a comprehensive compliance risk management process. This process encompasses the identification, evaluation, control, and monitoring of compliance risks, with regular reporting to the Bank's Management Board and Supervisory Board. It also includes the implementation of control mechanisms, their independent oversight, and the dissemination of the results from this independent monitoring.

The basic rules for ensuring compliance as part of the compliance risk management function and process are defined in the Compliance Policy of Bank Ochrony Środowiska S.A., prepared by the Management Board and approved by the Supervisory Board, and the Compliance Risk Management Rules of Bank Ochrony Środowiska S.A.

The Bank has a separate, independent compliance function that reports directly to the President of the Management Board and is responsible for carrying out its duties within the control function, as well as tasks related to compliance risk management.

The compliance risk management process, carried out by the compliance function assisted by other organisational units of the first and second line of defence, includes:

- identification of compliance risks, particularly at the stage of developing new products and internal regulations,
- assessment of compliance risk,
- control and monitoring of compliance risk,
- reporting risk of non-compliance of the Bank's operations with applicable laws, internal regulations and market standards.

The Bank identifies the following key compliance areas:

- implementing and monitoring compliance with laws and market standards,
- implementing and monitoring compliance with ethical standards,
- accepting/giving benefits or gifts,
- protection of consumers with regard to collective interests of customers, including protection against unfair market practices,
- offering products, including the implementation of new products (together with insurance products), and handling of client complaints,
- fulfilment of disclosure obligations towards the Bank's clients,
- preventing and managing conflicts of interest,
- preventing money laundering and terrorist financing (AML),
- trading in financial instruments,
- personal data protection.

The compliance unit is responsible for overseeing the anonymous reporting system for breaches of laws, ethical procedures, and standards adhered to by BOŚ S.A.

The compliance risk management process, conducted by the compliance unit, also includes managing compliance risks related to the activities referred to in Article 70.2 of the Act on Trading in Financial Instruments.

The Bank oversees and manages the compliance risk related to its subsidiaries' activities, considering both the structure of the Group and the supervisory requirements for risk management. This oversight is executed through ownership supervision exercised by individuals who serve on the supervisory boards of these subsidiaries.

The approach to managing the compliance risk within the Group is defined by relevant internal regulations implemented by the subsidiaries.

In 2023, no events occurred that had a significant impact on the level of compliance risk, and the Bank focused its efforts on preventing the emergence of compliance risk.

V. ADDITIONAL INFORMATION

1. Assessment of financial resources management

Financial resources management is the key element of the Bank's operating activities. It includes shaping balances and structure of the balance sheet items, i.e. assets, liabilities, as well as off-balance sheet items so as to allow achieving a stable income stream whilst maintaining required level of business security. The policy of assets and liabilities management in the Bank is being developed by the ALCO and Bank's Management Board.

The core ability of the BOŚ S.A. to repay liabilities is measured by its liquidity and capital adequacy ratio. The Bank made decisions in advance aimed at acquiring long-term finance and increasing stability of its deposit base that ensured the required balance sheet structure and facilitated performing the budget.

With the current maturity structure of assets and liabilities, the Bank is able to finance its liabilities and further growth. In the period under analysis, the growth was carried out, while a safe solvency ratio was maintained.

The quality of balance management, which is strictly linked with realisation of liabilities of the Bank is also influenced by the manner of managing the interest rate risk and the currency risk. The manner of managing currency and interest rate risk and monitoring them show the Bank's ability to repay the Bank's liabilities at the appropriate level.

2. Dependence on partners

During the period under analysis, the Group's entities did not have clients whose share in the sales revenue reached 10% or more.

3. Related-party transactions

Related-party transactions are detailed in Note 51 of the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The Bank and its subsidiaries did enter into any related-party transactions on non-arms' length terms.

4. Seasonal or cyclical nature of the business

The Group's business does not involve any significant events or factors that would be subject to seasonal or cyclical variations.

5. The Bank's agreements

5.1. Significant agreements

In 2023, the Bank did not enter into any significant agreement.

5.2. Agreements with the Central Bank and regulatory bodies

On 1 March 2023, the Bank signed an agreement with the National Bank of Poland concerning the terms of opening and operating a Euro account within the TARGET-NBP system.

5.3. Contracts for audit of financial statements

Body selecting the independent auditor

On 27 April 2022, the Supervisory Board of Bank Ochrony Środowiska S.A. selected the audit firm by adopting a resolution regarding the appointment of an independent auditor to audit the full-year financial statements of BOŚ S.A. and the full-year consolidated financial statements of the BOŚ Group, as well as to review the half-year financial statements of BOŚ S.A. and half-year consolidated financial statements of the BOŚ Group for the years 2022-2023.

Contract with the independent auditor

On 10 August 2022, a contract was signed with Mazars Audyt Sp. z o.o. to provide attestation services verifying the compliance of qualitative and quantitative information regarding the capital adequacy of the BOŚ Group with the CRR requirements.

On 15 June 2022, a contract was signed with Mazars Audyt Sp. z o.o. to review and audit the financial statements for 2022 and 2023.

The previous contract was executed on 12 July 2019 with Mazars Audyt Sp. z o.o. The scope of the contract was the review and audit of the financial statements of the Bank and the BOŚ Group for the years 2019–2021.

On 10 April 2021, the contract was amended to include assurance services. As part of the assurance engagement, the auditor is to express an opinion on the compliance of the consolidated financial statements with the requirements of the Regulation on the regulatory technical standards of the specifications of the single electronic reporting format (ESEF).

Information of the Bank's Management Board on appointment of the audit firm

Pursuant to Par. 70.1.7 and Par. 71.1.7 of the Minister of Finance's Regulation on current and periodic information (...) of 29 March 2018, based on a representation of the Supervisory Board of Bank Ochrony Środowiska S.A. on the selection and appointment of the audit firm to audit the full-year separate financial statements and the consolidated financial statements in accordance with the applicable laws, the Management Board of the Bank reports that Mazars Audyt Sp. z o.o., which audited the full-year separate financial statements and the consolidated financial statements, was selected in accordance with the applicable laws, including the rules governing selection and appointment of the audit firm, and that:

- the audit firm and the auditors who performed the audit met the conditions required to issue an unbiased and independent audit report on the full-year separate financial statements and the consolidated financial statements, in accordance with the applicable laws and regulations, professional standards, and principles of professional ethics;
- the laws governing rotation of audit firms and lead auditors and mandatory cooling-off periods are observed;
- the Bank has in place a policy governing the selection and appointment of an audit firm and a policy governing the provision of non-audit services, including permissible non-audit services, by an audit firm, its affiliates and members of its network.

5.4. Auditor's fee

Fees of Mazars Audyt Sp. z o.o., the auditor appointed to audit the financial statements, paid or due for:

2023 (net amounts):

1. BOŚ S.A.

Review of the (separate and consolidated) financial statements for the first half of 2023	PLN 141 thousand
Audit of the full-year (separate and consolidated) financial statements for 2023, including performance of the ESEF assurance service	PLN 452 thousand
Assurance service consisting in giving an opinion on the compliance of qualitative and quantitative information concerning the capital adequacy of the BOŚ Group with the requirements stipulated in the CRR Directive for the six months ended 30 June 2023 and for the 12 months ended 31 December	PLN 166 thousand
Other services	PLN 13 thousand

2. Dom Maklerski BOŚ S.A.

Review of the financial statements for the first half of 2023	PLN 29 thousand
Audit of the full-year financial statements for 2023	PLN 74 thousand
Other services	PLN 8 thousand

3. BOŚ Leasing Eko-Profit S.A. (includes audit of MS Wind Sp. z o.o.)

Review of the financial statements for the first half of 2023	PLN 50 thousand
Audit of the full-year financial statements for 2023	PLN 75 thousand

2022 (net amounts):

1. BOŚ S.A.

Review of the (separate and consolidated) financial statements for the first half of 2022	PLN 123 thousand
Audit of the full-year (separate and consolidated) financial statements for 2022, including performance of the ESEF assurance service	PLN 395 thousand
Assurance service consisting in giving an opinion on the compliance of qualitative and quantitative information concerning the capital adequacy of the BOŚ Group with the requirements stipulated in the CRR Directive for the six months ended 30 June 2022 and for the 12 months ended 31 December 2022.	PLN 145 thousand
Other services	PLN 31 thousand

2. Dom Maklerski BOŚ S.A.

Audit of the full-year financial statements for 2022	PLN 65 thousand
Review of the financial statements for the first half of 2022	PLN 25 thousand
Other services	PLN 13 thousand

3. BOŚ Leasing Eko-Profit S.A. (includes audit of MS Wind Sp. z o.o.)

Audit of the full-year financial statements for 2022	PLN 62 thousand
Review of the financial statements for the first half of 2022	PLN 33 thousand

An oversight fee, as mandated by the Law on Certified Public Accountants, is applied to all payments at the prescribed rate.

6. Non-recurring factors and events

In 2023, there were no other events at the Bank that would be material for the assessment of its human resources, assets, financial position, financial result and any changes thereto, as well as for the assessment of the Bank's ability to fulfil its obligations.

7. Court proceedings and description of changes in the legal environment for the housing loan portfolio, including loan moratorium and other forms of assistance for clients

As at 31 December 2023, Bank Ochrony Środowiska S.A. was:

- a claimant in 951 lawsuits for a total amount of PLN 173.18 million,
- a respondent in 1,721 lawsuits for a total amount of PLN 661.43 million.

As at 31 December 2023, the Bank was not involved in any material proceedings pending before any court, arbitration body or public administration authority where the amount of the Bank's liabilities or claims would represent at least 10% of the Bank's equity.

Risk of free credit sanctions being imposed on the Bank

Over the last two years, the Bank has noted an increase in complaints and legal actions regarding consumer loans, where borrowers claim infringements of the Consumer Credit Act of 12 May 2011, leading to the imposition of 'free credit' sanctions.

Consumers argue that the Bank has not adequately fulfilled its obligations to provide information about variable loan interest rates, misstated credit costs, and challenged the validity of interest charged on financed preparation fees and other loan-related charges.

Successfully asserting violations of the Consumer Credit Act and accessing 'free credit' sanctions do not render the consumer credit agreement void, but they do result in a loss of interest income for the Bank.

As at 31 December 2023, there are 19 ongoing court cases concerning 'free credit' sanctions, with the disputed amounts totalling: PLN 442.07 thousand.

Litigation against the Bank concerning loans denominated in or tied to foreign currencies

Since the ruling issued by the Court of Justice of the European Union ("CJEU") on 3 October 2019 in Case C-260/18 Kamil Dziubak, Justyna Dziubak v Raiffeisen Bank International AG, Vienna, operating in Poland in the form of a branch under the name Raiffeisen Bank International AG Branch in Poland, there has been a growing number of lawsuits concerning loan agreements indexed to foreign exchange rates. This surge can be attributed to the CJEU's recent rulings, which generally favour consumers, and a shift in judgments by Polish courts that now lean to the disadvantage of banks.

Most of the court judgments issued following the CJEU ruling of 3 October 2019 are not in favour of banks. The jurisprudence of national courts concerning claims derived from credit agreements deemed void due to links with foreign exchange rates remains inconsistent. The complexity of the legal issues involved has led national courts to refer additional preliminary questions to the CJEU. In December 2023, the CJEU delivered several key decisions that will influence the jurisprudence of national courts in this domain.

The Bank monitors both domestic case law and the CJEU's rulings on an ongoing basis when assessing the legal risks of foreign currency-indexed loans and takes into account in its analyses that the CJEU judgments and rulings by Polish courts to the disadvantage of banks result in a growing number of court proceedings and increase in the value of claims sought.

On 7 May 2021, the Supreme Court, sitting in a panel of seven judges, adopted a resolution having the effect of a legal rule in response to questions posed by the Financial Ombudsman, stating that if a credit agreement is found invalid, each party is entitled to a separate claim for reimbursement of the performance obligation rendered. The Supreme Court also indicated that the agreement may be deemed definitively ineffective only if the consumer is duly informed of the effects of the agreement's invalidity and does not agree to be bound by the provision deemed abusive. The stance of the Supreme Court concurs with the CJEU's decision in case C-140/22 from 7 December 2023.

Importantly for the banking sector, the CJEU's ruling in case C-756/22 on 11 December 2023 is critical. The CJEU ruled that Articles 6(1) and 7(1) of Directive 93/13 should be interpreted to preclude national court interpretations that allow a banking institution to demand repayment from a consumer of amounts other than the principal paid, in scenarios where a mortgage contract is deemed entirely void due to unfair terms that invalidate the contract's continuation.

Additionally, in relation to the statute of limitations for claims arising from credit agreements declared invalid due to foreign exchange rate links, the CJEU's verdict in case C-28/22 on 14 December 2023 is pivotal. It stipulates that the limitation periods must be symmetrical for both parties. Based on this ruling, claims from banks and customers should be reconciled and are not considered expired. In 2021, BOŚ SA, together with a group of other banks, initiated a project to create a voluntary settlement offer for clients. This agreement stipulates that loans originally denominated in foreign currencies be recalculated as if they had been issued in Polish złoty from the outset, applying an interest rate based on the WIBOR plus an appropriate margin.

Having obtained the approval of the Extraordinary General Meeting (Resolution No. 4/2021 of 8 December 2021), on 31 January 2022 the Bank implemented the BOŚ S.A. Compromise and Settlement Programme based on a framework communicated by the President of the PFSA. As at 31 December 2023, the Bank received 1,336 requests for settlement concerning foreign currency mortgage loans. The outstanding balance of those loans was PLN 108 million. 645 settlement agreements were signed.

As at 31 December 2023, the total amount of provision for foreign currency-linked mortgage risk was PLN 690 million. Of this, PLN 161 million is presented as a provision for legal proceedings and claims related to the legal risks of foreign currency mortgage loans, and PLN 529 million – as additional expected credit loss allowances.

As at 31 December 2023, there were 1,630 pending court cases against the Bank involving loans primarily denominated in CHF, as well as in USD and EUR, with the total value of the litigation amounting to PLN 615.6 million. The claims filed in lawsuits related to credit agreements and loans associated with foreign currency exchange rates typically seek to have the loan agreement declared null and void and to secure a refund of paid credit instalments and other related charges.

Changes in the legal environment of the PLN loan portfolio, including loan moratorium and other forms of assistance to clients

The Bank has introduced several specialised solutions and products aimed at supporting borrowers who are facing financial difficulties due to the COVID-19 pandemic. It is also actively involved in numerous projects and initiatives that offer assistance to these borrowers.

The relief measures available to borrowers in 2023 included:

1. Statutory loan moratorium under the Act on Special Measures to Prevent, Counteract and Combat COVID-19, Other Infectious Diseases and Related Crisis Situations of 2 March 2020 (Dz. U. of 2020, items 374, 567, 568, 695 and 875) (Shield 4.0 government aid scheme)

The fulfilment of a loan agreement may be suspended for individual consumers – as defined in Article 221 of the Civil Code of 23 April 1964 – who entered into a loan agreement with the Bank prior to 13 March 2020 and have a loan maturity date set within six months following that date. This applies if they lost their job or primary source of income after 13 March 2020 (even if only one of the co-borrowers loses their job or primary source of income, they remain eligible for loan payment suspension).

An application for loan moratorium may be submitted by clients with respect to agreements falling into one of the following three categories:

- consumer credit agreements within the meaning of the Consumer Credit Act of 12 May 2011, including: Przejrzysta Pożyczka (Transparent Loan) cash loans, PV loans, checking account overdrafts, credit cards and preferential green loans granted by the Bank in association with green funding donors, such as NFOŚiGW, WFOŚiGWs or BGK (donor-supported green loans),
- mortgage loan agreements and mortgage credit agreements as defined by the Act of 23 March 2017 on mortgage credit and supervision of mortgage credit intermediaries and agents,
- credit agreements within the meaning of Article 69 of the Banking Law of 29 August 1997, including cash loans for more than PLN 255,550, donor-supported preferential loans and stock market loans.

2. Support fund for borrowers under financial strain

The Borrowers' Support Fund (FWK) is a mechanism providing assistance to borrowers under financial strain who are obliged to repay housing loans. Target beneficiaries of the Borrowers' Support Fund include borrowers who sold the mortgaged property but the sale proceeds did not suffice to cover all outstanding liabilities under their housing loans (financing commitments or debt repayment loans).

The Borrowers' Support Fund is made up of contributions paid in by lenders. Support is provided for a period of up to 36 months, with the proviso that the amount of support determined on a case-by-case basis may not exceed PLN 2 thousand per month. The amount is transferred by Bank Gospodarstwa Krajowego to the borrower's bank that granted the housing loan.

Support obtained from the Fund may be used:

- to repay current instalments of the housing loan; or
- as a loan to repay the outstanding debt that remained following sale of the mortgaged property.

3. Loan moratorium under the Business Crowdfunding and Borrowers Assistance Act of 7 July 2022

On 9 June 2022, the Parliament enacted the Business Crowdfunding and Borrowers Assistance Act, which, among other provisions, introduced loan moratorium for consumers. The law came into force on 29 July 2022.

On 29 July 2022, the Bank activated all available channels for clients to submit their applications. The changes were implemented promptly, and from that date, the bank began accepting client applications via online banking, its website, and branch offices.

The legislation allowed for the suspension of mortgage or mortgage-backed loan repayments for loans issued to consumers in Polish złoty, excluding those indexed or denominated in any currency other than the Polish złoty (this was a modification from the initial draft, which did not clarify that it excluded loans indexed or denominated in a currency other than the Polish złoty).

The suspension was available to consumers:

- from 1 August 2022 to 30 September 2022, for a period of two months;
- from 1 October 2022 to 31 December 2022, for a period of two months;
- from 1 January 2023 to 31 December 2023, for one month per quarter.

It was decided that if a consumer was a party to multiple agreements with the same lender, the request to suspend repayment instalments could only apply to one of those agreements intended to satisfy their own housing needs (and not as originally intended, for the acquisition of property for their own housing needs). This entailed that support would extend to loans provided for the maintenance of property rights associated with residential real estate, as well as for the construction or renovation of residential buildings or housing units.

Following the model outlined in the COVID-19 Act, a solution was adopted wherein loan repayment was suspended as of the date the lender received the request to suspend instalment payments for the specified period. During the period of suspension, the consumer was not required to make any payments under the loan agreement except for associated insurance premiums. No interest or fees other than those indicated in the suspension approval document were charged during the suspension period, either.

The suspension period was not deemed part of the credit term. The loan term and all specified deadlines in the agreement were extended for the period of the repayment suspension.

Loan moratorium could be applied to agreements concluded before 1 July 2022, including those entered into before the enactment of the Act of 23 March 2017 on mortgage credit and supervision of mortgage credit intermediaries and agents, i.e. predating 22 July 2017. This applied if the credit term ended on or after 1 January 2023 (according to the bill "after 6 months" from 1 July 2022).

Repayment moratorium was available to all mortgage loan and credit holders, irrespective of their income, and a request to suspend repayment instalments could be submitted by a single borrower. The possibility to apply for payment moratorium under the Business Crowdfunding and Borrowers Assistance Act of 29 July 2022 ceased on 31 December 2023.

8. Changes in significant management policies

In 2023, there were no changes in significant management policies at the Bank.

9. Dividend

No dividend was paid or declared in 2023.

10. Value of collateral

As at the reporting date 31 December 2023, the Bank held significant collateral valued at PLN 23,542.9 million, which excludes blank promissory notes and assignments of insurance policies, pertaining to both movable and immovable properties. The primary form of security remains real estate mortgages, with a valuation of PLN 12,051.1 million, accounting for 51.2% of the total collateral. Guarantees and sureties comprised another substantial portion, amounting to PLN 5,749.7 million or 24.4% of the overall collateral. Pledges totalled PLN 4,847.8 million, and represented 20.6% of the Bank's secured assets. The Bank also accepted assignments of receivables from counterparties in OECD-member countries, totalling PLN 495.6 million, making up 2.1% of the total collateral. Insurance contracts with KUKI were valued at PLN 243.5 million, equating to 1.0% of total collateral. Other forms of collateral constituted less than 1.0% of the total collateral pool.

11. Events after the reporting date

The Management Board of BOŚ S.A. convened an Extraordinary General Meeting for 11 March 2024, with the agenda addressing proposed changes in the composition of the Supervisory Board.

VI. CORPORATE GOVERNANCE STATEMENT

1. Corporate governance principles

1.1. Corporate governance principles applicable to BOŚ S.A.

Bank Ochrony Środowiska S.A. adheres to the 'Best Practices for WSE Listed Companies 2021' and follows the 'Corporate Governance Principles for Supervised Institutions' as issued by the Polish Financial Supervision Authority. The documents are available at: <https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/lad-korporacyjny> under 'Good Practices of Companies Listed on the WSE' and 'Corporate Governance Principles'.

1.2. Non-adherence to specific corporate governance principles from the Best Practices for WSE Listed Companies 2021 and PFSA's Corporate Governance Principles for Supervised Institutions.

Principles of the Best Practice for GWP (WSE) Listed Companies 2021 which are not complied with by the Bank:

- 1.4.2 – The information on the ESG elements of the strategy should, among other things, present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

Bank's comment: The Bank does not publish such information on its website. As far as remuneration is concerned, the Bank complies with all applicable laws governing relationships with its employees, including, without limitation, the Labour Code and laws prohibiting discrimination on any grounds. The key remuneration determinants considered by the Bank include the type and nature of work, the various specific conditions related to human resources management, the relevance of the job to the performance and risk profile of the Bank, and generally applicable laws. The Bank will consider applying the rule in the future.

- 4.8 – Draft resolutions on matters placed on the agenda of a general meeting should be submitted by the shareholders no later than three days before the general meeting.

Bank's comment: The rule is not complied with. The Bank complies with the applicable laws in this respect. Accordingly, a shareholder or shareholders representing at least one-twentieth of the share capital may submit to the company, prior to the date of the general meeting, draft resolutions regarding matters that have been or are to be included in the general meeting agenda. In addition, draft resolutions regarding matters included in the meeting agenda may be submitted by shareholders during the general meeting. Naturally, the Bank encourages shareholders to submit draft resolutions well in advance to ensure its general meetings run smoothly.

- 4.9.1 – Candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website.

Bank's comment: The rule is not complied with. The Bank does not have control or influence over the actions of its shareholders. However, the Bank advises shareholders to nominate candidates well in advance.

In 2023, the Bank did not hold a conference to present its financial results for the first quarter and the first half of the year, as required by principle 1.6 of the 'Best Practices of Companies Listed on the Warsaw Stock Exchange 2021'.

The Bank fully applies the 'Corporate Governance Principles for Supervised Institutions' issued by the PFSA.

2. Shareholding structure and rights attached to shares

2.1 Shareholders holding directly and indirectly 5% or more of total voting rights in the Bank.

The following shareholders held at least 5% of the share capital and total voting rights:

- National Fund for Environmental Protection and Water Management – holding 53,951,960 shares, which represent 58.05% of the share capital and total voting rights.
- Polish Enterprises Closed-End Investment Fund for Non-Public Assets Management – holding 8,000,000 shares, which represent 8.61% of the share capital and total voting rights.
- Directorate General of State Forests Management – holding 5,148,000 shares representing 5.54% of the share capital and total voting rights.

The total number of shares and voting rights in BOŚ S.A. is 92,947,671. All shares are ordinary bearer shares with a par value of PLN 10 per share.

2.2. Treasury shares

As at 31 December 2023, the Bank held 37,775 treasury shares, representing 0.04% of the share capital and 0.04% of total voting in the Bank.

In accordance with the Commercial Companies Code, the Bank may not exercise voting rights attached to the treasury shares.

2.3. Agreements concerning future changes in the shareholding structure

The Bank is not aware of any agreements, including those entered into after the reporting date, that could result in future changes to the proportions of shares held by existing shareholders and bondholders.

2.4. Holders of special control rights attached to securities

All shares of the Bank are equal and each share entitles to one vote at the General Shareholders Meeting and the same dividend rights.

2.5. Limitations to exercising of voting rights and to transfer of ownership of shares

In accordance with the Bank's Articles of Association, if a registered share is pledged or the right to use it granted, neither the pledgee nor the pledger is entitled to exercise the voting rights. At present, there are no registered shares in the Bank's share capital.

2.6. Rules of amending the Articles of Association of the Bank

Amendments to the Articles of Association of the Bank are made by the General Meeting of the Bank. A resolution on amendment of the Articles of Association is passed by three fourths of all votes.

2.7. Description of the manner of operation of the General Meeting and its basic scope of authorisation and the rights of shareholders and the manner of exercising these rights

The method of convening, powers, and manner of operation of the General Meeting are stipulated in the Bank's Articles of Association and the Rules of Procedure for General Meetings. The following is the most relevant information about the powers of the General Meeting and how they are exercised.

- The General Meeting can be convened as the Annual or Extraordinary General Meeting.
- The Annual General Meeting is convened by the Management Board of the Bank within six months after the end of each financial year.
- The Supervisory Board has the right to convene the Annual General Meeting if the Management Board has failed to convene it within the time limit required by law.
- The agenda of the Annual General Meeting includes in particular:
 - consideration and approval of the statement of the Management Board on activity of the Bank and the financial statements for the previous financial year,
 - passing of a resolution on profit distribution or loss coverage,
 - discharging of members of governance bodies of the Bank on performance of their duties.
- The Extraordinary General Meeting can be convened as necessary by the Management Board on its own initiative or on request of the Supervisory Board or on request of shareholders representing at least one twentieth part of the share capital.
- The Supervisory Board has the right to convene the Extraordinary General Meeting if it finds such decision advisable.
- An Extraordinary General Meeting can be convened by shareholders representing at least one half of the share capital of the Bank or at least one half of all of its votes. Shareholders elect the chairperson of the Meeting.
- Convening of an Extraordinary General Meeting, as well as inclusion of specific items in the agenda of the nearest General Meeting can be demanded by shareholders representing at least one twentieth of the share capital of the Bank. Such demand must be submitted to the Management Board in writing or in electronic format. A request to add specific items to the agenda of the nearest General Meeting should be submitted no later than 21 days before the scheduled date of the General Meeting.
- A request to convene the General Meeting and to add specific items to its agenda, made by authorised entities, should be justified.
- Cessation of consideration of an item on the agenda, at the request of shareholders, or its removal from the agenda requires a resolution of the General Meeting, passed by a three-quarters majority of all votes, upon obtaining consent from all proposing shareholders present at the General Meeting.

The powers of the General Meeting include, in particular:

- consideration and approval of the Directors' Report on the operations of the Bank and the financial statements of the Bank,
- consideration and approval of the Directors' Report on the operations of the BOŠ Group and the consolidated financial statements of the of the BOŠ Group,
- passing of the resolution on profit distribution or loss coverage,
- consideration and approval of the report on activity of the Supervisory Board,
- discharging of members of governance bodies of the Bank of their duties,
- appointing and dismissal of members of the Management Board,
- defining the policy for assessing the suitability of candidates for the Supervisory Board and of members of the Supervisory Board, as well as assessing the suitability of candidates for the Supervisory Board and members of the Supervisory Board,
- amending the Articles of Association of the Bank,
- authorising the Supervisory Board to approve the uniform text of the amended Articles of Association or to introduce significant editorial amendments as specified in the resolution of the General Meeting,
- passing of resolutions to raise or decrease the share capital,
- passing of resolutions to issue exchangeable bonds or bonds with pre-emptive right,
- decisions to establish or release funds, referred to in Article 36.1 of the Bank's Articles of Association,
- passing of resolutions on combination, disposal or liquidation of the Bank,
- appointment of liquidators and determination of their remuneration,
- establishment of rules for determining remuneration of members of the Supervisory Board and the Management Board,
- determination of the Supervisory Board Members' remuneration,
- passing of resolutions concerning other matters as presented by the Management Board and the Supervisory Board or shareholders in accordance with the Code of Commercial Companies, the Banking Law Act and the Articles of Association of the Bank,
- assessing the adequacy of the Supervisory Board's rules of procedure and evaluating the effectiveness of the Supervisory Board.

Participation in the General Meeting, validity of proceedings, methods of passing resolutions, and voting procedures:

- Shareholders may attend the General Meeting either in person or by appointing authorised proxies to represent them.
- Powers of attorney authorising participation in the General Meeting must be issued either in writing or in electronic format and should be appended to the minutes of the General Meeting.
- The electronic form of the proxy granted is regarded as the shareholder's statement, encapsulated in a complete text document that enables identification of the statement's author.
- A shareholder may not, either through a proxy or in person, vote on resolutions related to their own liability towards the Company, including their discharge from duties to the Company, or on any litigation involving the shareholder and the Bank. However, such a shareholder, when acting as a proxy for another person, may vote on resolutions that concern themselves.
- Subject to exceptions specified in the Code of Commercial Companies or the Articles of Association of the Bank, a General Meeting is considered valid regardless of the number of shares represented.
- Resolutions are passed by a simple majority of votes, unless the provisions of the Code of Commercial Companies or the Articles of Association of the Bank stipulate stricter voting requirements.
- Voting during a General Meeting is open.
- Secret ballots are required for elections and for motions concerning the dismissal of members of the Bank's governing bodies or liquidators, holding them responsible, as well as in personal matters. Additionally, voting by secret ballot is obligatory if requested by even one of the shareholders present or represented at the General Meeting.
- The General Meeting may pass a resolution to revoke the secrecy of voting in matters related to the appointment of any committee by the General Meeting.
- A shareholder may participate in the General Meeting either in person at the designated venue or via electronic communication methods, provided this is authorised by the convener of the General Meeting.

- The rules of participation, technical requirements, and the responsibilities of the Bank and the shareholder in the event of participation in the General Meeting via electronic communication are detailed in the Rules of Participation in the General Meeting by Means of Electronic Communication. The Rules are available on the Bank's website in the 'Investor Relations' section under 'Corporate Documents' (<https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/dokumenty-korporacyjne>).

A General Meeting is opened by the chairman or vice chairman of the Supervisory board, or another member of the Supervisory Board. If these persons are not present, the General Meeting is opened by the President of the Management Board or any other person appointed by the Management Board. The General Meeting elects the chairman of the Meeting from among persons authorised to participate in the General Meeting. Minutes of the General Meeting are prepared in accordance with provisions of the Code of Commercial Companies.

Cancellation or change of date of the General Meeting take place in the same manner as its convening.

3. Governing bodies

3.1. General Meeting of the Bank

The description of the functioning of the Bank's General Meeting, its fundamental powers, and the rights of shareholders and how they are exercised is contained in section 2.7.

3.2. Supervisory Board of the Bank

Supervisory Board

As at 31 December 2022, the composition of the Supervisory Board was as follows:

- Piotr Sadownik – Chairman
- Iwona Marciniak – Deputy Chairman
- Andrzej Matysiak – Secretary
- Piotr Bielarczyk – Member
- Paweł Sałek – Member
- Emil Ślęzak – delegated to temporarily perform the duties of President of the Management Board
- Aleksandra Świdorska – Member
- Tadeusz Wyrzykowski – Member.

Changes in the composition of the Supervisory Board in 2023:

- On 8 February 2023, Emil Ślęzak, then member of the Supervisory Board, submitted his resignation from the Board. This decision was made in connection with his appointment as Vice President of the Bank's Management Board, which took effect on the same date.
- On 23 June 2023, the Annual General Meeting of BOŚ S.A. appointed the following persons to the Supervisory Board:
 - Mr. Wojciech Krawczyk,
 - Mr. Marian Niemirski,
 - Mr. Waldemar Trelka,
 - Mr. Paweł Trętowski,
- On 23 June 2023, the Supervisory Board passed resolutions to:
 - Delegate Paweł Trętowski, effective 23 June 2023, to temporarily serve as Management Board Vice President responsible for managing the work of the Management Board (until the date of completion of the qualification procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 23 September 2023);
 - Delegate Iwona Marciniak, effective 24 June 2023, to temporarily serve as Management Board Vice President (until the date of completion of the qualification procedure for the position of Member

of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 24 September 2023);

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

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

- Piotr Sadownik – Chairman
- Tadeusz Wyrzykowski – Deputy Chairman
- Andrzej Matysiak – Secretary
- Piotr Bielarczyk – Member
- Wojciech Krawczyk – Member
- Marian Niemirski – Member
- Aleksandra Świdorska – Member
- Waldemar Trelka – Member
- Paweł Trętowski – Member¹

As the date of this report, the composition of the Supervisory Board did not change.

Rules of operation of the Supervisory Board of the Bank

In accordance with provisions of the Articles of Association of the Bank, the Supervisory Board consists of natural persons elected by the General Meeting for a joint term of office, with no less than 5 and no more than 11 members. The joint term of office of the Supervisory Board is three years. The number of terms of office is not limited. The Supervisory Board elects a chairman, a vice-chairman and a secretary from among its members.

Mandates of members of the Supervisory Board expire as of the date of the General Meeting approving the report on activity and the financial statements for the last full financial year of performing functions as a member of the Supervisory Board. Mandates of members of the Supervisory Board also expire due to their death, resignation or dismissal from the Board. Supervisory Board members can be dismissed prior to the end of their term of office and other persons can be elected in their place. In the case of dismissal, resignation or death of a member of the Supervisory Board during their term of office, until the vacancy has been filled, the Board may continue to work, provided that it comprises of no less than 5 persons.

The Supervisory Board exerts continuous supervision of all fields of operation of the Bank. The Supervisory Board performs its duties collectively, however, it may delegate its members to perform specific supervisory duties independently.

¹ Mr. Paweł Trętowski, as of 28 December 2023, delegated to temporarily perform the duties of Vice President of the Management Board in charge of the Management Board (no longer than until 28 March 2024).

In its activity - to the extent applicable to the supervisory body - the Supervisory Board complies with standards based on:

- corporate governance rules, specified in the “Good Practices of Companies Listed on the WSE”, issued by the Supervisory Board of the Warsaw Stock Exchange,
- the “Principles of Corporate Governance for Supervised Institutions”, issued by the Polish Financial Supervision Authority.

The Supervisory Board performs regular assessments of application by the Bank of the “Principles of Corporate Governance for Supervised Institutions”, including compliance with the independence criteria by its members, and the results of such assessments are made available on the Web page of the Bank and delivered to other governance bodies of the Bank.

Competences of Supervisory Board include in particular:

- approving the business strategy of BOŚ S.A. and the Bank’s annual budgets,
- approving the general acceptable risk level specified by the Management Board of the Bank and strategies for management of the Bank and risk management approved by the Management Board of the Bank,
- approving the policy for estimation of internal capital and capital management,
- approving the remuneration policy,
- approving the compliance policy of the Bank,
- approving the information policy of the Bank, including disclosures,
- approving resolutions of the Management Board concerning the Bank’s organisational structure, provided that the competences to create and liquidate organisational units of the Bank are within the scope of competences of the Management Board,
- notifying the Polish Financial Supervision Authority of the composition of the Management Board and of any change in its composition as soon as the Management Board is appointed or its composition is changed, of the Management Board members’ compliance with the requirements referred to in Article 22aa of the Banking Law, as well as of approval and change of the internal division of powers within the Management Board, notifying the Polish Financial Supervision Authority of placing on the Board’s agenda an item concerning dismissal of the President of the Management Board or the member of the Management Board who supervises the management of risks significant for the Bank’s business, or assigning another member of the Management Board to take over the responsibility,
- assessing the Directors’ Report on the operations of the Bank and the financial statements for the previous financial year with regard to their compliance with the books, documents and facts, and assessment of the Management Board’s requests concerning profit distribution or loss coverage, as well as submission to the General Meeting of an annual written report on results of the assessment,
- assessing the Directors’ Report on the operations of the BOŚ Group and the financial consolidated statements of the BOŚ Group for the previous financial year with regard to their compliance with the books, documents and facts, as well as submission to the General Meeting of an annual written report on results of the assessment,
- defining the terms and conditions of employment, including the terms of relationships other than employment, for members of the Bank’s Management Board, based on the remuneration rules set by the General Meeting. This also includes executing contracts on behalf of the Bank with Management Board members to provide management services throughout their tenure. The Supervisory Board may authorise the Chairperson of the Supervisory Board to enter into such contracts,
- approving rules for granting credits, cash loans, bank guarantees or sureties to members of the Bank’s governance bodies and persons holding managerial positions at the Bank, as well as other persons listed in Article 79 of the Banking Law Act,
- passing resolutions concerning consent for granting credits, cash loans, bank guarantees or sureties to members of the Bank’s governance bodies and other persons listed in Article 79a of the Banking Law Act,
- approving requests of the Management Board of the Bank concerning acquisition of stocks and shares in companies of nominal value exceeding in total with stocks and shares in these companies already owned by the Bank the equivalent of 5% of the share capital of the Bank, excluding shares of companies admitted to public trading,

- selecting and appointing the independent auditor to conduct an audit of the financial statements and other experts,
- supervising implementation at the Bank of a management system comprising a risk management system and an internal control system, and assessing the adequacy and effectiveness of such systems,
- assessing periodic information on the level of banking risk and the quality of managing the risk,
- assessing periodic information on irregularities found and conclusions based on internal audits conducted, as well as activities conducted for the purpose of their elimination or implementation,
- approving the procedure for establishing and terminating the employment relationship with the person in charge of the internal audit function and the person in charge of the compliance function, as well as approving the amount of remuneration of such persons,
- adopting a policy of evaluating the suitability of candidates for members of the Management Board, members of the Management Board, and the Management Board as a whole, and conducting qualification procedures for members of the Management Board,
- approving the internal division of powers within the Management Board,
- approving the rules of procedure of the internal audit unit (internal audit card) and approving the internal audit plan,
- approving the rules of procedure of the compliance unit and its annual action plans.

The powers and responsibilities of the Supervisory Board also include:

- drawing up an annual report on the activities of the Supervisory Board, together with a brief assessment of the Bank's situation on a consolidated basis, including an evaluation of the internal control systems, risk management and the compliance and internal audit functions – to be submitted to the General Meeting for approval,
- considering and evaluating information received from the Management Board on all material matters relating to the Bank's business,
- as part of the oversight over the Bank's internal control system and risk management system, and of the financial reporting process, in particular:
 - appointing the Internal Audit Committee and the Risk Committee, adopting by-laws defining the organisation and tasks of these Committees and determining their composition,
 - approving the Bank's internal regulations, concerning in particular: the operation of the Bank's internal control system and the risk management system, and management of individual types of banking risk,
 - considering and evaluating periodic reports presenting the results of internal audits,
 - considering and evaluating periodic information on effectiveness of the internal control and risk management systems,
 - considering and evaluating periodic reports on compliance risk management,
 - considering and evaluating annual reports of the head of the internal audit function on the effectiveness of the internal control system, the risk management system, the compliance function and the internal audit function,
 - evaluating the adequacy and effectiveness of whistleblowing procedures,
 - considering and evaluating information presented by the auditor on the course and results of the audit of full-year financial statements of the Bank and its Group,
- appointing the Remuneration and Nominations Committee, adopting rules of procedure defining the organisation and tasks of the Committee and determining its composition,
- appointing members of the Environmental Protection Committee, adopting rules of procedure defining the organisation and tasks of the Committee and determining its composition,
- considering the Management Board's proposals concerning the Bank's intention to enter into a material contract/transaction with a related party, except for typical transactions executed on arm's-length terms in the ordinary course of business with a subsidiary in which the Bank holds a majority interest,
- supervising compliance by the Bank with its obligations related to the performance of the activities referred to in Article 70.2 of the Act on Trading in Financial Instruments,
- giving consent for the members of the Management Board to serve on bodies of entities outside the Group,

- exercising supervision over the implementation of internal governance in the Bank and assessing, at least once a year, its adequacy and effectiveness, in particular taking into account any changes in internal and external factors affecting the Bank,
- giving consent to the conclusion by the Bank of contracts for the provision of legal services, marketing services, public relations and social communication services, as well as management consulting services if the total consideration for the services to be provided under a single contract exceeds PLN 250,000 net a year, or where an amendment to such a contract is to increase the consideration above the amount, or where the contract does not provide for the maximum amount of consideration,
- giving consent for the Bank to enter into an agreement:
 - for donation or any other agreement of similar effect with a value exceeding PLN 20,000 or 0.1% of the total assets within the meaning of the Accounting Act of 29 September 1994, as determined on the basis of the most recent approved financial statements,
 - for release from debt or any other agreement of similar effect, with a value exceeding PLN 50,000 or 0.1% of the total assets within the meaning of the Accounting Act of 29 September 1994, as determined on the basis of the most recent approved financial statements,
- approving the policy for identifying key functions at the Bank and appointing and removing persons discharging those functions,
- approving Code of Ethics that defines norms and ethical standards of conduct of members of the Bank's governance bodies and employees, as well as other persons through whom the Bank conducts its business,
- approving the policy for managing conflicts of interest,
- approving the Bank's remuneration rules and supervising their application; also evaluating, at least once a year, their impact on the Bank's management,
- approving the principles of risk culture for the Bank as a whole,
- approving the 'New Product Approval Policy',
- preparing the annual plan of work of the Supervisory Board.

Meetings of the Supervisory Board are convened by the chairman as necessary, at least once every quarter.

At least seven days prior to the date of a Supervisory Board meeting, members are notified of the time, place and agenda of the meeting in writing and receive materials to be discussed during the meeting.

A request for convening the Supervisory Board meeting can be submitted to the chairman by any member of the Supervisory Board, as well as the Management Board of the Bank. In such case, the Chairman of the Board convenes a meeting within two weeks from receipt of the request. The Chairman of the Supervisory Board - on a justified request of a Supervisory Board member, the president of the Management Board or the Management Board of the Bank, as well as on their own initiative - may convene a Board meeting urgently, specifying the time, place and agenda of the meeting.

The Supervisory Board considers matters included in the agenda and makes decisions by passing resolutions. Resolutions of the Supervisory Board may be passed, if at least one half of all members are present, including the chairman or the deputy chairman, and all of its members have been invited.

Resolutions of the Supervisory Board on appointment and dismissal of the Management Board members are passed by 2/3 of all votes. Other resolutions of the Supervisory Board - unless the legal provisions in force state otherwise - are passed by an ordinary majority of votes. In the event of equal split of votes, the Chairman's vote prevails.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing through another member of the Board or by means of direct remote communication. Matters placed on the agenda during the Supervisory Board meeting may not be voted on in writing through another member of the Supervisory Board.

In exceptional situations, the Supervisory Board may adopt resolutions outside of meetings, in writing (by circulation) or using means of direct remote communication, in particular electronic mail. A resolution is valid if all members of the Supervisory Board have been notified of the content of the draft resolution and at least a half of all members, including the chairman or the deputy chairman, have voted.

The Supervisory Board may adopt resolutions by written ballot or by means of remote communication also in matters with respect to which the Articles of Association of the Bank prescribe voting by secret ballot, provided that no member of the Supervisory Board raises an objection.

The first meeting of the Supervisory Board in a new term of office is convened by the president of the Management Board of the Bank. The objective of the first meeting of the Supervisory Board in a new term of office is to set up the Board.

The detailed powers, rules of operation and tasks of the Supervisory Board are laid down in Art. 17–Art. 20 of the Bank’s Articles of Association and in the Regulations of the Supervisory Board (the documents are available on the Bank’s website www.bosbank.pl in the ‘Investor Relations’ section).

From among its members the Supervisory Board of the Bank appoints the Internal Audit Committee, the Remuneration and Nominations Committee, the Environmental Protection Committee, and the Risk Committee. The Board members may also form other committees.

Independence of the Supervisory Board members

Among the Supervisory Board Members serving on the Supervisory Board as at 31 December 2023:

- the following individuals met the independence criteria: Mr. Piotr Sadownik, Mr. Wojciech Krawczyk, Ms. Aleksandra Świdorska and Mr. Waldemar Trelka;
- the following individuals did not meet the independence criteria: Mr. Andrzej Matysiak, Mr. Tadeusz Wyrzykowski, Mr. Piotr Bielarczyk and Mr. Paweł Trętowski.

The Internal Audit Committee

The Internal Audit Committee is appointed by a resolution of the Supervisory Board from among its members. In determining the composition of the Internal Audit Committee, the provisions of the ‘Policy for the assessment of the suitability of candidates for members of the Supervisory Board, members of the Supervisory Board and the Supervisory Board of the Bank as a whole’ (the ‘Suitability Assessment Policy’), introduced by Resolution No. 37/2023 of the Annual General Meeting of BOŚ S.A. on 23 June 2023, apply. The Committee serves as an advisory body to the Supervisory Board.

The following issues are taken into account when assessing the suitability to serve as members of the Internal Audit Committee:

- Composition (at least 3 members) and independence of the IAC’s members (majority of the IAC’s members, including the IAC’s chairperson, should be independent),
- Ensuring that at least one IAC’s member has knowledge and skills concerning: accounting or financial auditing, and the banking sector, performance of the activities referred to in Article 70.2 of the Act on Trading in Financial Instruments;
- fulfilment by the IAC’s members of the obligations laid down in the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017.

In the reporting period, the Supervisory Board performed individual suitability assessment of candidates for and members of the IAC and collective suitability assessment of the IAC, based on recommendations of the Remuneration and Nominations Committee (RNC). Based on the submitted statements and self-evaluation forms, the RNC reviewed the IAC’s candidates’ and members’ knowledge and skills concerning accounting, financial auditing and the sector in which BOŚ S.A. operates, and assessed their compliance with the independence criteria.

The Supervisory Board of Bank Ochrony Środowiska S.A., taking into account the recommendation from its Remuneration and Nominations Committee on collective suitability assessment, determined that the individual competencies of the members of the Internal Audit Committee complement one another in a manner that ensures adequate collective functionality. This synergy facilitates the proper execution of responsibilities by both the Internal Audit Committee and the Supervisory Board.

The Chairperson and Members of the Internal Audit Committee, appointed by the relevant resolutions of the Supervisory Board, have submitted the appropriate declarations to the Bank in accordance with the Act of 11 May 2017 on statutory auditors, audit firms, and public oversight.

Composition of the Committee in 2023

The following changes in the composition of the Internal Audit Committee took place in 2023:

From 1 January 2023 to 22 June 2023, the composition of the Internal Audit Committee was as follows, pursuant to Resolution No. 95/2022 of the Supervisory Board dated 19 December 2022:

- Aleksandra Świdorska – Chairwoman of the Committee,
- Emil Ślęzak – Deputy Chairman of the Committee,
- Iwona Marciniak – Member of the Committee,
- Paweł Sałek – Member of the Committee.

From 23 June 2023 to 28 June 2023, the composition of the Internal Audit Committee was as follows, pursuant to Resolution No. 54/2023 of the Supervisory Board dated 23 June 2023:

- Aleksandra Świdorska – Chairwoman of the Committee,
- Marian Niemirski – Deputy Chairman of the Committee,
- Iwona Marciniak – Member of the Committee,
- Paweł Sałek – Member of the Committee,
- Paweł Trętowski – Member of the Committee.

From 29 June 2023 to 28 November 2023, the composition of the Internal Audit Committee was as follows, pursuant to Resolution No. 85/2023 of the Supervisory Board dated 29 June 2023:

- Aleksandra Świdorska – Chairwoman of the Committee,
- Marian Niemirski – Deputy Chairman of the Committee,
- Paweł Sałek – Member of the Committee,
- Paweł Trętowski – Member of the Committee.

On 25 October 2023, Mr. Paweł Sałek, a member of the Committee, tendered his resignation.

From 29 November 2023 to 31 December 2023, the composition of the Internal Audit Committee was as follows, pursuant to Resolution No. 115/2023 of the Supervisory Board dated 29 November 2023:

- Aleksandra Świdorska – Chairwoman of the Committee,
- Marian Niemirski – Deputy Chairman of the Committee,
- Piotr Sadownik – Member of the Committee,
- Paweł Trętowski – Member of the Committee,
- Tadeusz Wyrzykowski, Member of the Committee.

The statutory criteria for independence were met by Ms. Aleksandra Swiderska, Mr. Marian Niemirski and Mr. Piotr Sadownik.

In 2023, meetings of the Internal Audit Committee were convened on an ad-hoc basis. In the reporting period, the Committee held a total of 10 meetings.

The Risk Committee

The Risk Committee supports the Supervisory Board in its risk oversight functions. The Committee performs the tasks provided for in the Banking Law Act of 29 August 1997, in the Bank's Articles of Association and in resolutions of the Bank's Supervisory Board.

The Risk Committee's primary tasks include, in particular:

- issuing comprehensive opinions on the Bank's current and future willingness to accept risk, including:
 - receiving periodic reports/ information from the Bank's Management Board on key events relevant for Bank's risk level and on material changes in the risk management process and system,
 - receiving periodic reports/information from the Bank's Management Board on the Bank's risk level, increased exposure to specific risks, risk identification and monitoring methods, risk mitigation measures in place;
- issuing opinions on the Bank's business risk management strategy developed by the Management Board and the Management Board's updates on the strategy implementation;
- supporting the Bank's Supervisory Board in exercising supervision over the implementation of the business risk management strategy by senior management staff;
- reviewing the prices of assets and liabilities offered to clients for their alignment with the Bank's business model and risk strategy, and where the prices fail to properly account for the risks stemming from the Bank's business model and risk strategy - recommending measures to be undertaken by the Management Board to ensure that the prices of assets and liabilities adequately reflect the risks involved.

In 2023, the Risk Committee consisted of the following members:

- from 1 January 2023 to 23 June 2023:
Aleksandra Świdorska – Chairwoman of the Committee,
Tadeusz Wyrzykowski – Deputy Chairman of the Committee,
Iwona Marciniak – Member of the Committee,
Piotr Sadownik – Member of the Committee,
Emil Ślęzak – Member of the Committee, delegated to temporarily perform the duties of President of the Management Board, then Vice President of the Management Board, responsible for managing the work of the Management Board,
- from 23 June 2023 to 6 September 2023:
Wojciech Krawczyk – Chairman of the Committee,
Tadeusz Wyrzykowski – Deputy Chairman of the Committee,
Iwona Marciniak – Member of the Committee,
Piotr Sadownik – Member of the Committee,
Aleksandra Świdorska – Member of the Committee,
Paweł Trętowski – Member of the Supervisory Board delegated to temporarily act as Vice President of the Management Board responsible for managing the activities of the Management Board,
- from 6 September 2023 to 31 December 2023:
Wojciech Krawczyk – Chairman of the Committee,
Tadeusz Wyrzykowski – Deputy Chairman of the Committee,
Piotr Sadownik – Member of the Committee,
Aleksandra Świdorska – Member of the Committee,
Paweł Trętowski – Member of the Supervisory Board delegated to temporarily act as Vice President of the Management Board responsible for managing the activities of the Management Board.

In 2023, the Risk Committee held a total of 11 meetings.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (RNC) has been appointed from among members of the Supervisory Board to perform the tasks laid down, among others, in the following documents:

- Article 9cd., 9ce. and Article 22aa. of the Banking Law of 29 August 1997 – with respect to diversity and the suitability assessment policy;
- Par. 29 of the Regulation of the Minister of Finance, Development Funds and Regional Policy of 8 June 2021 on risk management and internal control systems and remuneration policy at banks;

- section 2, subsection 2.4.2 of the Guidelines on Sound Remuneration Policies referred to in Article 74(3) and Article 75(2) of Directive 2013/36/EU, and disclosure of information in accordance with Article 450 of Regulation (EU) No 575/2013 of the European Banking Authority dated 27 June 2016;
- Article 20 (3) and (5) of the Articles of Association of Bank Ochrony Środowiska S.A.;
- resolutions of the Supervisory Board,

including in particular:

- the tasks concerning the suitability assessment of candidates for the members and members of the Supervisory Board and of the Supervisory Board:
 - issuing opinions on the draft suitability assessment policy and amendments thereto;
 - furnishing the General Meeting with reports from the documentation and credibility review performed in order to assess the suitability of a candidate for a member or a member of the Bank's Supervisory Board;
 - furnishing the General Meeting or the Supervisory Board, as applicable, with proposed individual suitability assessments of candidates for members or members of the Supervisory Board/Internal Audit Committee and proposed collective suitability assessment of the Supervisory Board/Internal Audit Committee;
 - providing feedback to persons subject to suitability assessment procedure;
- the tasks concerning the suitability assessment of candidates for the members and members of the Supervisory Board and of the Supervisory Board:
 - issuing opinions on the draft suitability assessment policy and amendments thereto;
 - furnishing the General Meeting with reports from the documentation and credibility review performed in order to assess the suitability of a candidate for a member or a member of the Bank's Supervisory Board;
 - furnishing the General Meeting or the Supervisory Board, as applicable, with proposed individual suitability assessments of candidates for members or members of the Supervisory Board/Internal Audit Committee and proposed collective suitability assessment of the Supervisory Board/Internal Audit Committee;
 - providing feedback to persons subject to suitability assessment procedure;
- the tasks concerning the suitability assessment of candidates for members and members of the Management Board and of the Management Board:
 - issuing opinions on the draft suitability assessment policy and amendments thereto;
 - furnishing the Supervisory Board with reports from the documentation and credibility review performed in order to assess the suitability of a candidate for a member or a member of the Bank's Management Board;
 - recommending candidates to the Bank's Management Board, taking into account the knowledge, skills and experience of the Management Board as a whole, and the diversity of the Management Board's composition;
 - furnishing the Supervisory Board with proposed individual suitability assessments of candidates for members or members of the Management Board and proposed collective suitability assessment of the Management Board;
 - defining the scope of responsibilities for a candidate for the Management Board, the scope of required knowledge and skills, and expected time commitment, necessary to perform the function;
 - performing periodic, at least annual, evaluation of the knowledge, skills and experience of the Management Board as a whole and of its individual members; reporting the evaluation results to the Management Board;
 - providing feedback on the individual suitability assessment to persons subject to such assessment;
- the tasks concerning the suitability assessment of candidates for key functions at the Bank or persons holding such key functions:
 - issuing opinions on the draft suitability assessment policy and amendments thereto;
 - performing periodic reviews of the suitability assessment policy and presenting recommendations to the Board in this regard;
- the tasks concerning the diversity policy applicable to the members of the Bank's Management Board - setting the gender representation target for the gender underrepresented in the Bank's Management

Board, and drafting the Management Board diversity policy with a view to achieving the set representation target;

- the tasks concerning the remuneration policy - issuing opinions and ongoing monitoring of the Bank's remuneration policy, supporting the Bank's governance bodies in designing and implementing the remuneration policy through:
 - giving opinions on the list of persons holding key managerial positions in the Bank and on annual list updates;
 - designing remuneration packages for the members of the Management Board, including variable remuneration amounts and components, factors affecting variable remuneration, and performance evaluation criteria; recommending the same to the Supervisory Board;
 - giving recommendations to the Supervisory Board on awarding, reducing, withholding, or refusing to pay variable remuneration of the members of the Management Board;
 - giving opinions on the amounts of variable remuneration for persons holding managerial positions in the Bank, involved in risk management and compliance;
 - giving opinions on and monitoring of variable remuneration for persons holding managerial positions, in charge of first and second line of defence in risk management, other than those specified in item d);
 - giving opinions on the remuneration policy of the Group and on assessment of the materiality of the subsidiaries' impact on the risk profile of the Bank;
 - reviewing the appointment of external remuneration consultants whom the supervisory body may request for advice or support;
 - ensuring the adequacy of information on remuneration policies and practices provided to shareholders, in particular on a proposed increase of the maximum proportion of fixed to variable remuneration;
 - ongoing collaboration with other committees of the supervisory body whose activities may influence the shape and proper functioning of the policies and practices regarding remuneration (such as the Risk Committee and Audit Committee), as well as reporting on their activities to the supervisory body and, where appropriate, to the shareholders' meeting;

and moreover:

- performing, at least annual, periodic evaluation of the size structure, composition and efficiency of the Management Board and recommending changes in this respect to the Supervisory Board;
- approving costs related to the provision of management services incurred by members of the Management Board to the extent specified by the Supervisory Board in the management services contract;
- approving costs of individual training of members of the Management Board where such costs exceed the amount specified by the Supervisory Board in the management services contract.

In 2023, the Remuneration and Nominations Committee consisted of the following members:

From 1 January 2023 to 23 June 2023:

- Paweł Sałek – Chairman of the Committee,
- Piotr Bielarczyk – Deputy Chairman of the Committee,
- Piotr Sadownik – Member of the Committee.

From 23 June 2023 to 24 October 2023:

- Paweł Sałek – Chairman of the Committee,
- Piotr Bielarczyk – Deputy Chairman of the Committee,
- Wojciech Krawczyk – Member of the Committee,
- Piotr Sadownik – Member of the Committee,
- Waldemar Trelka – Member of the Committee.

From 25 October 2023 to 29 November 2023:

- Piotr Bielarczyk – Deputy Chairman of the Committee,
- Wojciech Krawczyk – Member of the Committee,
- Piotr Sadownik – Member of the Committee,

- Waldemar Trelka – Member of the Committee.

From 29 November 2023 to 31 December 2023:

- Waldemar Trelka – Chairman of the Committee,
- Piotr Bielarczyk – Deputy Chairman of the Committee,
- Wojciech Krawczyk – Member of the Committee,
- Piotr Sadownik – Member of the Committee.

Meetings of the RNC are convened as necessary, but not less frequently than twice a year. In the reporting period, the Committee held a total of 18 meetings.

Environmental Protection Committee

The Environmental Protection Committee (EPC) is an advisory body appointed by the Bank's Supervisory Board. The EPC supports the Supervisory Board in pursuing environmental initiatives of BOŚ. The tasks of the EPC include giving opinions and recommendations for the Supervisory Board (on a regular basis) and presenting quarterly reports on the Bank's environmental activities, initiatives and types of environmental projects financed by the Bank. The EPC facilitates the Bank's cooperation with the National and Provincial Funds for Environmental Protection and Water Management and with public administration bodies, including the Ministry of Climate and Environment.

In 2023, the EPC consisted of the following members:

From 1 January 2023 to 23 June 2023:

- Andrzej Matysiak – Chairman of the Committee,
- Tadeusz Wyrzykowski – Deputy Chairman of the Committee,
- Piotr Bielarczyk – Member of the Committee.

From 23 June 2023 to 31 December 2023:

- Andrzej Matysiak – Chairman of the Committee,
- Tadeusz Wyrzykowski, Deputy Chairman of the Committee,
- Piotr Bielarczyk – Member of the Committee,
- Marian Niemirski – Member of the Committee,
- Waldemar Trelka – Member of the Committee.

Meetings of the Environmental Protection Committee are convened by the Chairman when and as needed. In 2023, the Committee held a total of six meetings. During the meetings, the EPC members discussed recommendations for the Supervisory Board made in (quarterly) reports on the Bank's environmental activities, which included, among others, information on the sales and balance of green loans and on environmental projects. Every quarter, the EPC presented information on the cooperation with the National and Provincial Funds for Environmental Protection and Water Management.

The EPC also discussed other significant issues that affect the operations of the Bank. In particular, the EPC presented its opinion on:

- the update of the Bank's Climate Policy,
- the update of the Bank's Environmental Policy,
- the Group's decarbonisation targets under the Science Based Targets initiative,
- information on the implementation of the ESG Strategy,
- adoption of the new ESG strategy for 2024-2026.

The documents were adopted by the Supervisory Board, taking into consideration the recommendations made by the EPC.

3.3. Management Board of the Bank

Management Board

As at 31 December 2022, the composition of the Management Board was as follows:

- Emil Ślężak, Member of the Supervisory Board delegated to temporarily perform the duties of President of the Management Board
- Arkadiusz Garbarczyk, Vice President of the Management Board, First Deputy President of the Management Board
- Robert Kasprzak, Vice President of the Management Board
- Jerzy Zań, Vice President of the Management Board.

Changes in the composition of the Management Board in 2023:

- Effective 8 February 2023, Emil Ślężak was appointed by the Supervisory Board as Vice President of the Bank's Management Board responsible for managing the work of the Management Board. At the same time, the Supervisory Board passed a resolution to seek approval from the PFSA for the appointment of Emil Ślężak as the President of the Management Board of Bank Ochrony Środowiska S.A.;
- On 18 April 2023, Robert Kasprzak tendered his resignation as Vice President of the Management Board of Bank Ochrony Środowiska S.A., with effect from 30 April 2023;
- On 24 May 2023, the Supervisory Board passed a resolution to terminate the management contract with the Bank's Vice President Jerzy Zań by mutual agreement; An agreement was reached resulting in Jerzy Zań ceasing to serve as Vice President of the Bank's Management Board on the date of the General Meeting that approved the Report of the Bank and the Group for 2022, namely, on 23 June 2023;
- On 23 June 2023, Emil Ślężak submitted a statement of resignation from the position of Management Board Vice President responsible for managing the work of the Management Board;
- On 23 June 2023, the Supervisory Board:
 - Delegated Paweł Trętowski, effective 23 June 2023, to temporarily serve as Management Board Vice President responsible for managing the work of the Management Board (until the date of completion of the qualification procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 23 September 2023);
 - Delegated Iwona Marciniak, effective 24 June 2023, to temporarily serve as Management Board Vice President (until the date of completion of the qualification procedure for the position of Member of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 24 September 2023);
- On 29 June 2023, the Supervisory Board:
 - appointed Ms. Iwona Marciniak as Vice President of the Bank's Management Board as of that date;
 - appointed Mr. Sebastian Bodzenta as Vice President of the Bank's Management Board, effective 10 July 2023;
- on 25 September 2023 delegated Paweł Trętowski, Member the Supervisory Board, to temporarily act as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 25 December 2023;
- on 21 September 2023 delegated Paweł Trętowski, Member the Supervisory Board, to temporarily act as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 25 December 2023.
- on 15 December 2023, the Supervisory Board:
 - decided to extend the second stage of the qualification procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A. until 28 March 2024,
 - delegated, with effect as of 28 December 2023, Paweł Trętowski, Member the Supervisory Board, to temporarily act as Vice President of the Management Board, and entrusted him with the management of the Management Board's activities until the date of completion of the recruitment procedure for the position of President of the Management Board of Bank Ochrony Środowiska S.A., but no longer than until 28 March 2024;

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

- Paweł Trętowski – member of the Supervisory Board delegated to temporarily act as Vice President of the Management Board responsible for managing the activities of the Management Board
- Arkadiusz Garbarczyk – Vice President of the Management Board, First Deputy President of the Management Board
- Sebastian Bodzenta – Vice President of the Management Board
- Iwona Marciniak – Vice President of the Management Board

As the date of this report, the composition of the management Board did not change.

Rules of operation of the Management Board

The rules of operation, powers and tasks of the Management Board are laid down in Articles 21–23 of the Articles of Association and in the Rules of Procedure of the Management Board (the documents are available on the Bank's website www.bosbank.pl in the "Investor Relations" section).

According to the provisions outlined in the Bank's Articles of Association, the Management Board of the Bank comprises a minimum of three natural persons, including the President of the Management Board, the Vice President - First Deputy President of the Management Board, and other Vice Presidents or members of the Management Board.

The Management Board serves as a management body of the Bank and assumes the role of its official representative in external matters. The Board operates in a collegial manner, making decisions through the adoption of resolutions.

The Management Board complies with the corporate governance principles set out in:

- the "Good Practices of Companies Listed on the WSE", issued by the Supervisory Board of the Warsaw Stock Exchange,
- the "Principles of Corporate Governance for Supervised Institutions", issued by the Polish Financial Supervision Authority.

Any non-compliance with the aforementioned rules is notified by the Management Board in accordance with the procedures set out in those documents.

Resolutions of the Management Board are adopted at meetings convened in accordance with the procedure set out in the Rules of Procedure of the Management Board.

- Resolutions are passed with a simple majority of votes cast. In the event of a tied vote, the President of the Management Board has the casting vote. Resolutions are adopted by open ballot, unless a motion for a secret ballot has been made or unless separate regulations require a secret ballot,
- Resolutions may be adopted if all members of the Management Board have been notified of the Management Board meeting, and at least half of the members of the Management Board attend the meeting, including the President of the Management Board or - in his absence - the Vice President - First Deputy President of the Management Board or another member of the Management Board designated by the President,
- A member of the Management Board who disagrees with a resolution may submit a dissenting opinion to be included in the minutes, together with the justification. However, this does not relieve them of the obligation to comply with the resolution adopted by the Management Board,
- A member of the Management Board may not participate in voting on matters concerning them personally, including such matters in which there is a conflict between the interests of the Bank and the personal interests of the member of the Management Board, their spouse, relatives or affinities,
- Meetings of the Management Board are minuted.

The Management Board may also adopt resolutions outside its meetings, by written ballot or using means of remote communication (in particular by electronic mail). Resolutions may be adopted in this manner subject to a

prior consent of the President of the Management Board. Relevant regulations in this regard are contained in the Rules of Procedure of the Management Board.

Meetings of the Management Board are convened by the President of the Management Board as needed, at least twice a month. The President of the Management Board, upon a justified request of a Member of the Management Board or on his own initiative, may convene a meeting of the Management Board as a matter of urgency, specifying the date, place and agenda of the meeting.

Meetings of the Management Board are attended by its members, the person in charge of the internal audit unit, the person in charge of the compliance unit, as well as other invited persons or persons indicated in a separate order of the President of the Management Board. Persons participating in a meeting may also take part in its proceedings by means of direct remote communication, including instant messaging/applications enabling tele- or videoconferencing. At meetings of the Management Board, the President presents a draft agenda for approval, chairs the meeting, gives the floor, decides on procedural matters, summarises findings and results of discussions, and formulates resolutions, recommendations and conclusions. Where justified by business or formal and legal considerations, a Board Member may – with the consent of the President of the Management Board – bring to the Board's attention a subject not included in the meeting agenda.

In the event of expiry of the mandate of the President of the Management Board due to death, resignation or removal from the Management Board, until appointment of a new president, the person responsible for managerial functions and managing of overall operations of the Bank is the Vice-President, First Deputy of the President of the Management Board, appointed with the consent of the Polish Financial Supervision Authority.

In the absence of the President of the Management Board, his/her functions are performed and the Bank is managed in its entirety (with the exception of competencies relating to the establishment and termination of the relevant employment relationship with managing directors, directors of organisational units of the Head Office and directors of business centres) by the Vice President – First Deputy of the President of the Management Board or another member of the Management Board indicated by the President. Vice Presidents or members of the Management Board supervise the areas of the Bank's operations assigned to them, in accordance with the internal division of powers determined by the Management Board and approved by the Supervisory Board.

The Bank's Management Board is composed of a minimum of three individuals who are natural persons. This includes the President of the Management Board, the Vice President - First Deputy President of the Management Board, as well as other Vice Presidents or additional members of the Management Board. The number of Management Board members is determined by the Supervisory Board.

Members of the Management Board are appointed by the Supervisory Board for a joint term of office. The Management Board's joint term of office is three years; the number of terms of office is not limited. The President of the Management Board has the right to propose to the Supervisory Board the appointment and dismissal of Vice Presidents and Members of the Management Board.

The appointment of two Members of the Management Board, including the President, requires the approval of the Financial Supervision Authority. The approval is requested by the Supervisory Board. In addition to the President, a Management Board member who has obtained the consent of the Polish Financial Supervision Authority acts as Vice President – First Deputy President of the Bank's Management Board and is responsible for overseeing the management of risks that are material to the Bank's business.

Management Board Members are appointed and removed by the Supervisory Board following a recruitment process held to verify and evaluate the qualifications of candidates and to select the best candidate for a Management Board Member. The evaluation of candidates is carried out in accordance with the 'Policy for assessing the suitability of candidates for members of the Management Board, members of the Management Board and the Management Board of BOŚ S.A.' adopted by the Supervisory Board.

A person may serve as a member of the Bank's Management Board if they meet all of the following conditions:

- holds a university degree or higher education obtained abroad, recognised in the Republic of Poland under specific regulations,

- has a minimum of five years of work experience under an employment contract, appointment, election, cooperative employment contract, provision of services under any other contract, or as a self-employed individual,
- has at least three years of experience in managerial or independent positions, or from being self-employed,
- meets additional requirements, beyond those outlined in items a-c, as specified in separate regulations, particularly the Banking Law of 29 August 1997, and is not subject to any restrictions or prohibitions on holding the position of a member of a management body in commercial companies.

A person cannot serve as a member of the Bank's Management Board if they meet any of the following conditions:

- serves as a volunteer aide or is employed in the office of a deputy, senator, deputy-senator, or the office of a Member of the European Parliament under an employment contract, or provides services under a contract of mandate or another contract of a similar nature,
- is a member of the body of a political party that represents the party externally and is authorised to incur obligations on its behalf,
- is employed by a political party under an employment contract or provides services based on a contract of mandate or another similar contract,
- holds an elected position within a company trade union organisation or within a trade union organisation of a group company,
- their social or commercial activities create a conflict of interest with the company's business.

The mandates of members of the Management Board expire either on or before the date of the General Meeting that approves the Directors' Report and financial statements for the last complete financial year during which the members held the office. The mandates of members of the Management Board also expire in the event of their death, resignation or removal from the Management Board.

In the event of a vacancy in the position of a member of the Management Board, including emergency and unexpected situations, and to prevent the risk of multiple vacancies in the Management Board within a short period, the Supervisory Board – upon assessing the need to supplement the composition of the Management Board, which may result in the risk of not meeting the requirement of a positive collective suitability assessment of the Management Board or in case of an inadequate number of members on the Management Board – shall promptly initiate the qualification procedure and until the procedure is successfully completed:

- may exercise the right, as provided in Article 22d(3) of the Banking Law, to temporarily assign one or more members of the Supervisory Board to fulfil the responsibilities of a member of the Management Board for a period not exceeding three months, and/or
- may appoint to the Management Board an individual who holds a key position within the Bank, as identified based on the criteria outlined in Recommendation Z of the PFSA. The individual mentioned in the first sentence may serve as a temporary member of the Management Board only upon receiving a positive suitability assessment, which will be conducted in accordance with the Bank's regulations.

The Management Board makes decisions on any matters not reserved for the other governing bodies of the Bank. In accordance with the Articles of Association, the Bank's Management Board in particular:

- represents the Bank before courts, public administration bodies and third parties,
- formulates the Bank's business strategies and annual budgets,
- passes resolutions on the Bank's organisational structure and on the establishment and liquidation of the Bank's organisational units,
- passes resolutions on acquisition and disposal of property or an interest in property,
- prepares draft internal regulations whose issue falls within the remit of the General Meeting and the Supervisory Board,
- makes decisions on matters involving incurring liabilities or disposing of assets where the total value related to a single entity exceeds 5% of the Bank's equity, subject to Article 20.11.15 of the Articles of Association, which empowers the Supervisory Board to approve proposals from the Management Board related to acquiring equity interests in companies. These acquisitions, when combined with equity interests already owned by the Bank in these companies, must not exceed the equivalent of 5% of the Bank's share capital, excluding shares of publicly traded companies,
- establishes the Bank's information policy, including guidance and procedures for information disclosure,

- formulates the Bank management strategy and the risk management strategy,
- defines the acceptable overall risk level,
- manages special funds,
- establishes the procedure for the appointment and removal of the person managing the internal audit function and the person managing the compliance function, and determines the amount of remuneration for such persons,
- establishes the remuneration policy,
- establishes the policy for identifying key functions within the Bank and assessing the suitability of candidates for those key functions and individuals currently performing the key functions in the Bank,
- establishes the compliance policy of the Bank,
- establishes the policy for calculating internal capital and for capital management purposes,
- determines the internal division of powers within the Management Board of the Bank,
- establishes the rules of procedure for the internal audit function (Internal Audit Charter) and issues an opinion on the internal audit plan,
- establishes the rules of procedure for the compliance function and its annual operation plans,
- establishes internal regulations aimed at ensuring the Bank's proper performance of its duties under the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Law,
- manages the internal control process at the Bank,
- establishes the Code of Ethics that defines norms and ethical standards of conduct of members of the Bank's governance bodies and employees, as well as other persons through whom the Bank conducts its business,
- establishes the policy for managing conflicts of interest,
- establishes the dividend policy of the Bank,
- establishes the new product approval policy,
- establishes the Rules of Procedure for the Management Board, which outline the matters that require collective resolution, as well as the procedural and formal aspects pertaining to conducting meetings and the detailed process for adopting resolutions.

Decisions to issue or repurchase shares are made by the Bank in accordance with the provisions of the Commercial Companies Code.

The powers and tasks of the Management Board are defined by the Bank's Articles of Association and the Rules of Procedure of the Management Board (the documents are available for review on the Bank's website at www.bosbank.pl in the 'Investor Relations' section).

4. Control systems deployed in financial reporting

Internal control system

The Bank's internal control system is an integral part of its overall management infrastructure. This system delineates the structural and organisational components of the internal control mechanism and specifies the aims, objectives, and operational procedures of its crucial elements within the BOŚ Group.

The internal control system supports the Bank's Supervisory Board, Internal Audit Committee, Management Board and employees in the proper, efficient and effective performance of their duties.

The internal control system within the Bank operates in a manner that guarantees the fulfilment of the objectives outlined in Article 9c(1) of the Banking Law. These objectives include, but are not limited to:

- efficiency and effectiveness of the Bank's operations;
- reliability of financial reporting;
- compliance with the Bank's risk management framework;
- Compliance of the Bank's operations with applicable laws, internal regulations and market standards.

The Bank's risk management and internal control systems are organised on three independent levels:

- Level 1 comprises operational risk management;
- Level 2 comprises at least:
 - risk management by employees or functions specifically appointed/established for that purpose, independent of operational risk management,
 - activities of the compliance function;
- Level 3 consists of the activities of the internal audit function.

Within the Bank's internal control system, employees at all three levels effectively implement control measures as part of their responsibilities. They independently oversee adherence to these controls and report accordingly within the scope of the control function.

The Bank's three-level internal control structure includes:

- the control function, operating at all three levels, particularly at Level 1, i.e. as part of the Bank's operations; The control function is designed to ensure compliance with controls and covers positions, groups of people, or organisational units in charge of the tasks assigned to the function;
- Level 2 compliance function, complementing risk management by employees or functions specifically appointed/established for that purpose. The compliance function is responsible for identification, assessment, control and monitoring of the Bank's risk of non-compliance with law, internal regulations and market standards, and related reporting;
- Level 3 internal audit function. The role of the internal audit function is to independently and impartially examine and evaluate the adequacy and effectiveness of the risk management system and the internal control system, excluding the internal audit function.

The Bank deploys various controls to reduce the likelihood of risk materialisation, detect and remedy incidents that have occurred, and eliminate their consequences.

Control mechanisms are integrated during the creation of internal regulations, as well as during the development of applications and information systems, embedding them into the foundation of these structures.

The Bank's organisational structure incorporates a compliance function. This role manages compliance risk, which includes identifying, assessing, and controlling compliance risk within the Bank and the BOŚ S.A. Group. Organisationally, the compliance function reports directly to the President of the Management Board.

Internal audit is an integral and independent part of the Bank's internal control system, positioned in its third line of defence. Internal audit is performed by the internal audit function, a separate unit within the Bank's organisational structure, established so as to ensure its full independence and objectivity, which reports directly to the President of the Management Board and is supervised by the Internal Audit Committee.

The role of the internal audit function is to independently and impartially examine and evaluate the adequacy and effectiveness of the risk management system and internal control system (excluding the internal audit function) of the Bank and its subsidiaries.

The internal audit unit evaluates the implementation of processes and contributes to their improvement, including in particular business processes, risk management processes, and corporate governance processes, as well as associated control mechanisms applied in the course of such processes.

Independence of the internal audit function and compliance function are ensured by specially designed measures which are described in the Resolution of the Management Board and Supervisory Board on "Internal Control System at BOŚ S.A."

Role of the Bank's bodies in the internal control system

The Supervisory Board's role is to exercise ongoing supervision over implementation of the Bank's internal control system and whistleblowing procedures for anonymous reporting of any breaches of legal regulations, in-house procedures and ethical standards at the Bank, and to evaluate their adequacy and effectiveness.

Annually, guided by the Internal Audit Committee's review, the Supervisory Board evaluates the adequacy and effectiveness of the internal control system. This system encompasses the control function, the compliance function, and the internal audit function.

In exercising supervision over the Bank's activities, the Supervisory Board monitors the effectiveness of the internal control system based on information provided by the compliance unit, the internal audit unit, the Management Board and the Internal Audit Committee.

The Internal Audit Committee directly supervises the Bank's internal audit unit, monitoring the adequacy and effectiveness of the internal control system, including the internal audit unit, compliance unit and control function. The Internal Audit Committee supports the Supervisory Board in overseeing the internal control system.

The Bank's Management Board holds the responsibility for designing, implementing, and maintaining an adequate and effective internal control system. This system includes the control function, compliance function, and internal audit function. The Management Board also ensures the independence of both the internal audit and compliance functions.

The Management Board also ensures the functioning of the internal control system at subsidiaries.

The Board takes measures to ensure the ongoing operation of the internal control system. This includes fostering effective collaboration among all employees within the control function and maintaining cooperation with the compliance function and internal audit function. Furthermore, the Management Board ensures that employees in these departments have access to the required source documents, including those containing legally protected information, to fulfil their responsibilities.

If any irregularities are identified by the internal control system, the Management Board will take necessary actions, which may include implementing appropriate corrective measures and disciplinary actions, to address and rectify the identified irregularities.

The Management Board submits information to the Supervisory Board on a yearly basis regarding the execution of tasks, which serves as the basis for the Supervisory Board's assessment of the effectiveness and adequacy of the internal control system.

The heads of the internal audit function and the compliance function are obligated to maintain continuous cooperation with the President of the Management Board, the Bank's Management Board, and the Chairman of the Internal Audit Committee. This collaboration entails promptly notifying them of any significant disruptions detected in the Bank's and BOŚ S.A. Group entities' operations, as well as identifying gaps and inefficiencies within the internal control system and the risk management system. Additionally, they are responsible for submitting proposals to enhance the systems and address any inefficiencies.

Controls applied in financial reporting

The Bank applies various controls in order to ensure reliability and accuracy of financial reporting (i.e. the process of preparing financial statements). They are incorporated in the functionality of reporting systems and internal regulations, and include, among other things: ongoing validation and reconciliation of the reporting data with the accounting books as well as underlying analytical and other documents serving as a basis for the preparation of financial statements, and with generally applicable accounting and financial reporting laws and regulations.

The process of preparing financial statements is subject to a review, in particular for correctness of reconciliations and substantive analysis and for reliability of information. Annual financial statements are reviewed by the Internal Audit Committee, approved by the Supervisory Board and accepted for publication by the Management Board of BOŚ S.A.

In addition, the Supervisory Board performs an annual review of the full-year consolidated financial statements of the BOŚ Group, full-year financial statements of the Bank and of the Directors' Report on the operations of the BOŚ Group prepared together with the Directors' Report on the operations of BOŚ S.A., for their conformity with the books, documents and facts.

The role of the Internal Audit Committee (IAC) is to support the Supervisory Board through exercising direct supervision over the Bank's management system, in particular, the internal control system and the financial reporting and audit processes.

The IAC's duties include, in particular, the monitoring of:

- financial reporting process,
- effectiveness of internal control and risk management systems, and of internal audit, including with respect to financial reporting,
- financial audits activities, in particular audits conducted by audit firms, taking into consideration all recommendations and findings of the Audit Oversight Commission, related to the audit carried out at the audit firm.

A detailed description of the IAC's activities is provided above in Section. 3.2.

5. Conflicts of interest at BOŚ S.A.

The Bank applies conflicts of interest management procedures, including the rules for preventing conflicts of interest. The Rules of Procedure of the Management Board and the Supervisory Board define the procedures for excluding members of these bodies from participating in discussions or decisions on matters involving a conflict of interest. Where a conflict of interest exists or may arise, the persons concerned are obliged to disclose this fact.

Moreover, the Bank applies internal regulations on acceptance of benefits or gifts that could influence the impartiality and neutrality of decisions concerning clients or entities cooperating with the Bank.

6. Remuneration policy at BOŚ S.A.

6.1. Management Remuneration Policy

To comply with the requirements set forth in the Regulation of the Minister of Finance, Development Funds, and Regional Policy dated 8 June 2021 regarding the risk management system, internal control system, and remuneration policy in banks, as well as in accordance with the provisions of Directive 2013/36/EU of the European Parliament and of the Council dated 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Bank Ochrony Środowiska S.A. has implemented a Remuneration Policy. This policy, approved by the Supervisory Board, applies specifically to managerial positions that have a significant impact on the Bank's risk profile.

The Remuneration and Appointments Committee of the Supervisory Board gives its opinion on the Remuneration Policy, gives its opinion on and drafts rules of compensation of members of the Management Board, gives its opinion on the amount of variable remuneration for managers who have a significant impact on the Bank's risk profile, gives its opinion on and monitors the amount of variable remuneration for managers at the Bank responsible for second-level risk management, management of the compliance function and management of the internal audit function.

In compliance with the disclosure obligation outlined in Recommendation No. 30.1 of the PFSA Recommendation Z and the Compensation Policy, the Bank hereby reports that the ratio of the average total gross remuneration of the Management Board members to the average total gross remuneration of other employees of the Bank in 2023 was 6.32. This ratio remained below the established threshold, as required.

The maximum amount of variable remuneration for each managing person may not exceed 100% of the person's fixed remuneration. The General Meeting of Bank Ochrony Środowiska S.A. has the authority to grant its consent to increase the maximum level of variable remuneration up to 200% of the fixed remuneration, in accordance with the procedure outlined in Par. 25.3.4.b) and Par. 25.3.4.c) of the Regulation of the Minister of Finance, Funds, and Regional Policy. The increase in the maximum amount of variable remuneration referred to in the preceding sentence does not apply to members of the Management Board.

In 2023, two revisions were made to the Remuneration Policy, specifically incorporating the following changes:

- Provisions governing severance payments and benefits of a similar nature were added to bring the policy in line with the requirements of the EBA/GL/2021/04 guidelines;
- Provisions were added to clarify the scope of information provided to the Bank's shareholders as part of the Report on the Assessment of the Remuneration Policy;
- The provisions on the powers and duties of the Remuneration and Nominations Committee in the formulation and implementation of the policy were supplemented;
- Provisions were added designating the Internal Audit Department as responsible for conducting a periodic (at least once a year) independent review of the group's implemented remuneration policies and rules, and specifying the scope of this review;
- A provision was included to ensure that the Table of Minimum Monthly Salary Rates and bonus regulations specific to certain areas/units are made publicly available to employees;
- The provision regarding the annual discretionary award was removed, as this component is no longer applicable given that all Bank employees are now included in the bonus system;
- A provision was added to ensure that decisions to withhold, limit, or deny variable compensation to employees in managerial positions are based on the results of the suitability assessment;
- A provision was added which mandates that the Bank's HR Department annually review the Bank's remuneration policy. This includes assessing the document's adequacy and its compliance with generally applicable laws and the Bank's internal regulations.

During the reporting period, the variable remuneration of individuals in managerial positions that significantly impact the Bank's risk profile was also settled, specifically:

- Upon the lapse of the retention period, the phantom shares awarded to members of the Management Board as the second tranche of deferred variable remuneration for 2019 and the third tranche of deferred variable remuneration for 2018 and the non-deferred portion of variable remuneration for 2021, in the total gross amount of PLN 619.53 thousand (67,457 phantom shares at the value per phantom share equalling the arithmetic mean of the closing prices at the first five sessions following the lapse of the retention period, i.e. PLN 9.1840) were converted into cash and paid out;
- The third (of three) tranche of deferred variable remuneration for the 2019 performance year was granted and settled after the reporting period; The total cost amounted to PLN 127.4 thousand gross, including payments in the form of phantom shares constituting a short-term benefit paid after the lapse of the retention period, i.e. after a period of six months from the date of award of the variable component of remuneration, at the value per phantom share equal to the arithmetic mean of the closing prices at the first five sessions following the lapse of the retention period – 7,070 shares, and the amount of PLN 48.4 thousand gross was paid in cash as a short-term benefit;

- The first (out of five) tranches of deferred variable remuneration for the 2021 performance year was settled; The total expected cost will amount to PLN 93.7 thousand gross, including payments in the form of phantom shares constituting a short-term benefit to be paid after the lapse of the retention period, i.e. after a period of six months from the date of award of the variable component of remuneration, at the value per phantom share equal to the arithmetic mean of the closing prices at the first five sessions following the lapse of the retention period – 5,271 shares, and the amount of PLN 47 thousand gross was paid in cash as a short-term benefit;
- After the reporting period, i.e. at the conclusion of the retention period, phantom shares were converted to cash and disbursed to two members of the Management Board (including one former member). The gross total amounted to PLN 32.9 thousand, involving 2,945 phantom shares. The value per share was calculated based on the arithmetic average of the closing prices from the first five trading sessions post-retention period, which was PLN 11.1720 per share;
- The members of the Management Board were granted variable remuneration for their performance in 2022, with a total amount of PLN 1,651.8 thousand being accrued. Of the accrued variable remuneration, 60% was settled in 2022. However, 40% of the accrued variable remuneration (amounting to PLN 660.7 thousand gross) was deferred and will be paid out over a period of five years. 50% of the non-deferred remuneration settled in 2022 was paid in cash, totalling PLN 495.6 thousand gross. The remaining 50% was allocated in phantom shares as a short-term benefit, which will be paid out after the end of the retention period. The payment for these shares (56,003 shares) will be calculated based on the arithmetic average of the closing prices from the first five trading sessions following the end of the retention period;
- After the reporting period, i.e. at the conclusion of the retention period, phantom shares were converted to cash and disbursed to two members of the Management Board (including one former member). The gross total amounted to PLN 371 thousand, involving 33,205 phantom shares. The value per share was calculated based on the arithmetic average of the closing prices from the first five trading sessions post-retention period, which was PLN 11.1720 per share;
- Variable compensation totalling PLN 2,326.5 thousand gross was accrued and paid to 33 individuals in managerial roles identified as having a significant impact on the Bank's risk profile (excluding members of the Management Board). This compensation was awarded based on the fulfilment of all required conditions for variable pay and the absence of any significant irregularities or issues in the performance of their assigned duties;
- A total of 4 individuals holding managerial positions, excluding members of the Management Board, who were identified as having a significant impact on the Bank's risk profile, received a total cash award of PLN 17 thousand gross for the implementation of individual projects in 2022.

In accordance with the provisions of Chapter IV, paragraph 14, subsection 4, of the Bank Ochrony Środowiska S.A. Remuneration Policy (excluding members of the Management Board), the variable compensation accrued and paid in 2023 was exempt from the deferral mechanism and did not involve partial payments in shares.

The amount of variable remuneration for 2023 has not yet been determined and awarded.

6.2. Management Stock Option Plan and Employee Share Plan

There was no Employee Share Plan in place in the Bank in 2023 and 2022.

6.3. Remuneration and other payments due to key management staff at BOŚ S.A.

Information on the remuneration for key management staff of BOŚ S.A. and other amounts due from the Bank to the present and former officers and directors is provided in Note 51 to the full-year consolidated financial statements of the BOŚ Group for the year ended 31 December 2023.

The Bank has no pension or similar liabilities towards its former members of managing and supervisory bodies.

6.4. Severance compensation for members of managing bodies

Contracts concluded with the managers included severance compensation. In this regard, the following provisions were in effect:

- Where the contract with a manager is terminated by the Bank for reasons other than a breach of basic contractual obligations, the manager may receive compensation of up to three 3 times the fixed remuneration, provided that the manager performed the function for at least 12 months prior to such termination; Severance pay amount is set by the Supervisory Board, taking into account the workload, efficiency and performance in the last three years of holding the function as well as the effects of the services performed and the financial results of the Bank and of the business line supervised by the manager concerned.

- Non-competition compensation (for refraining from direct or indirect involvement with a Bank's competitor) for a manager holding the function for at least three months is provided for in the amount of 50% of the fixed remuneration received directly prior to contract termination, payable for six months.

The above rules were applied to: from 1 January 2023 to 7 February 2023, three Members of the Management Board; from 8 February 2023 to 30 April 2023, four Members of the Management Board; from 1 May 2023 to 23 June 2023, three Members of the Management Board; from 24 June 2023 to 29 June 2023, one Member of the Management Board; from 29 June 2023 to 9 July 2023, two Members of the Management Board; and from 10 July 2023 to 31 December 2023, three Members of the Management Board.

6.5. Bank shares held by members of the Management Board and the Supervisory Board

The Bank reported that as at 31 December 2023 none of the members of the Bank's Management Board and none of the members of the Bank's Supervisory Board held:

- any Bank shares or rights thereto;
- any shares in the Bank's affiliates.

As at the end of 2023, Arkadiusz Garbarczyk, Vice-President of the Management Board, held 22,308 phantom shares granted under the variable remuneration scheme.

VII. NON-FINANCIAL STATEMENT

The non-financial statement constitutes the **ESG Report** of the **BOŚ Group for 2023**.

1. Letter from the President of the Management Board

GRI [2-22]
ESRS 2 (BP-1)

Dear Stakeholders,

I am pleased to present the BOŚ Group's ESG Report for the year 2023. This document provides comprehensive insights into the impact of our operations on the environment, emphasising BOŚ's dedication to environmental protection, employee welfare, stakeholder interests, and the highest standards of corporate governance. The report also summarises the achievements of our 2021-2023 ESG Strategy and outlines the key initiatives and ambitions for the future, as detailed in the ESG Strategy for 2024-2026, published in December 2023.

Last year was demanding for our bank and the entire Polish economy. Despite the continuing geopolitical risks, market volatility, economic slowdown, and regulatory pressures on the banking sector, the BOŚ Group ended 2023 with strong financial results. We steadfastly followed the path set in our 2021 ESG strategy, meeting our goals and building solid foundations. As we move into 2024, we are well-positioned for continued growth and success in the era of green transition, with a clear and ambitious plan for the future.

Out of the 23 key performance indicators (KPIs) set in our previous ESG Strategy for completion in 2023, we fully achieved 17, with some even exceeding the targets. The remaining KPIs are expected to be met shortly. The ESG Strategy for 2024-2026 ambitiously continues the core objectives of its predecessor, including the goal of achieving climate neutrality for the BOŚ Capital Group in Scopes 1 and 2 by 2030. I am confident in our ability to reach this milestone.

The effectiveness and consistency of BOŚ have been validated by Morningstar Sustainalytics. For the third consecutive year, the bank underwent an evaluation by this rating agency and consistently improved its score. In the successive assessments, BOŚ received ESG Risk Ratings of 19.9 in 2021, 14.2 in 2022, and 12.2 in 2023. These progressively lower scores indicate systematic improvement in managing ESG risk, with each rating classified as 'Low Risk.' The latest score places BOŚ among the top 6% of the best-rated banks globally, out of over one thousand financial institutions assessed, and within the top 5% of nearly 15.8 thousand companies worldwide evaluated by Morningstar Sustainalytics. For us, this is not only a source of satisfaction but also an objective confirmation that BOŚ is advancing sustainably, effectively integrating ESG goals with business objectives, even in challenging market conditions.

As a bank specialised in financing and supporting the green transition, we aim to be the lender of first choice for companies undertaking eco-friendly projects. We will achieve this by further developing green financial products, supported by the expertise of environmental engineers, a distinctive feature of BOŚ in the market.

As a responsible organisation, we will work to reduce the carbon footprint of the entire BOŚ Group and promote educational initiatives and pro-environmental attitudes. Our employees remain at the centre of our focus, as we support their professional development, self-fulfilment, and volunteer activities.

We are committed to achieving our business goals with full transparency, adhering to the highest standards of business ethics, and building a sustainable value chain around BOŚ.

Yours faithfully,



Paweł Trętowski

Member of the Supervisory Board delegated
to temporarily serve as Management Board Vice President responsible
for managing the work of the Management Board

2. Bank Ochrony Środowiska S.A. Group

GRI [2-1] [2-6]
ESRS 2 [BP-1] [SBM – 1]

2.1. Vision and mission

Bank Ochrony Środowiska S.A. is a Polish bank specialising in the financing of a wide range of environmental projects. The environmental protection mission, provided for in the Bank's Articles of Association since its inception in 1991, guides its business and educational activities.

MISSION

We provide comprehensive finance and support for initiatives driving the transition towards a greener future.

VISION

BOŚ is the specialised bank of first choice for corporate clients seeking to make investments that promote environmental sustainability. We are a valued partner in banking services.

The Bank operates in accordance with the regulations of the Banking Law Act, the Commercial Companies Code and other laws of Poland, and on the basis of authorisations to perform banking operations which expose any repayable funds to risk.

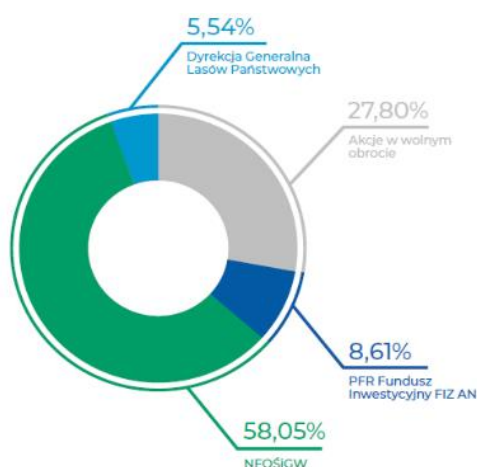
The Bank's headquarters are situated at ul. Żelazna 32 in Warsaw, Poland. Operating activities are conducted in Poland. The Bank has a network of 54 outlets, including 16 business centres and 38 operating branches. In addition, the Bank has four client service offices, which are offsite organisational units of operating branches.

The Bank provides comprehensive financing for green transition by offering unique products, dedicated expert support, and a variety of financial instruments. Its services support the development of investments that have positive social, economic and environmental impacts. To corporate clients, the Bank offers preferential credit for environmental protection projects, supporting their business growth. Over the past three decades, the Bank has extended credit facilities of PLN 28.9 billion for the financing of environmental projects.

Funds deposited with BOŚ are guaranteed by the Bank Guarantee Fund.

BOŚ shares have been listed on the main market of the Warsaw Stock Exchange since 1997.

2.2 Shareholding structure



Dyrekcja Generalna Lasów Państwowych	Dyrekcja Generalna Lasów Państwowych (Directorate General of State Forests)
Akcje w wolnym obrocie	Free-float
PFR Fundusz Inwestycyjny FIZ AN	PFR Fundusz Inwestycyjny FIZ AN
NFOŚiGW	NFOŚiGW

For more information visit the Bank's website – Shareholding structure
<https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/akcjonariat>

2.3 BOŚ in numbers

GRI [2-6]

	2023	2022	2021
Total number of employees at the Bank (FTEs)	1,268	1,210	1,158
Total number of employees at Group companies	320	316	275
Total number of employees at the Group	1,588	1,526	1,433
Total number of business units	4	4	4
Number of clients (thousand)	154.0	160.5	176.4
Interest income (consolidated) [PLN thousand]	1,598,700	1,205,878	430,640
Total assets (consolidated) [PLN thousand]	22,032,451	22,006,181	20,229,559
Total market value of BOŚ shares	1,044,732	784,478	845,824

2.4 Financial results

GRI [201-1]

Consolidated data of the BOŚ Group	2023	2022	2021	% change 2023/2022
Net interest income [PLN million]	811	758	374	+7.0%
Net fee and commission income [PLN million]	132	128	142	+3.1%
Net profit [PLN million]	78	128	47	-30.5%
Loans and other amounts due from clients at year-end [PLN billion]	10.8	11.1	11.5	-2.8%
Balance of green loans at year-end [PLN billion]	4.9	5.1	4.8	-5.9%
Amount of loans advanced during the year [PLN billion]	5.2	3.7	4.2	+40.5%

Amount of green loans advanced during the year [PLN billion]	2.2	1.6	1.7	+37.5%
--	-----	-----	-----	--------

For more information, visit the Bank's website – Current and periodic reports:

<https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/raporty-biezace-i-okresowe>

2.5 History of the Bank

Bank Ochrony Środowiska S.A. stands as the sole Polish banking institution with the primary mission of supporting environmental-friendly investments since its formation. It was established by the initiative of the National Fund for Environmental Protection and Water Management. In the 1990s, it emerged as a response to the period's comprehensive transformation challenges, spanning political, economic, and social changes. The Bank was registered in the commercial register in 1991. Reflecting its operational focus, in its inaugural year, the Bank appointed its first environmental specialist. An agreement was also signed with the National Fund for Environmental Protection and Water Management regarding the principles of granting preferential loans for environmental protection purposes. Since 1997, the Bank's shares have been listed on the main market of the Warsaw Stock Exchange. A detailed calendar of important events is available at <https://www.bosbank.pl/informacje-korporacyjne/o-banku>.

For more than 30 years, the Bank has specialised in financing the green transition in Poland, offering its clients an attractive range of products, expert support and a variety of financial instruments.

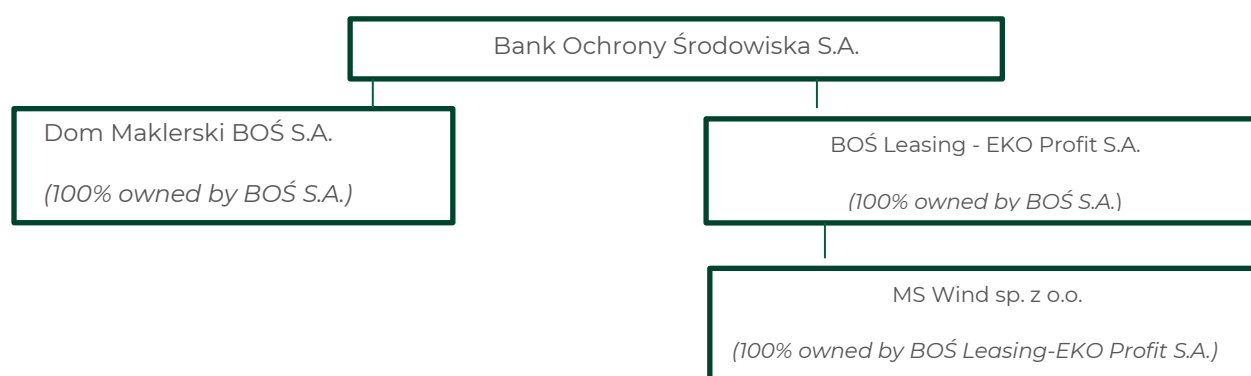
Environmental effects of BOŚ-funded projects completed between 1991 and 2023:

Environmental effects	Unit	Data as at 31 December 2023
Renewable energy production	[MWh per year]	3.3 million
Waste disposed of or recovered	[tonnes per year]	7.3 million
Length of sewer network	[km]	9.5 thousand
Wastewater treatment plant capacity	[m ³ /day]	2.6 million
Emissions reduction		
– particulate matter	[tonnes per year]	140 thousand
– SO ₂	[tonnes per year]	0.5 million
– NO _x	[tonnes per year]	49 thousand
– CO ₂	[tonnes per year]	4.3 million

2.6. The BOŚ Group BOŚ

GRI [2-1] [2-2] [2-6]
ESRS 2 [BP-1]

The Bank Ochrony Środowiska Group (alternatively referred to as the 'BOŚ Group')



The parent Bank Ochrony Środowiska S.A. (alternatively referred to as 'BOŚ' or the 'Bank') is a joint-stock company listed on the Warsaw Stock Exchange. BOŚ S.A. has direct subsidiaries Dom Maklerski BOŚ S.A. and BOŚ Leasing - EKO Profit S.A. and an indirect subsidiary MS Wind Sp. z o.o.

Dom Maklerski Banku Ochrony Środowiska S.A. (alternatively referred to as 'DM BOŚ' or the 'Brokerage House') has operated in the capital market since 1995. It is one of the longest-operating brokerage houses in Poland and a leading entity in the brokerage services market, most frequently chosen by investors due to its extensive range and the quality of services offered. Dom Maklerski BOŚ S.A. is a Polish-owned brokerage providing a full suite of products to its clients and partners. DM BOŚ offers its retail and institutional clients high-quality products including Polish and foreign stock exchanges, OTC markets, asset management, and pension products (individual pension accounts IKE/individual pension security accounts IKZE). Responding to market expectations, DM BOŚ actively participates in green bond issuances as an organiser and lead manager.

BOŚ Leasing- EKO Profit S.A. (alternatively referred to as 'BLEP S.A.')

complements the BOŚ Group's offering with a full range of leasing services, providing, among other things, financing for equipment that helps reduce businesses' environmental impact. The company also offers dedicated solutions for farmers, and leases of many other types of machinery and equipment, including means of transport.

MS Wind Sp. z o.o. is an indirect subsidiary (wholly-owned by BOŚ Leasing - EKO Profit S.A.) that owns a wind farm project and operates in the area of electricity generation.

The Bank's Management Board launched an initiative in 2009 to establish a foundation that would support delivery of the organisation's mission. Thus, the **BOŚ Foundation** was formed As the first foundation in the banking sector that promotes environmental protection, ecology, and sustainable development,

the **BOŚ Foundation** is a non-governmental organisation separate from its main founder Bank Ochrony Środowiska.

The BOŚ Foundation operates its own programmes and projects, collaborates with other non-governmental organisations, promotes employee volunteering, takes part in developing and implementing the Bank's social responsibility strategy, and offers financial support to specific third-party projects.

3. STRATEGY AND BUSINESS MODEL

GRI [2-6]

The key focus of BOŚ's operations is to support initiatives aimed at environmental protection. Currently, as the green transformation is one of the economic priorities, the experience and competencies of BOŚ are even more valuable.

Our approach is customer-centric – by identifying and addressing clients' needs, we drive the Bank's revenue. We focus on strategic priorities, organisational efficiency, and profitability, always mindful of the natural environment and workplace conditions.

A key strength of our Bank is its dynamic responsiveness to market conditions. This is manifest in BOŚ's evolving product offerings, which are regularly refined to align with regulatory and market requirements, effectively meeting critical customer needs while upholding our commitment to environmental protection.

We provide the Bank's clients with **attractive financial products** in a modern form through dedicated distribution channels. We offer **deposit, credit and payment products for all client groups** as well as **specialist products** for selected client groups.

The Bank is committed to establishing a sustainably profitable business and operational framework. Throughout the implementation of our business strategy, this framework is designed to facilitate continuous improvements across all key performance indicators, including ROE, WNDB, cost-to-income ratio (C/I), non-performing loans (NPL), Green Assets, and growth in employee engagement.

3.1. Business strategy

GRI [2-6] [2-23] [2-24]
ESRS 2 [SBM – 1] [SBM – 3]

The modifications in financial indicators and strategic metrics in Bank Ochrony Środowiska S.A.'s Updated Strategy for 2021–2023 were approved in April 2023. The reasons for updating the Strategy included changes in the Bank's external environment, such as modifications in the legal framework and associated risks that resulted in increased burdens on the banking sector, as well as the geopolitical situation and its impact on the macroeconomic climate.

Continued efforts were concentrated on:

- dynamic and comprehensive support for clients in the green transition;
- in corporate banking, proactive servicing of SMEs and facilitation of green investments in large companies and local government units; support for sectors and technologies aimed at reducing greenhouse gas emissions and utilising public funds (both national and EU), with a focus on the energy, transport, construction, industrial, and local government sectors;
- in retail banking, activities in two product groups: loans and digital term deposits;
- maintaining the Bank's independent ESG risk rating at a low level, reaffirming the organisation's commitment to sustainable development, particularly in environmental protection and employee welfare, and respecting the interests of all stakeholders.

An undisputed advantage of BOŚ is its green brand. The Bank's name has a clear association with environmental protection, and its efforts, including carbon footprint measurement and reduction activities, reflect its commitment to environmental stewardship.

The reflection of our aspirations is encapsulated in the 'Strategy of Bank Ochrony Środowiska S.A. for 2024-2026,' published on 15 December 2023. It outlines a focus on supporting clients through the green transformation, with a priority emphasis on corporate clients. Among the priority initiatives for the upcoming years are process and product optimisations, as well as digitalisation efforts, all aimed at enhancing the Bank's efficiency and profitability.

For more information, visit the Bank's website: https://www.bosbank.pl/_data/assets/pdf_file/0017/51731/Strategia-Banku-Ochrony-srodowiska-na-lata-2024-2026.pdf

3.2. ESG Strategy

GRI [2-6] [2-12] [2-23] [2-24]

ESRS 2 [SBM – 1] [SBM – 3] [MDR-A] [MDR-M] [MDR-T]

The ESG Strategy of Bank Ochrony Środowiska S.A. is a comprehensive document that governs the Bank's approach to sustainable development. The three pillars of the ESG Strategy include activities crucial from the perspective of BOŚ's impact on environmental protection, societal care, and adherence to the highest standards of corporate governance. The objectives of the strategy are aligned with ESG criteria and reflect the Group's commitment to responsibly managing its operations in a stable manner, with respect for communities and natural resources.

The Bank consistently implements and continuously monitors performance against the ESG Strategy commitments, indicators, and deadlines. ESG Strategy progress reports are submitted to the ESG Committee and the Bank's Management Board every quarter and to the Environmental Protection Committee and the Supervisory Board every six months.

Podsumowanie realizacji KPI Strategii ESG w 2023 r.

KPI Strategii	Poziom realizacji działań	KPI Strategii	Poziom realizacji działań	KPI Strategii	Poziom realizacji działań
Kalkulacja i ogłoszenie planu zmniejszenia emisyjności portfela kredytowego w 2023 r.		Zwiększenie wskaźnika zaangażowania pracowników do co najmniej 46%**	n.d.	Do końca 2023 r. zmniejszenie śladu węglowego o 20% względem 2020 r.	
Podwojenie sprzedaży kredytów dla MŚP z dopłatą/premią w 2023 r.		Do 2023 r. zwiększenie wskaźnika pozytywnego postrzegania BOŚ o 8 p.p. jako marki wśród pracowników**	n.d.	Przeгляд systemu zarządzania ryzykiem Banku w zakresie ryzyk ESG	
Wprowadzenie systemu zarządzania odpadami uwzględniającego odpady niebezpieczne, gospodarkę papierem i plastikiem do 2023 r.		Zwiększanie liczby programów Fundacji o co najmniej 2 rocznie		Ocena portfela uwzględniająca ryzyka ESG	
Do 2023 r. udział zielonych kredytów dla segmentu bankowości instytucjonalnej w wolumenie kredytów ogółem powyżej 50%		Działania edukacyjne w ramach inicjatywy „BOŚmy pełni zielonej energii” – (publikacje, warsztaty, inicjatywy angażujące partnerów w regionach itp.)		100% nowych transakcji z klientami instytucjonalnymi objętych oceną ryzyka ESG od 2023 r.	
Wypracowanie standardów środowiskowych dla placówek w 2023 r.		Raportowanie zgodnie ze standardami GRI – Publikacja Raportu ESG raz w roku		Zapewnienie ekspertyzy ekologa w każdym centrum biznesowym	
75% udział źródeł światła energooszczędnego od 2023 r.		Wdrożenie ujawnień zgodnych z wytycznymi TCFD i najlepszymi praktykami rynkowymi w raporcie ESG w 2023 r.		Stworzenie Przewodnika dla rynku w zakresie zasad zrównoważonego finansowania	
Coroczny przegląd płac		Uzyskanie lepszej oceny ratingu ESG w 2023 r. (aktualizacja wewnętrzna – utrzymanie oceny na poziomie niskiego ryzyka ESG)		Stworzenie standardu komunikacji marketingowej z uwzględnieniem elementów edukacji ekologicznej	
Coroczna Konferencja BOŚ*	n.d.	Dążenie do neutralności klimatycznej (30% pojazdów hybrydowych lub elektrycznych we flocie Banku do końca 2023 r.)			

Podsumowanie realizacji KPI Strategii ESG w 2023 r.	Summary of progress towards KPI under the ESG Strategy in 2023
KPI Strategii	Strategy KPI
n.d.	N.A.
Poziom realizacji działań	Progress
Kalkulacja i ogłoszenie planu zmniejszenia emisyjności portfela kredytowego w 2023 r.	Calculate and announce the plan for reducing the emissions of the credit portfolio in 2023
Podwojenie sprzedaży kredytów dla MŚP z dopłatą/premią w 2023 r.	Double sales of subsidised/bonus loans to SMEs in 2023
Wprowadzenie systemu zarządzania odpadami uwzględniając odpady niebezpieczne, gospodarkę papierem i plastikiem do 2023 r.	Implement a waste management system, including hazardous waste as well as paper and plastic management, by 2023
Do 2023 r. udział zielonych kredytów dla segmentu bankowości instytucjonalnej w wolumenie kredytów ogółem powyżej 50%	Increase the share of green loans in the institutional segment to over 50% of the total loan volume by 2023
Wypracowanie standardów środowiskowych dla placówek w 2023 r.	Establish environmental standards for all facilities by 2023.

75% udział źródeł światła energooszczędnego od 2023 r.	Ensure that 75% of light sources are energy-efficient starting from 2023
Coroczny przegląd płac	Hold annual pay review
Coroczna Konferencja BOŚ*	Hold annual BOŚ Conference*
Zwiększenie wskaźnika zaangażowania pracowników co najmniej 46%**	Increase employee engagement ratio to at least 46%**
Do 2023 r. zwiększenie wskaźnika pozytywnego postrzegania BOŚ o 8 p.p. jako marki wśród pracowników**	Increase the positive perception of BOŚ as a brand among employees by 8 pp by 2023**
Zwiększenie liczby programów Fundacji o co najmniej 2 rocznie	Increase the number of the Foundation's programmes by at least two per year
Działania edukacyjne w ramach inicjatywy „BOŚmy pełni zielonej energii” – (publikacje, warsztaty, inicjatywy angażujące partnerów w regionach itp.)	Educational initiatives under 'BOŚmy pełni zielonej energii': conduct various activities including publications, workshops, and initiatives that engage regional partners
Raportowanie zgodnie ze standardami GRI-Publikacja Raportu ESG raz w roku	Publish an ESG Report annually in accordance with GRI standards
Wdrożenie ujawnień zgodnych z wytycznymi TCFD i najlepszymi praktykami rynkowymi w raporcie ESG w 2023 r.	Incorporate TCFD-compliant disclosures and best market practices into the ESG Report by 2023
Uzyskanie lepszej oceny ratingu ESG w 2023 r. (aktualizacja wewnętrzna- utrzymanie oceny na poziomie niskiego ryzyka ESG)	Achieve a better ESG rating in 2023 (internal update: maintain a low ESG risk rating)
Dążenie do neutralności klimatycznej (30% pojazdów hybrydowych lub elektrycznych we flocie Banku do końca 2023 r.)	Ensure that 30% of the Bank's fleet consists of hybrid or electric vehicles by the end of 2023
Do końca 2023 r. zmniejszenie śladu węglowego o 20% względem 2020 r.	Reduce the carbon footprint by 20% compared with 2020 levels by the end of 2023
Przegląd systemu zarządzania ryzykiem Banku w zakresie ryzyk ESG	Conduct a review of the Bank's risk management system concerning ESG risks
Ocena portfela uwzględniająca ryzyka ESG	Evaluate the loan portfolio with consideration of ESG risks
100% nowych transakcji z klientami instytucjonalnymi objętych oceną ryzyka ESG od 2023 r.	Ensure that 100% of new transactions with institutional clients undergo ESG risk assessment starting in 2023
Zapewnienie ekspertyzy ekologa w każdym centrum biznesowym	Ensure access to an environmental engineer in every business centre
Stworzenie Przewodnika dla rynku w zakresie zasad zrównoważonego finansowania	Develop a comprehensive guide for the market on the principles of sustainable financing
Stworzenie standardu komunikacji marketingowej z uwzględnieniem elementów edukacji ekologicznej	Establish a marketing communication standard including an environmental education component

* In 2023, the Bank decided to not organise its own Conference.

** The survey to measure the indicators was postponed until 2024.

In December 2023, the Bank issued the ESG Strategy for the BOŚ Group for the years 2024-2026. This strategy builds on our previous commitments and outlines a set of actions focused on the Bank's impact on environmental protection, social responsibility, and adherence to the highest standards of corporate governance.

The strategy's objectives align with the assumptions of the United Nations' '2030 Agenda for Sustainable Development'.

The ESG Strategy for 2024-2026 aims to achieve climate neutrality for the BOŚ Group in Scopes 1 and 2 by 2030, increase the employee engagement rate to 58% by 2026, and maintain a low-risk ESG rating.

The goals set in the ESG Strategy are measurable and their progress can be tracked, with annual ESG Reports enabling assessment of the progress.



In 2023, BOŚ underwent an ESG assessment by **Morningstar Sustainalytics**² for the third consecutive year. In 2021, we achieved a very good rating of 19.9 ('Low Risk'), and in 2022, we received a rating of 14.2 ('Low Risk').



In 2023, the Bank advanced in the ESG rating and achieved an overall ESG Risk score of 12.2 ('Low Risk'), placing it among the top 6% of highest-rated banks and within the top 5% of leading companies globally. 'Low Risk' signifies low exposure to the risk of experiencing adverse financial impacts from environmental, social and governance factors. For more information, visit the Bank's website: <https://www.bosbank.pl/ESG/esg/strategia-i-raport-esg>



² Copyright © [2023] Morningstar Sustainalytics. All rights reserved. This [publication] contains information prepared by Sustainalytics (www.sustainalytics.com). The information and data are proprietary of Sustainalytics and/or its third-party suppliers (Third-Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor investment advice And are not warranted to be complete, up-to-date, accurate or fit for a particular purpose. Their use is subject to conditions available <https://www.sustainalytics.com/legal-disclaimers>.

3.3. Contribution to the achievement of UN Sustainable Development Goals

GRI [2-23] [2-24]

ESRS 2 [MDR-A] [MDR-M]

PILLAR	OBJECTIVES OF THE ESG STRATEGY FOR 2024-2026	ACTIVITIES AND KPIS	UN GLOBAL GOALS
Green change leader	<p>We support green transition We consistently expand our green product portfolio. We ensure that our financial offerings are tailored to address the environmental protection challenges in Poland. We provide our clients with expert support to help them deliver positive results for the environment.</p> <p>Green transition starts at home We not only set the highest environmental requirements for our clients and trading partners but also, as an organisation, make an effort to continuously mitigate our environmental impacts.</p>	<p>External activities We actively engage in financing sustainable investment projects.</p> <p>KPI: Share of green assets in the Bank's corporate client portfolio above 50%*.</p> <p>* based on internal criteria for including transactions in the Bank's green portfolio</p> <p>Internal activities We implement top standards for managing our environmental impacts.</p> <p>KPI: Validation, announcement and delivery of the Group's decarbonisation plan consistent with the Paris Agreement under the Science Based Targets initiative in 2024.</p>	
Socially active bank	<p>We promote sustainability We invest in the education and development of our clients, providing them with access to relevant knowledge and expertise. In our activities for the society we are guided by the objective of exerting a positive influence not only on our clients, but also on those in need. We carry out a number of important social initiatives through the programmes run by the BOŚ Foundation.</p> <p>We are building a sustainable organisation</p>	<p>External activities We pursue our mission through education and participation in sustainable development partnerships</p> <p>KPI: Steady increase at the BOŚ Group of employee engagement in volunteering initiatives.</p> <p>Internal activities</p>	

	<p>We cultivate a friendly and engaging workplace at the Bank pursuing a green mission. Our commitment extends to providing employees with opportunities for continuous development. We hold a strong belief in and actively support workforce diversity, well-being and work-life balance.</p>	<p>We are creating an engaging and friendly workplace by implementing clear employment policies, respecting diversity, and supporting employee development.</p> <p>KPI: Increase employee engagement rate to 58% in 2026.</p>	
<p>Conscious organisation</p>	<p>We integrate transparency with accountability We are improving transparency practices and effectively adapting to new regulations. We are open to external ESG evaluation and intend to maintain our strong ESG ratings in the coming years.</p> <p>We manage ESG responsibly Given the dynamics of the changing environment in which we operate, we provide the best possible solutions for risk management and we seek to improve our internal sustainability solutions on an ongoing basis.</p>	<p>External activities We conduct our business in a transparent manner, using best ESG practices.</p> <p>KPI: ESG rating – maintaining the Bank’s independent ESG rating at the low risk level.</p> <p>Internal activities We effectively manage ESG risks.</p> <p>KPI: Incorporating sustainable development goals into the incentive systems for the Management Board and all employees.</p>	

3.4. ESG governance structure

GRI [2-12] [2-13] [2-23]
ESRS 2 [GOV-1] [GOV-2]

Oversight of ESG issues, including the implementation of strategic goals, is exercised at all levels of the organisation.

The **Bank's Supervisory Board** approves and supervises the implementation of the ESG Strategy adopted by the Bank's Management Board, and the Bank's climate and environmental policies.

The **Environmental Protection Committee**, acting in an advisory capacity, supports the Bank's Supervisory and Management Boards in expanding the Bank's pro-environmental activities and identifying areas of its environmental protection activities, supporting the implementation of BOŚ S.A.'s corporate mission through recommendations and opinions setting directions for future growth in the area of environmental protection.

The Bank's Management Board implements climate and environmental policies and other internal regulations, ensuring operability of the ESG management system. ESG issues are reported directly to the Management Board member responsible for the Management Area including the Analysis, Strategy and Environmental Protection Division; Management of ESG risks is overseen by the Vice President of the Bank's Management Board responsible for the Risk Area.

The ESG and Green Projects Committee comprising the President of the Bank's Management Board acting as the Chair of the ESG Committee and directors representing areas of key importance to the ESG strategy implementation at BOŚ. The ESG and Green Projects Committee:

- exercises strategic oversight over the Bank's ESG activities;
- serves in a consultative and advisory capacity to the Bank's Management Board;
- monitors the implementation of the Bank's ESG strategy;
- issues opinions on schedules for updating the existing ESG strategy and implementing new ESG strategies;
- issues its position to the Bank's Management Board on the recommended directions for further strategic growth in areas covered by the Bank's ESG strategy;
- issues opinions on drafts of new ESG strategies or updates to an existing ESG strategy;
- presents opinions to the Management Board regarding: the development or updates of the ESG strategy; implementation of the adopted strategic objectives, as part of the quarterly reporting process; reasons for updating the Bank's ESG strategy; priority actions in ESG areas; drafts of internal policies and regulations concerning matters falling within the scope of the ESG Strategy and ESG Reports;
- performs other tasks supporting the implementation of the Bank's ESG strategy, as requested by the Bank's Management Board.

Organisational units responsible for identifying, measuring, monitoring, controlling and mitigating ESG risks and business units responsible for day-to-day ESG management in line with the model established by the Bank's Management Board;

The organisational unit responsible for coordinating activities related to the ESG Strategy and Rating is the **Environmental Policy, ESG and Taxonomy Department (DPT)**.

DPT reports on the implementation of the ESG strategy:

- quarterly – to the Bank's Management Board and the ESG and Green Projects Committee;
- semi-annually – to the Bank's Supervisory Board and the Environmental Protection Committee.

3.5 Key policies and documents outlining our approach to ESG in the reporting period

GRI [2-13] [2-23]
ESRS 2 [MDR-P] ESRS [E1-2]

Key ESG documents and regulations applied by BOŚ and its subsidiaries

<p>ESG strategy of the BOŚ S.A. Group for 2024-2026 https://www.bosbank.pl/_data/assets/pdf_file/0029/57575/Strategia-ESG_15122023_.pdf</p>	<p>The ESG Strategy of the BOŚ Group for 2024-2026 is a comprehensive document governing the entire organisation's approach to sustainable development. It is aligned with the business strategy. The three pillars of the ESG Strategy include activities crucial from the perspective of BOŚ's impact on environmental protection, societal care, and adherence to the highest standards of corporate governance. The Strategy's objectives are measurable and allow for progress monitoring over time. They are aligned with ESG criteria and reflect BOŚ Group's commitment to responsibly managing its operations in a stable manner, with respect for communities and natural resources. The ESG Strategy aligns with the assumptions of the United Nations' '2030 Agenda for Sustainable Development'. The Bank is a signatory to the Partnership for the Implementation of the Sustainable Development Goals in Poland (https://www.gov.pl/web/rozwoj-technologie/partnerstwo-na-rzecz-realizacji-celow-zrownowazonego-rozwoju-w-polsce).</p>
<p>E – ENVIRONMENTAL</p>	<p>GREEN CHANGE LEADER</p>
<p>Climate Policy of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0013/40333/Polityka-klimatyczna_14.12.2023_PL.pdf</p>	<p>The Climate Policy outlines strategic actions for Bank Ochrony Środowiska S.A., focusing on combating and adapting to climate change and achieving the Bank's emission reduction targets in line with the ESG Strategy. The policy facilitates the implementation of tasks derived from documents on sustainable financing and climate-related reporting. It incorporates provisions of the Paris Agreement and the European Union's legislative packages, including, without limitation, the European Green Deal, Fit for 55, and national strategy documents.</p> <p>Policy objectives will be pursued through actions focusing on:</p> <ul style="list-style-type: none"> ● reducing the Bank's carbon footprint; ● supporting clients' climate transition processes; ● reducing financing to high-emitting sectors and projects; ● managing risks related to climate change; ● capturing opportunities and potential positive effects of climate change.
<p>Environmental policy of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0016/40336/Polityka-srodowiskowa_13.12.2023_PL.pdf</p>	<p>The environmental policy deals with the Bank's environmental impacts, setting out goals and commitments to minimise risks arising from irresponsible use of natural resources. The policy incorporates ESG aspects into business decision making and provides for regular monitoring of the Bank's carbon footprint.</p> <p>The policy sets out BOŚ's commitment to ensuring compliance with applicable environmental protection laws, promoting sustainability among its clients, pollution prevention, application of good market practices in environmental protection, and promoting environmental education among stakeholders.</p>
<p>S – SOCIAL</p>	<p>SOCIALLY ACTIVE BANK</p>
<p>Diversity policy of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0015/40335/Polityka-roznorodnosci_.pdf</p>	<p>The diversity policy sets out the rules for preventing employment discrimination. The Bank's commitment to diversity means that it does not discriminate against any person, whether directly or indirectly, on the basis their gender, age, disability, medical condition, race, nationality, ethnicity, religion, denomination, irreligion, political views, union membership, sexual orientation, gender identity, family status, lifestyle, basis of employment, or other grounds that may give rise to discriminatory practices.</p> <p>The diversity policy applies to all employees of the Bank, regardless of the position they hold.</p>

	<p>Bank Ochrony Środowiska S.A. promotes diversity by:</p> <ul style="list-style-type: none"> • Proactively countering workplace bullying, discrimination and harassment based on the Anti-Bullying Policy; • Conducting recruitment processes in a manner ensuring equal opportunities to candidates applying for the same position in accordance with the internal <i>Recruitment Rules</i>; • Supporting the employment of people with disabilities; • Transparent employee remuneration and compensation policy, which ensures equal treatment to all employees; • Employee evaluation system;
<p>Diversity policy for members of the Management Board of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0022/4/2268/Polityka-Roznorodnosci-w-odniesieniu-do-czlonkow-Zarzadu_.pdf</p>	<p>The diversity policy for members of the Management Board aims to:</p> <ul style="list-style-type: none"> • Promote diversity in appointing members of the Bank's Management Board, • Support the pursuit of the Bank's strategic objectives by ensuring diversity among the members of the Management Board, • Ensure that members of the Bank's Management Board represent a broad spectrum of characteristics and competencies, such as diverse skills, educational background, professional experience, knowledge, gender, and age.
<p>Human Rights Policy of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0014/4/0334/Polityka-ochrony-praw-czlowieka..pdf</p>	<p>The human rights policy describes how human rights are supported and respected through:</p> <ul style="list-style-type: none"> • Non-discrimination, • Freedom of association, • Opposition to forced labour, • Appropriate working and pay conditions, • Occupational health and safety, • Integrity, • Respect for privacy, • Whistleblowing procedures. <p>As part of its commitment to respecting human rights, BOŚ strives to identify, assess, prevent and mitigate the risk of human rights violations by taking prompt and adequate action whenever any indication of such risk arises.</p> <p><i>The Bank acknowledges its responsibility for respecting and protecting fundamental human rights and undertakes to respect the same in accordance with the United Nations Universal Declaration of Human Rights as well as other internationally recognised norms and standards. BOŚ complies, inter alia, with International Labour Organisation conventions, in particular Discrimination (Employment and Occupation) Convention No. 111.</i></p>

<p>Supplier Code of Conduct of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0018/40338/Standardy-postepowania-dla-dostawcow-Banku-Ochrony-srodowiska_.pdf</p>	<p>As part of our commitment to build a sustainable supply chain, on 1 December 2021 we implemented the Supplier Code of Conduct of Bank Ochrony Środowiska S.A. Since that date, every new supplier that intends to perform contracts for BOŚ has been required to agree to adhere to and cause its subcontractors to adhere to the ESG standards, and to confirm this agreement by making a relevant statement. In 2022, the Code was further expanded to include compliance with basic labour rights, specifically addressing minimum wage and maximum working hours.</p>
<p>Declaration on building strong relationships with societal stakeholders and mitigating adverse social impacts of Bank Ochrony Środowiska S.A.</p>	<p>As part of its efforts to be a good corporate citizen and to build strong relationships with external stakeholders, in December 2022, the Bank adopted a Declaration on building strong relationships with societal stakeholders and mitigating adverse social impacts of Bank Ochrony Środowiska S.A.</p> <p>The purpose of the Declaration is to:</p> <ul style="list-style-type: none"> • define the Bank's responsibility for the effects its decisions and activities have on the general public and the environment; • provide transparent and ethical policies on environmental impact management that would contribute to the achievement of sustainable development goals, also thanks to alignment with stakeholder expectations.
<p>G – GOVERNANCE</p>	<p>CONSCIOUS ORGANISATION</p>
<p><u>Development Strategy of Bank Ochrony Środowiska S.A. for 2021–2023</u> https://www.bosbank.pl/_data/assets/pdf_file/0017/51731/BOS-SA_Strategia_aktualizacja-19.04.2023_.pdf</p>	<p>The Bank's development plan for 2021-2023 considered the economic impacts of the COVID-19 pandemic, the war in Ukraine, and EU and national initiatives aimed at achieving climate neutrality. The Bank placed even greater emphasis on consulting capabilities and expertise in green financial products, as well as providing comprehensive support for Polish companies and local governments in their green transition efforts. The offerings for retail clients were also focused on financing green investments.</p>
<p>Strategy of Bank Ochrony Środowiska S.A. for 2024-2026 https://www.bosbank.pl/_data/assets/pdf_file/0017/51731/Strategia-Banku-Ochrony-srodowiska-na-lata-2024-2026.pdf</p>	<p>Strategy of Bank Ochrony Środowiska S.A. for 2024-2026 outlines:</p> <ul style="list-style-type: none"> • The Bank's mission: 'We provide comprehensive finance and support for initiatives driving the transition towards a greener future.' • The Bank's vision: 'BOŚ is the premier specialist bank for corporate clients aiming to invest in projects that foster environmental sustainability. We are a valued partner in banking services.' <p>The new strategy focuses on supporting clients in the green transition, prioritising corporate clients. Among the priority initiatives for the upcoming years are process and product optimisations, as well as digitalisation efforts, all aimed at enhancing the Bank's efficiency and profitability.</p>
<p>ESG risk management policy at Bank Ochrony Środowiska S.A.</p>	<p>The ESG risk management policy at Bank Ochrony Środowiska S.A. defines an ESG risk management system that is tailored to the Bank's specific nature, size, and complexity. The policy defines ESG risk, outlines objectives for managing ESG risk, organises the ESG risk management system, establishes ESG risk management processes, sets ESG risk tolerance levels, and details the procedures for controlling and assessing ESG risk.</p>
<p>Client ESG risk assessment policies</p>	<p>In view of the change dynamics, the Bank offers the best possible risk management solutions. In 2021, principles for assessing ESG risks associated with potential borrowers were integrated into the credit risk assessment process. Every decision on providing financing to a business or local government institution is preceded by an assessment of the prospective client's engagement in ESG activities. Appropriate provisions have been included in</p>

	<p>the Bank's internal risk regulations and in the product documentation, which require clients to provide the Bank with relevant information.</p> <p>The ESG risk assessment considers factors such as compliance with environmental laws, prevention of environmental pollution, respect for employees' rights, preservation of positive local social relations, absence of corruption processes, and protection of customer data, among others.</p> <p>Under the new rules, the Bank refrains from providing financing to clients if critical risks are identified; critical risks are those whose materialisation or disclosure could potentially lead to a loss of a client's creditworthiness or have a negative impact on the Bank's reputation. This approach is reflected in the <i>Credit Risk Management Policy</i>, which states that, recognising the importance of integrating environmental, social, and corporate governance (ESG) factors into risk management and investment policies, the Bank seeks to support global climate change mitigation targets through its lending activities.</p>
<p>Code of Ethics https://www.bosbank.pl/_data/assets/pdf_file/0011/40331/Kodeks_Etyki_11_22.pdf</p>	<p>The Code of Ethics establishes a set of guidelines that all employees are expected to adhere to in their work, providing fundamental principles for fostering cooperation with trading partners and contractors.</p> <p>Being a listed company, Bank Ochrony Środowiska S.A. attaches great importance to ensuring that its business is conducted in a sustainable and ethical manner, considering these factors as fundamental principles that align with the Bank's mission and guide its operations.</p> <p>As an institution of public trust, the Bank operates in accordance with applicable laws, best market practices and the Code of Ethics. The Bank also complies with the Rules of Good Banking Practice adopted by the Polish Bank Association.</p>
<p>Policy to counteract and manage conflicts of interest at Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0020/49430/STRESZCZENIE_Polityka-konflikt_VI.pdf</p>	<p>The policy outlines measures for identifying, diagnosing, managing, and eliminating conflicts of interest that must be followed during the creation, development, design, co-creation, updating, and marketing of financial instruments, advisory services, and insurance products. It also applies to the execution of outsourcing agreements and other banking activities.</p>
<p>Anti-corruption policy of Bank Ochrony Środowiska S.A. https://www.bosbank.pl/_data/assets/pdf_file/0024/55509/Polityka-antykorupcyjna.pdf</p>	<p>BOŚ has a zero tolerance policy towards corruption in all aspects of its business. We are committed to building our image, reputation and clients' and trading partners' trust, including by taking steps to effectively counteract any form of corruption.</p> <p>The anti-corruption policy of Bank Ochrony Środowiska S.A. aims to uphold the Bank's commitment to the highest standards of integrity, honesty, and fairness in all internal and external activities.</p>
INTERNAL REGULATIONS AT BLP S.A.	
<p>Code of Ethics</p>	<p>The Code of Ethics establishes a set of guidelines that all employees are expected to adhere to in their work, providing fundamental principles for fostering cooperation with trading partners and contractors.</p>

	BOŚ Leasing - EKO Profit S.A. conducts its operations in accordance with legal regulations and principles of integrity, professionalism, accuracy, and due diligence. It builds widespread trust and enhances its reputation by promoting and adhering to the ethical standards upheld by the BOŚ S.A. Group.
Anti-corruption policy of BOŚ Leasing - EKO Profit S.A.	BLEP S.A. has a zero tolerance policy towards corruption in all aspects of its business. BLEP S.A. is dedicated to fostering a positive image, reputation, and trust among its clients and trading partners by taking effective measures to eliminate any form of corruption. The anti-corruption policy aims to uphold the commitment to the highest standards of integrity, honesty, and fairness in all internal and external activities.
INTERNAL REGULATIONS AT DM BOŚ	
Diversity policy for the composition of the Management Board of Dom Maklerski Banku Ochrony Środowiska S.A.	The diversity policy for members of the DM BOŚ Management Board aims to: <ul style="list-style-type: none"> • Promote diversity in appointing members of the Management Board, • Support the pursuit of the business and strategic objectives by ensuring diversity among the members of the Management Board, • Ensure that members of the Management Board represent a broad spectrum of characteristics and competencies, such as diverse skills, educational background, professional experience, knowledge, gender, and age.
Remuneration policy for employees of Dom Maklerski Banku Ochrony Środowiska S.A.	The aim of the Policy is to ensure the consistent and effective implementation of current legal requirements for preventing conflicts of interest or incentives that could lead employees to prioritise their own interests or those of Dom Maklerski to the potential detriment of any client. Additionally, it seeks to ensure investor protection and fair treatment of DM BOŚ clients. The Policy also aims to ensure that the remuneration of employees at DM BOŚ, as well as the assessment of their work, does not encourage them to act in an unreliable or unprofessional manner contrary to the best interests of DM BOŚ clients.
Procedure for the Selection and verification of members of the Management Board and Supervisory Board of Dom Maklerski Banku Ochrony Środowiska S.A.	The purpose of this procedure is to define the principles for the selection and verification of members of the Management Board and Supervisory Board of Dom Maklerski Banku Ochrony Środowiska S.A., including the principles for assessing their suitability (fit and proper assessment), both individually and collectively.
Strategy of Dom Maklerski Banku Ochrony Środowiska S.A. for 2024–2026	<u>Strategy of Dom Maklerski Banku Ochrony Środowiska S.A. for 2024–2026</u> outlines: <ul style="list-style-type: none"> • Mission: Providing brokerage services in a professional and innovative manner for the benefit of Clients • Values: respect for the environment; business integrity; responsibility; clear business rules; client satisfaction and trust.
Anti-corruption policy of Dom Maklerski Banku Ochrony Środowiska S.A.	DM BOŚ has a zero tolerance policy towards corruption in all aspects of its business. DM BOŚ is dedicated to fostering a positive image, reputation, and trust among its clients and trading partners by taking effective measures to eliminate any form of corruption. The anti-corruption policy of DM BOŚ S.A. aims to uphold the Brokerage House's commitment to the highest standards of integrity, honesty, and fairness in all internal and external activities.

<p>Policy to counteract and manage conflicts of interest at Dom Maklerski Banku Ochrony Środowiska S.A.</p>	<p>The Policy outlines the necessary actions for identifying, managing, and eliminating conflicts of interest during the provision of services by the Brokerage House.</p>
<p>Anti-misselling Policy</p>	<p>The aim of the policy is to regulate the sales processes within the services provided by DM BOŚ, ensuring they are conducted in a fair, professional manner, and in alignment with the best interests of the clients.</p>

3.6. BOŚ stakeholders and relations with the environment

GRI [2-29]

ESRS 2 [SBM-2]

Stakeholders are individuals or organisations that the Bank affects and that have an impact on the Bank. BOŚ considers the needs of stakeholders and incorporates their feedback into its operations. The Bank strives to achieve the highest standards in communication with the capital market, placing particular emphasis on the accuracy of information, transparency, and the equal treatment of all stakeholders. It also adheres to all legal requirements regarding the disclosure obligations of listed companies.

STAKEHOLDER GROUP	APPROACH
Shareholders Investors Capital market analysts Rating agencies	The Bank ensures that all capital market stakeholders have broad access to information about the Bank. We maintain regular contact and organise quarterly meetings with our Management Board at the time of publication of financial results. For more information, visit the Bank's website – Current and periodic reports: https://www.bosbank.pl/informacje-korporacyjne/relacje-inwestorskie/raporty-biezace-i-okresowe
Supervisory authorities and regulated market operators	The Bank works closely with supervisory authorities and regulated market operators. Informational materials and reports intended for supervisory authorities are regularly prepared.
Media	The Bank promptly responds to queries from journalists. The Bank distributes press releases, provides expert contributions to materials prepared by journalists, and publishes educational articles. For more information, visit the Bank's website – Press office https://www.bosbank.pl/informacje-korporacyjne/centrum-prasowe/serwis-prasowy
Employees and independent contractors	The Bank collects feedback from employees, including through regular satisfaction surveys. To this end, all internal communication tools, as well as direct meetings and discussions, are utilised. Emails are sent to the Bank's employees from the dedicated mailbox komunikacja@bosbank.pl . Information is also provided: <ul style="list-style-type: none"> • in the Intranet; • in a newsletter; • on bulletin boards and posters, and in leaflets.
Retail and institutional clients	The Bank interacts with clients through face-to-face meetings and phone calls. All client opinions regarding the quality of its service and products are thoroughly analysed. We offer various communication channels to our clients: <ul style="list-style-type: none"> • websites (contact form, online banking); • Contact Centre; • client satisfaction surveys; • social media: Facebook, Instagram and LinkedIn. The Bank conducts information and promotional campaigns, educational campaigns, and competitions promoting pro-environmental attitudes.
Business partners and suppliers	The Bank ensures continuous contact with its trading partners and suppliers. It builds and fosters relationships founded on integrity, trust, and shared responsibility for business practices encompassing health and safety, human rights, business ethics, employee well-being, and environmental stewardship throughout all stages of its operations.
Dom Maklerski BOŚ and BOŚ Leasing - EKO Profit	The Bank maintains ongoing internal communication between the Group companies.

3.7. Key partnerships

GRI [2-28]

The Bank actively engages in dialogue on environmental protection and sustainable finance, including participation in the work of task forces established by public administration entities such as the Ministry of Climate and Environment and the Polish Bank Association. Members of the Management Board and the Bank's experts participate in thematic conferences on environmental and climate issues, as well as various trade fairs.

In order to effectively make a change in the world around us, promote sustainable development, demonstrate best practices and educate the social environment, it is essential to establish alliances with financial sector institutions and cross-sector partnerships.

In 2021, BOŚ joined four sectoral agreements prepared by the Ministry of Climate and Environment in cooperation with investors, universities, public administration and financial institutions. These are:

- Sectoral agreement for the development of offshore wind energy in Poland;
- Polish hydrogen agreement;
- Cooperation agreement for the development of the biogas and biomethane sector;
- Cooperation agreements for the development of the solar photovoltaic sector.

The purpose of the agreements is to establish extensive cooperation for the development of specific sectors, for instance by supporting investors and entrepreneurs that create supply chains, and helping in the development of production and exports.

BOŚ is a member of the following associations:

- Executive Club
- Polish Human Resources Management Association (Polskie Stowarzyszenie Zarządzania Kadrami)
- Polish Bank Association (Związek Banków Polskich)*
- Polish Association of Listed Companies (Stowarzyszenie Emitentów Giełdowych)
- Polish Factor Association (Polski Związek Faktorów)
- Responsible Business Forum
- UN GLOBAL COMPACT NETWORK POLAND – Climate Positive programme**
- Warsaw Institute of Banking Foundation (Fundacja Warszawski Instytut Bankowości) – 'Bakcył' project

* As part of the Polish Bank Association (ZBP), the Bank is a member of: the Consumer Arbitration, the Sustainable Financing Committee, the Financial Services Quality Committee, the Diversity and Inclusion Committee, the Qualification Standards System, the Electronic Banking Council, and the Banking Cybersecurity Centre Committee. Under the auspices of the Polish Bank Association (ZBP) in 2023, the Bank participated in the work of the National Working Group on Benchmark Reform, including the implementation of an educational and informational campaign. BOŚ also participated in campaigns such as: the informational campaign for the DOKUMENTY ZASTRZEŻONE System, Bankers for CyberEducation, and the campaign titled 'Settlement is better than litigation' conducted in connection with the CJEU ruling C-520/21.

** In 2021, BOŚ joined the **United Nations Global Compact (UNGC)**, the world's largest initiative that brings together businesses working towards sustainable development. BOŚ actively participates in the Climate Positive Programme, initiated by the [UN Global Compact Network Poland](#). The Programme connects the business community with national and international administration, the academic world, and research institutions. The goal of the activities undertaken within Climate Positive is to jointly develop solutions that support the creation of a sustainable economy and the implementation of a just transition. The Programme also carries out projects for the climate and supports companies in preparing for ESG reporting related to environmental aspects.

The Bank participates in the following programmes:

- Agenda 2030 – Partnership for the Implementation of the Sustainable Development Goals in Poland
- Science Based Targets Initiative (SBTi)***
- Turn on Clean Energy for Poland Coalition (*Koalicja Włącz Czystą Energię dla Polski*)
- Clean Air (*Czyste powietrze*) programme
- My EV (*Mój Elektryk*) programme
- ELENA programme

*** In December 2021, Bank Ochrony Środowiska became the first Polish bank to join the **Science Based Targets (SBTi)** initiative, which comprises companies working towards achieving climate neutrality. Science Based Targets is an international partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), seeking to promote climate action, including carbon footprint reduction.

3.8. Awards and accolades in 2023

BOŚ has been recognised with numerous awards and distinctions for its pro-environmental initiatives, corporate social responsibility activities, continuous efforts to become a better employer, and the quality of its banking services.

In January 2023, Bank Ochrony Środowiska was awarded the prestigious title of **Top Employer 2023 Poland** for the first time. This award is given to companies that excel in creating engaging and fulfilling workplaces for their employees. This recognition affirms BOŚ's effective implementation of strategies aimed at enhancing the work environment and prioritising employee satisfaction and well-being. BOŚ strives to be a reliable and caring employer, committed to implementing HR practices that align with the needs of its employees and incorporate the latest industry trends. The Bank was recognised by the Top Employer Institute for various aspects, including its commitment to a green mission, strong values, sustainability efforts, ecological activities, environmental concern, community involvement, adherence to ethical principles, HR strategy, leadership development, employer branding, recruitment process, diversity initiatives, onboarding, and employee development.

In March 2023, ten BOŚ branches received individual awards and have been recognised as the **'Best Banking Outlet in Poland'** as part of the Institution of the Year ranking. The eighth edition of the ranking was conducted based on the performance of 13 banks over the four quarters of 2022. The award-winning branches of BOŚ are: Bielsko-Biała, ul. 11 Listopada 23; Gdańsk, Al. Grunwaldzka 50; Gliwice, ul. Zwycięstwa 32; Katowice, Al. Korfantego 2; Kraków, ul. Królewska 82; Lublin, ul. Nałkowskich 107; Łódź, ul. Piotrkowska 166/168; Olsztyn, ul. Kopernika 38; Rzeszów, ul. Sokoła 6a; Warszawa, ul. Żelazna 32.

Also in March 2023, the BOŚ economist duo – Łukasz Tarnawa and Aleksandra Świątkowska – once again received the title of 'Best Economist' in last year's edition of the forecasting competition 'Bulls and Bears' organised by the *Parkiet* newspaper. Their forecasts and estimates for the challenging year 2022 demonstrated exceptional accuracy, positioning them as leaders in economic analysis and forecasting. The competition evaluated estimates on how the months and quarters of 2022 would be reflected in official data, except for market variables, where short-term forecasts were assessed.

In April 2023, **eight practices of BOŚ were highlighted in the report 'Responsible Business in Poland 2022. Best HR Practices'**. The annual report prepared by the Responsible Business Forum is the largest review in Poland of the activities of companies that submitted their CSR and sustainable development initiatives, divided into seven categories. The 21st edition of the report presented 1,705 activities undertaken by 272 companies. The recognised practices carried out as part of the BOŚ Foundation's initiatives include: Green Bench (*Zielona Ławeczka*), Traditional Orchard (*Tradycyjny Sad*), Bet on the Sun (*Postaw na Słońce*), Helping All Year Round (*Pomagam Cały Rok*), It's Dirty Here (*BrudnoTu*), Fit Diet, Fit Brain (*Zdrowo jem, więcej wiem*), World in the Eyes of the Young (*Świat oczami młodych*).

That same month, BOŚ once again secured a podium position in the ranking of the best banking profiles on Facebook. The Institute for Internet and Social Media Research prepared a report showing engagement on Facebook profiles of banks in March 2023. The BOŚ Facebook profile was the runner-up

among the most engaging bank profiles. Furthermore, we achieved the highest number of shares for our posts (1.1 thousand). In the ranking of top posts on bank profiles on Facebook in March 2023, our post about the start of the spring day contest ranked third.

In June 2023, BOŚ again received Silver CSR Leaf from the *Polityka* weekly The organisers of the contest, i.e. the *Polityka* weekly in collaboration with the consultancy firm Deloitte and the Responsible Business Forum, evaluated companies' activities related to such areas as corporate governance, human rights, conduct vis-à-vis employees, environmental protection, customer care, business integrity, social engagement.

The same month, BOŚ was awarded in the Polish Diversity Awards competition The Bank received nominations for the first Polish Diversity Awards in the AGE category. Alongside four other companies, BOŚ was recognised for its endeavours in fields including senior policy, the silver economy, and promoting intergenerational dialogue in the workplace. Polish Diversity Awards are awarded by the editorial board of the My Company Polska monthly to companies, organisations and people who promote diversity, equality and inclusiveness both within the organisation and in relation to the business environment.

In June 2023, BOŚ was once again named a laureate of the Social Responsibility Leaders programme. This was the 16th edition of this project organised by the editors of Business Forum and the portal SpolecznieOdpowiedzialni.info. BOŚ was awarded the title of Laureate of the Social Responsibility Leaders Programme in as many as three categories: Good Employer 2023, EKO Company 2023, and Good Company 2023.

In July, the Bank was recognised in the INDEX 500 Home&Market report. The H&M magazine recognised BOŚ as one of the 500 companies singled out for engaging in activities that align with the concept of corporate social responsibility. The purpose behind compiling the report was to highlight companies that prioritise corporate social responsibility practices. While previous publications mainly focused on CSR activities and projects (including contributions from BOŚ), the current edition of INDEX 500 H&M significantly considered factors across the entire ESG spectrum.

In October, BOŚ received the title of 'Mediation-Friendly Financial Institution'. BOŚ was among 14 distinguished national financial institutions, including insurers and banks. Among the distinguished banks were BNP, ING, and PKO BP. This title promotes amicable methods of resolving disputes with clients among financial institutions. BOŚ launched its settlement programme on 31 January 2022, becoming one of the first banks to join the programme initiated by Professor Jacek Jastrzębski, Chairman of the Polish Financial Supervision Authority.

That same month, BOŚ was recognised in the Best Business Partner 2023 poll. Bank Ochrony Środowiska received the 'Best Business Partner 2023' award in the BANK category. This recognition is granted by the readers and editorial team of Home&Market. The title confirms that BOŚ has successfully pursued its green mission for years, offering modern and effective financial solutions to both retail and corporate clients.

In November, BOŚ was once again featured in the 'Best Employer 2023' ranking. This recognition from *Gazeta Finansowa* highlighted the Bank's initiatives and actions to support employee development. BOŚ was commended for several aspects, including access to development opportunities through training, courses, and tuition reimbursement; the 'Wellbeing Stop' programme, which encourages care for physical and mental health; the option to dedicate three days a year to volunteering; access to Legimi; stable employment conditions and the possibility of hybrid work; and its green mission, pursued jointly with employees. *Gazeta Finansowa* defines the best employers as those who are responsive to the diverse needs of their employees, support inclusivity, excel in implementing hybrid work, and promote internal advancement.

In November, during the conference 'Inventory of the Future Opties Web 2023 in MS Azure Cloud' organised by OPTIDATA, BOŚ received **an award for the first implementation of RFID (Radio-Frequency Identification) technology.** RFID utilises radio waves to transmit data and power the electronic system that constitutes the object's tag via a reader. This technology allows for both reading and writing to the RFID tag. At BOŚ, it is used, among other things, for identifying assets.

In November, the BOŚ Head Office once again received the Green Office certificate. Independent auditors from the international Foundation for Environmental Education recognised BOŚ for the third consecutive time as an organisation with ecological office management standards. Consequently, the Green Office certificate for the Headquarters was extended for another 2 years. The Bank meets technical criteria such as: appropriate management of electricity and water consumption; waste segregation; minimising and reusing waste, e.g. reusing office materials; donating part of computer equipment, household appliances, and furniture to public benefit organisations free of charge; reducing the use of paper and colour printing; promoting environmental education among employees, suppliers, and customers; creating a friendly working environment. With the Green Office certificate, the Bank can monitor the quality of activities that enable rational resource management and increase ecological awareness. The Bank first obtained the Green Office certificate in 2019.

In December 2023, BOŚ received the title of Friendly Workplace 2023 for the third time. The award is evidence that the Bank's commitment to creating a friendly working environment and its 'People First!' philosophy are not just words but real actions. The Bank was recognised as an employer that emphasises: Education and development: Initiatives such as EduSfera 2.0, a training programme utilising the DISCD3 questionnaire, and the Manager Academy reflect the Bank's commitment to continuous learning and improvement. These initiatives allow the Bank's employees to share experiences and best practices. Work-life balance: Programmes such as 'Two Hours for Family' and '#ShortBreak' demonstrate how important work-life balance is at BOŚ. These initiatives enable employees to enjoy a better quality of life. Ecology at work: The Bank consistently strives to achieve sustainable development goals. Programmes such as 'BOŚmy Green' and 'GreenLetter' prove that ecology is more than just a mission – it is a way of life and work. Friendly Zieloni: BOŚ ensures that the recruitment process is comfortable and based on mutual respect. Constantly improving methods attract and retain the best talents in the job market. The 'Friendly Workplace' award is a significant honour and proof that the actions taken at BOŚ are effective.

In the same month, BOŚ and the BOŚ Foundation were recognised for the most interesting CSR initiatives. The 'World in the Eyes of the Young' competition is an initiative that was noticed and appreciated within the framework of CSR activities. It addresses global challenges such as climate change, environmental protection, biodiversity, and renewable energy sources. Through attractive and accessible artistic forms, it encourages engagement with important environmental issues.

Awards and Recognitions of DM BOŚ:

Since its inception, DM BOŚ has received prestigious awards and accolades from investors, capital market institutions, and financial media. In 2023, DM BOŚ received the highest rating of three stars in the 20th edition of the 2022 Brokerage House Ranking organised by the Association of Individual Investors as part of the National Investor Survey. DM BOŚ has consistently maintained its leadership position in this ranking since its inception.

Additionally, the Polish Power Exchange awarded DM BOŚ the Platinum Megawatt statuette for its active participation in the development of exchange products in 2022. The Warsaw Stock Exchange acknowledged DM BOŚ with an award for the highest activity in the equity futures market.

Once again, based on surveys conducted among clients by the Management Observatory Foundation, DM BOŚ received the title of Customer Friendly Company. Furthermore, DM BOŚ was awarded the title of Best Workplace in IT as part of the Audit survey.

3.9 Transparency and client dialogue

GRI [2-25] [2-29] [3-3]

ESRS 2 [SBM-2]

ESRS [S4-2] [S4-3] [S4-5]

Clients expect convenient communication with the Bank, so they increasingly use remote channels. The Bank can be reached through various channels, including relationship managers at our branches, the helpline, electronic banking, email, or the contact form available on our website. Regardless of the selected channel, the Bank seeks to ensure high quality of communication.

In 2023, of the remote forms of contact with the Bank, clients were most likely to choose a phone call. Through the dedication of the Contact Centre staff and the Remote Sales Team, a consistently high level of customer service was ensured.

Customer service		2023	2022	2021
Contact Centre Services	Incoming calls	111,067	121,244	122,781
	Outgoing calls	15,133	18,578	23,379
	Emails	37,040	50,775	55,383
Remote Sales Team	Incoming calls	12,438	15,000	6,800
	Outgoing calls	17,577	13,655	5,800
	Emails	9,565	10,500	9,700

Contact Centre staff are competent, friendly and open to clients' needs. When surveyed about their satisfaction with the Bank's telephone services, 97% of clients indicated that the consultants were competent and successfully resolved their issues or provided guidance on how to address them. The Net Promoter Score (NPS), which measures customer loyalty based on their evaluation of Contact Centre service quality, was 87% in 2023, compared with 85% in 2022. During satisfaction surveys, clients can provide their comments and opinions, which are continuously analysed. Regular monitoring of telephone conversations and electronic correspondence is conducted, with particular focus on service quality and reasons for contact. The information obtained enables the Bank to maintain a high level of customer service at the Contact Centre.

During phone calls and electronic correspondence, the Bank uses plain language that facilitates collaboration and fosters strong client relationships. The project 'Simple Language at BOŚ' was implemented under the name #ToRozumiem. Language experts from the University of Wrocław were invited to collaborate on the project. With their assistance, the Bank prepared and delivered:

- webinars for managers, attended by members of the Management Board, managing directors, heads of departments and offices, and team managers;
- mandatory workshops for lawyers, compliance staff and personal data protection officers;
- training courses for all interested employees responsible for preparing letters, communications, materials and documents for clients.

All employees were required to complete e-learning training on best practices for clear and effective banking communication. Nearly 900 of employees participated in the #ToRozumiem project.

Measuring client satisfaction and service quality

The Bank assesses customer satisfaction with its services provided at

- operating branches, and
- business centres

through telephone satisfaction surveys with retail and corporate clients.

The Bank also evaluates the quality of customer service provided to potential clients interested in its products by employing the mystery shopper method at all operating branches.

Complaint management

The Bank recognises that even the highest standards cannot entirely prevent errors. If an error occurs, clients can file a complaint. All complaints received are recorded in a single application. The complaint management process is:

- centralised, which ensures the proper quality of complaint management;
- continuously monitored within the application (tracking aspects such as complaint handling times) and through horizontal and vertical tests.

The Bank's website <https://www.bosbank.pl/kontakt/formularz-reklamacyjny> provides:

- Complaints handling rules at Bank Ochrony Środowiska S.A.;
- Rules for receiving and processing reports of unauthorised payment transactions at BOŚ S.A., along with a form to submit complaints.

Using the collected data, reports are created to identify the most common causes of complaints and to take corrective action.

The reports are analysed by the Operational Risk Committee and submitted to the members of the Management Board. Their findings and summaries are incorporated into reports concerning compliance and operational risk, as well as business reports. The management of this process has been significantly enhanced by the introduction of an out-of-court dispute resolution procedure. If a complaint is not resolved to their satisfaction, clients are advised that they can refer the matter to the Arbitration Court of the Polish Financial Supervision Authority, the Banking Consumer Arbitrator, or the Financial Ombudsman.

Number of complaints received in 2021–2023 by category/product

category/product	2023	2022	2021
Loans	2,412	2,932	1,449
Checking accounts	864	1,072	1,647
Cards	463	695	851
Advances	202	266	251
Savings accounts	191	194	124
Electronic channels	169	329	401
Unauthorised payment transactions (PSD 2)	157	152	142
Current accounts	153	157	182
Deposits	146	564	217
Service quality	126	348	267
Regulatory (complaints from external institutions such as the PFSA or the Financial Ombudsman)	76	66	81
Other	50	26	34
Other accounts	48	66	88
Payment of inheritance*	33	0	0
Miscellaneous matters	27	37	57
Activities of Dom Maklerski BOŚ	2	0	5
Investment funds of Dom Maklerski BOŚ (AIF)	1	10	32
Safe deposit boxes	1	1	11
Treasury products	1	0	0
Factoring	0	0	2
Bancassurance (complaints relating to insurance)	0	2	0
TOTAL	5,122	6,917	5,841

* New category in the Complaints application.

3.10. Policies related to consumers and end-users

GRI [3-3] [417-1]
ESRS [S4-1] [S4-4]

The Bank is guided by the principle of responsible product policy in our approach to all clients, while upholding high standards of quality management in sales, client communication, and the delivery of services and solutions. The Bank responsibly and diligently prices its products and services, settles transactions, and supports clients with professional after-sales service.

Its products are developed in compliance with legal standards, regulatory recommendations, industry practices, and internal requirements.

Key regulations forming the products' legal framework include:

- Banking Law Act, Consumer Credit Act, Mortgage Lending Act;
- Recommendations of the Polish Financial Supervision Authority (PFSA): S, T, U, Z,
- EBA Guidelines on loan origination and monitoring;
- ESMA guidelines on product governance requirements under MiFID II;
- Rules for Banking Product Development And Management at Bank Ochrony Środowiska;
- Other documents laying down the rules for charging interest, fees and commissions in each client group.

When developing new products and services, the Bank prioritises safeguarding clients' interests against potential harm by consulting with its teams of experts to ensure the highest standards of legal compliance.

The Bank has established three internal regulations to govern product implementation and management:

- The Policy for the Approval of New Products at Bank Ochrony Środowiska S.A., which sets out the principles and guidelines for developing new products, services, and markets, as well as for making significant changes to existing ones;
- The Principles for Developing and Managing Banking Products at Bank Ochrony Środowiska S.A., which provide comprehensive details on the procedures for introducing, modifying, and withdrawing products, as well as guidelines for product management. Pursuant to these Principles, the creation of a product concept must include an assessment of the potential social impact of introducing or modifying a product. Any circumstances involving a product that may negatively affect clients' use of it are promptly addressed, with mechanisms implemented to prevent recurrence. Clients affected by such a product are informed of the corrective actions taken;
- Resolution to establish the Product and JESSICA Initiative Committee at Bank Ochrony Środowiska S.A., which oversee the product management process and business activities at the Bank. Cyclical reports are submitted to the Committee to assess the risks associated with the operation of products, including their social impact.

One of the stages in introducing/modifying/withdrawing a banking product is the preparation of the product concept. Each concept is accompanied by a non-compliance risk assessment document, which is submitted for consultation with the Compliance Department.

The product concept includes an analysis of the impact of introducing/modifying/withdrawing the product on the risk profile/level.

Based on the non-compliance risk assessment document, the identification of risks related to non-compliance with laws, internal rules, and the Bank's standards of conduct is performed for the product. The main categories of non-compliance risks assessed in the document are:

- breach of personal data protection policies;

- failure to fulfil notification/disclosure obligations to clients;
- unfair or misleading advertising;
- misleading market practices;
- use of abusive contractual clauses;
- inappropriate business or market practice;
- non-compliance of the Bank's operations (internal processes/regulations) with applicable laws.

3.11. Reliable information to clients, ethical marketing and sales

GRI [3-3] [417-1] [417-2] [417-3]
ESRS [S4-4]

The responsibility for creating marketing materials for the Bank's products rests with the Marketing Department.

In accordance with the policy on compliance with applicable laws, internal regulations and standards of conduct in the marketing activities of Bank Ochrony Środowiska S.A., marketing materials should not:

- contain any inaccurate information on offering a product only for a limited period of time in order to induce the Client to make a quick decision,
- omit information on restrictions relating to the preferential terms under which a product or service is provided,
- mislead or create a risk of potentially misleading the Client, in particular as to the benefits that can be achieved from a product or service,
- encourage the Client to use a product or service by referring to false, undocumented or outdated results of polls, statistical surveys, rankings or ratings or without specifying the source of information presented,
- tarnish the reputation of other participants in the financial market.

Marketing materials are substantively coordinated with the appropriate organisational units at the Head Office and reviewed for legal and formal compliance by a law firm. Assumptions for marketing campaigns are further consulted for potential events that could impact the Bank's reputation risk. BOŚ ensures that clients have unrestricted access to all content related to a product or service, particularly any instructions and disclaimers that are an integral part of the marketing message.

The Bank's social responsibility in informing clients about risk avoidance methods is reflected, among other things, in the inclusion of relevant content in its banking regulations pertaining to:

- procedures to mitigate market/financial risks;
- response in case a risk materialises.

Before signing a loan agreement, clients of the Bank are informed about the specific risks associated with the particular type of agreement, including:

- risks associated with a variable interest rate and the possible increase in loan service costs;
- risk of a decline in collateral value and the need to provide additional collateral;
- currency risk and the impact of the currency spread on foreign currency loans, especially mortgage loans.

For clients interested in obtaining financing, a template of the statement on increased risk is available on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0017/37700/Oswiadczenie-ryzyko.pdf

A risk may be reported by the client in the form of a complaint. The detailed procedure for submitting and handling complaints is outlined in the complaints handling policy of Bank Ochrony Środowiska S.A., which

is accessible at all branches and on the Bank's website: <https://www.bosbank.pl/kontakt/formularz-reklamacyjny>

To ensure a sufficient level of investment protection for clients, the Bank evaluates the suitability of the financial instruments it offers. The suitability assessment process is conducted prior to the execution of the financial instrument contract. The purpose of the assessment is to evaluate whether the financial instrument is suitable for the client, considering their knowledge and experience in financial instrument transactions. This involves assessing the client's understanding of financial instrument mechanisms, awareness of associated risks, familiarity with transaction execution rules, and their level of experience in making investment decisions.

Before entering into any agreement for transactions regulated by MiFID, the Bank provides the client with a comprehensive description of the financial instruments and the associated risks, including:

- the risk of cash flow mismatch that may arise if the client's actual cash flows do not align with the obligations arising from the transaction;
- the risk of the requirement to provide or increase collateral;
- legal and tax risks associated with potential changes in laws governing financial instrument trading, company regulations, business activities regulations, as well as tax, customs, and other regulations;
- market risks that may arise from unexpected changes in the market environment;
- the valuation risk that may arise if prices significantly deviate from the prices at which the transaction was executed;
- the counterparty risk that may arise if the Bank is unable to meet its obligations towards the client;
- the liquidity risk that may arise, for example, in situations where significant disruptions occur in the operation of a foreign exchange market or when security prices fluctuate due to changes in the supply-demand relationship;
- the issuer's credit risk.

The risks related to individual treasury products are presented on the Bank's website in *Treasury products – Important information – Risks*: <https://www.bosbank.pl/korporacje-i-JST/produkty-skarbowe>.

The Bank provides regular training in offering treasury products. The active participation of employees in professional development and training related to financial services is mandated by external regulations, such as KNF Recommendation A on risk management in derivative operations, as well as internal policies like the Bank Ochrony Środowiska S.A. Policy concerning treasury derivative instruments. To meet these criteria, authorised bank personnel must undergo mandatory certification to conduct transactions, with a focus on MiFID requirements. The annual training, culminating in a test and certification, is conducted to validate the key skills acquired, in line with MiFID II regulations for employees offering investment advisory services. The certificate (issued by the Warsaw Institute of Banking) verifies the acquisition of key skills that result from the training and comply with the MiFID II requirements for employees involved in providing investment advisory services.

In 2023, there were no instances of non-compliance with legal standards, industry norms, or internal Bank directives in marketing communications.

4. GREEN TRANSITION LEADER (E)

We support green transition

We consistently expand our green product portfolio. We ensure that our financial offerings are tailored to address the environmental protection challenges in Poland. We provide our clients with expert support to help them deliver positive results for the environment.

Green transition starts at home

We set the highest environmental standards not only for our clients and business partners but also, as an organisation, we are committed to continually reducing our negative impact on the environment.

4.1. Supporting transition towards sustainability

GRI [2-6] [3-3] [203-1]

The Bank supports its clients with expert knowledge and experience throughout their investment projects. The Bank's organisational structure in the Management Area includes the Environmental Protection, Taxonomy, and Analysis Division, which includes the Environmental Policy, ESG and Taxonomy Department. BOŚ expert team consists of environmental engineers and experts experienced in advising on green transition projects. Leveraging unique expert knowledge, the Bank provides comprehensive advice to clients throughout the transition process. Our environmental engineers provide free-of-charge support to clients to make projects co-financed by BOŚ as sustainable and environmentally-friendly as possible.

In 2023, the Bank launched **EcoBusiness Stop**, a new version of its environmental knowledge platform for businesses. This online portal enables the Bank's experts to share their knowledge and experiences, assisting small and medium-sized enterprises in choosing optimal and environmentally friendly solutions for their businesses. The content on the portal is designed to enhance client knowledge and awareness of sustainable practices and the challenges the SME sector faces in complying with green transformation regulations. The platform also offers the opportunity to connect with the Bank's ecologists to discuss ideas and explore financing options for planned investments.

The EcoBusiness Stop is available at <https://www.bosbank.pl/EKO>.

4.2. Sustainable financing of projects. Products and services

GRI [2-6] [3-3] [304-2]

ESRS [S4-1] [S4-2]

BOŚ consistently expands its eco-friendly financing options, providing clients with expert support that enables them to achieve positive environmental outcomes. Our clients are offered substantive support in the areas of ecology, support programs, financing, and the commercialisation of ecological projects. BOŚ is aware of its role and responsibility in climate protection.

The Bank's product portfolio features a broad array of products that are classified as eco-friendly based on their lending objectives. The methodologies employed by the Bank to document client investments facilitate the measurement of their actual environmental impact.

The Bank offers an extensive range of credit products specifically aimed at financing client investments that directly affect the natural environment. For all green credit products, the Bank requires clients to provide documentation confirming that the project to be financed contributes to environmental protection, specifying:

- the subject matter of the project – the client is required to present an invoice specifying the type and capacity of the acquired asset, such as a PV unit;
- documents evidencing project completion – the client may provide evidence such as proof of payment, a report of acceptance or connection to the grid, or confirmation of the municipal services' receipt of hazardous waste;
- equipment/product certificates – if the product/project financed by the loan is required to meet certain minimum standards, the satisfaction of these requirements is documented through relevant certificates.

The Bank has introduced a loan product that allows clients to submit a loan application along with a financing application under the Clean Air government programme. The structure of the offer, as well as the

implemented process, ensure that the use of funds from the credit aligns with the intended environmental objectives. During the loan application process, the Bank offers clients free advisory services regarding appropriate classification and provides support throughout the project execution.

The commitment and pro-environmental attitude of local government units are crucial to the success of the green transition, and BOŚ aims to support its partner cities, municipalities, or counties with its expertise. The Bank is prepared to customise its services to best suit environmental projects undertaken by the central or local governments.

BOŚ is continuously expanding its range of products and actively pursuing new opportunities to support clients in their green projects. One of the tools utilised by the Bank is a grant received from the European Investment Bank through the ELENA facility. The grant covers 90% of the costs associated with the technical documentation required for investments aimed at improving energy efficiency. By the end of 2023, nearly 40 investments had benefited from this grant.

To broaden its financing options for green investments, starting in November 2023, BOŚ engages in tenders published by BGK to select Financing Partners. These partners offer preferential loans from funds assigned under the cohesion policy for 2021-2027 across various provinces. In December 2023, the Bank was selected to act as a Financing Partner to offer loans to support renewable energy sources in the Lublin Province.

Green loans advanced, by sector*

Sector	2023	2022	2021
energy and municipal services	31%	34%	39%
manufacturing	13%	34%	26%
construction	40%	29%	24%
transport and logistics	10%	2%	7%
other	6%	1%	4%
total	PLN 2,150 million	PLN 1,622 million	PLN 1,670 million

* in accordance with the Bank's internal rules for qualifying transactions for the green loan portfolio.

Institutional clients

In corporate banking, the Bank's focus is on supporting SMEs, while also providing assistance to selected green projects undertaken by large corporations and local government units. The Bank follows a selective approach to the sectors and technologies it supports, taking into account their revenue potential, pro-environmental effects, and the possibility of using public (national and EU) funds.

As regards products for institutional clients, the Bank offers solutions to support clients who aim to pursue ESG objectives as part of their operations.

The Bank's portfolio of credit products for institutional clients includes:

- working capital financing (including factoring);
- financing of investments, including:
 - purchase and installation of environmental protection machinery and equipment;
 - financing of green projects;
 - for example, the Green Savings (EkoOszczędny) loan product is designed to finance environmental projects aimed at achieving savings through the use of renewable energy sources, reducing costs related to environmental use, installing energy generation systems for internal use, transitioning to new energy sources, or changing energy supply; these savings serve as a source of funds to repay the loan;
- financial arrangements using programmes operated by the Bank's partners, including the National Fund for Environmental Protection and Water Management, Provincial Funds for Environmental Protection and Water Management, Bank Gospodarstwa Krajowego, and the bank's credit facilities;
- guarantee schemes supporting innovative green projects (BusinessMax guarantee);
- investment credit facilities with parameters tailored to specific industries and client needs, including to finance renewable energy SPVs;
- loans for thermal upgrading and renovation projects with a bonus from the Thermal Modernisation and Renovation Fund;

- preferential loans offered in partnership with Provincial Funds for Environmental Protection and Water Management (offered locally);
- comprehensive financing solutions for local government institutions, including:
 - investment and working capital financing;
 - preferential credit financing;
 - financing complementary to the portfolio offered by the National Fund for Environmental Protection and Water Management and Provincial Funds for Environmental Protection and Water Management.

Retail clients

The Bank's retail banking offering is mainly focused on two product groups:

- loans for the purchase and installation of environmentally friendly technologies.
- term deposits, which will be offered mainly via the digital channel.

In the area of construction, BOŚ intends to engage primarily in sustainable housing projects. The loans will be offered directly by the Bank, including through online channels, or by environmentally minded property development companies; Loan products for retail clients:

- Green mortgage loan for financing properties built as energy-efficient projects. A project financed by the Bank:
 - may not be powered by an internal coal-fired heat source;
 - must meet specific energy efficiency criteria; or
 - must be LEED, BREEAM, HQE, DGNB, WELL, ITB EKO or Zielony Dom certified (certificate to be presented on project completion);
- a cash loan to finance the achievement of environmental objectives falling into one of the following five categories: renewable energy sources, energy efficiency/thermal upgrades, waste management, water management/small water retention, and electric mobility. Each client's implementation is documented by providing the Bank with proof of purchase, including detailed specifications of the acquired object, along with acceptance reports;
- a PV loan, providing direct support for investments in solar photovoltaic (PV) units to generate electricity from sunlight. The client provides documentation to the Bank, including proof of purchase and reports of acceptance or connection to the power grid, to demonstrate how the loan funds were utilised;
- Clean Air (Czyste Powietrze) loan supporting the transition to cleaner energy; clients have the option to submit a loan application along with an application for financing under the government programme;
- loans for thermal upgrading and renovation projects with a bonus from the Thermal Modernisation and Renovation Fund;
- preferential loans offered in partnership with Provincial Funds for Environmental Protection and Water Management (offered locally);
- investment loans for sole traders, including green loans.

Collaboration with National and Provincial Funds for Environmental Protection and Water Management

What makes the Bank stand out is cooperation with key institutions that form the environmental protection financing system in Poland and play a significant role in preventing the negative effects of climate change. These are: the National Fund for Environmental Protection and Water Management, Provincial Funds for Environmental Protection and Water Management, Bank Gospodarstwa Krajowego and Polish Development Fund.

Cooperation between BOŚ and institutions managing funds for environmental protection not only allows us to offer preferential loans, but also ensures seamless operation within the framework of the National Environmental Policy. Our offering complements the priority programmes implemented by the National Fund for Environmental Protection and Water Management and Provincial Funds for Environmental Protection and Water Management.

The collaborative partnerships include the Clean Air and My EV programmes run by the Bank.

As the first bank in Poland, Bank Ochrony Środowiska launched lending activities under the banking path framework of the Clean Air government programme on 6 July 2021. The programme is intended for owners and joint owners of single-family residential buildings or separate units in single-family residential buildings with separate land and mortgage registers.

By the end of 2023, clients entered into 581 Clean Air Loan agreements with the Bank for a total amount of about PLN 30 million.

Another programme run by the Bank in partnership with the National Fund for Environmental Protection and Water Management is My EV (Mój elektryk) programme, a scheme designed to reduce air pollution emissions by providing assistance with the cost of projects seeking to reduce fuel consumption in transport. The National Fund for Environmental Protection and Water Management provides assistance with the purchase or lease of zero-emission vehicles. Under the programme, Bank Ochrony Środowiska S.A. and its partner leasing companies provide grants for the lease of zero-emission vehicles (including EVs) using funds entrusted to them by the National Fund for Environmental Protection and Water Management under an agreement executed in September 2021.

By 31 December 2023, BOŚ S.A. processed over 13.5 thousand grant applications for more than PLN 442 million, with the National Fund for Environmental Protection and Water Management having awarded grants for almost 13 thousand vehicles for a total amount of nearly PLN 426 million.

The Bank has six active cooperation agreements with regional Environmental Protection and Water Management Funds, which focus on providing preferential loans for environmental protection and water management projects. The preferential terms include below-market interest rates on loans or subsidies for loan principal repayment. The agreements specify the scope of the financing and the types of entities eligible for such loans. The financing targets projects focused on:

- atmospheric protection, encompassing heat sources, renewable energy sources, and thermal modernisation;
- water protection, which includes wastewater treatment plants and sewage systems;
- and land protection, covering waste management, and the removal and neutralisation of products containing substances such as asbestos and xylenamide.

Development of online banking

The Bank maintains a strong focus on developing remote communication channels and enhancing the role of electronic banking in transaction execution and communication with clients.

The number of users served and instructions executed via BOŚBank24 mobile app is constantly growing. Through its electronic banking platform, the Bank engaged in active marketing to ensure clients were consistently informed about the Bank's deposit products and encouraged to open accounts for new funds, thereby responding effectively to client needs.

4.3. Green initiatives of subsidiaries

GRI [2-6]

DM BOŚ played a proactive role in supporting the green investment financing market within the BOŚ Group. In 2023, it promoted the development of green financing market. Last year, DM BOŚ served as the sole organiser for the issuance of green bonds by Bank Ochrony Środowiska S.A. valued at PLN 100 million and a company within the WMC PV Group valued at over PLN 81 million. Both issues were tied to the execution of green projects that support sustainable development and meet the criteria defined in the Green Bond Principles.

The brokerage services of Dom Maklerski BOŚ also include facilitating the trade of property rights derived from so-called 'colour certificates'. This service is primarily used by producers of electricity from renewable sources (wind farms, small hydroelectric power plants, solar PV farms, etc.).

BOŚ Leasing – EKO Profit S.A. (BLEP S.A.) is a BOŚ Group company providing financing services in the form of operating leases, finance leases and lease loans.

As part of its operations, the company finances numerous initiatives that align with the Group's strategic focus, particularly in the areas of environmental protection and the advancement of the renewable energy sector. BLEP S.A. works with clients seeking financing for solar PV farms, biogas plants, and responsible waste management projects. Through its subsidiary, MS Wind Sp. z o.o., BLEP S.A. oversees the operations of a wind farm (6 MW) located in the Pełczyce municipality.

Last year, the company financed a number of projects aimed at enhancing energy efficiency and reducing carbon dioxide emissions into the atmosphere. One example of a successful investment in this area is the modernisation of a heating plant for a client in the energy sector. The removal of two coal-fired steam boilers and their replacement with high-efficiency biomass boilers, powered by wood waste from a subsidiary of the contractor, will directly lead to a reduction in energy production costs by up to 70%. This initiative not only optimises waste management within the contractor's group but also contributes to a significant reduction in CO₂ emissions.

BLEP S.A. also supports the green transition of Polish businesses. A notable example is the financing of a project for installing photovoltaic systems on the roofs of over 40 stores owned by a major delicatessen chain in southeastern Poland. These installations will provide the stores with both electricity and heat. This collaboration with clients to enhance energy efficiency and promote green solutions supports the strategic objectives of BOŚ Leasing – EKO Profit S.A., and advances the BOŚ Group's mission of green transition.

4.5. EU Taxonomy

GRI [201-1] [203-1]

The implementation of regulatory requirements regarding the classification of green assets is particularly crucial for BOŚ S.A., established in 1991 as an integral part of Poland's environmental protection financing system. Over the course of more than thirty years, the Bank has consistently ensured that its financial offerings address the ongoing environmental challenges in the country. BOŚ S.A. is the first bank in Poland to provide its clients with expert support from environmental engineers. They ensure that projects financed by BOŚ S.A. not only meet all regulatory requirements but also deliver the maximum ecological impact alongside economic benefits.

Comprehensive financing and support for the green transition are central to the mission and commitments outlined in the Bank Ochrony Środowiska S.A. Strategy for 2024-2026 and the complementary ESG Strategy for the BOŚ Group for the same period.

Within its ESG Strategy for 2024-2026, the BOŚ Group pledges to maintain transparency in disclosures and non-financial reporting in line with regulatory requirements and best practices, and to comply with the reporting schedule mandated by the CSRD directive and taxonomy regulations.

To comply with the requirements of the European Parliament and Council Regulation (EU) 2020/852 of 18 June 2020 on establishing a framework to facilitate sustainable investments, amending Regulation (EU) 2019/2088, and related legal acts, the Bank has implemented a Methodology for Classification and Reporting in accordance with the EU Taxonomy, and adjusted procedures covering client identification, assessment of taxonomy eligibility and compliance, as well as client monitoring rules. Dedicated solutions have been implemented in the Bank's systems. The methodology will undergo regular reviews and updates to continuously adapt to new guidelines and interpretations, and to refine processes.

Considering the scope and nature of its operations, the Bank primarily serves small and medium-sized enterprises within the non-financial sector. Such undertakings are not obligated to report under the Non-Financial Reporting Directive (NFRD), which substantially impacts the level of reported taxonomy indicators.

This report complies with the requirements of the European Parliament and Council Regulation (EU) 2020/852 of 18 June 2020 on establishing a framework to facilitate sustainable investments, amending

Regulation (EU) 2019/2088, along with Commission Delegated Regulation (EU) 2021/2178, and the provisions of Commission Delegated Regulations (EU) 2023/2486 and 2023/2485, as well as related legal acts.

The Green Asset Ratio (GAR) indicates the share of the Bank's assets that finance taxonomy-eligible activities and those that are aligned with the taxonomy, as at 31 December 2023.

In the GAR disclosures, the Bank has identified exposures to businesses that are obligated to comply with non-financial reporting under the Non-Financial Reporting Directive. The exposures were identified using data from the financial statements of the Bank's clients, obtained through monitoring and client declarations regarding the Taxonomy. To ensure due diligence, the list of identified clients was cross-verified against a database developed by an external entity.

For groups required to comply with EU taxonomy regulations, the Bank's mandatory disclosures were limited to the parent companies only. Since groups did not provide specific KPIs for individual entities in their 2022 reports, using the Group's KPI to evaluate subsidiary companies would not have accurately reflected their compliance with the Taxonomy. This methodology will be adjusted in future years to align with evolving guidelines.

Due to the requirement for financial institutions and non-financial entities to publish reports simultaneously, the information presented in this report about indicators and the calculations based on them incorporates data from the latest available non-financial statements of clients, i.e. for the year 2022.

The Commission Delegated Regulation (EU) 2023/2485 introduced new types of activities in relation to two objectives, namely climate change mitigation and adaptation to climate change. The Commission Delegated Regulation (EU) 2023/2486 specified criteria for the remaining four environmental objectives. Non-financial entities will report this information in 2024 (for the year 2023). Therefore, this report includes the new objectives only for investment loans that are subject to taxonomic assessment by the Bank.

For revolving credits, the allocation of taxonomy-eligible funds was determined using data from our clients' non-financial statements, specifically through indicators for taxonomy-eligible activities and aligned with the systematic framework, as outlined in the tables titled 'Percentage of Turnover from Products or Services Linked to Taxonomy-compliant Economic Activities' and 'Percentage of Capital Expenditures (CAPEX) for Products or Services Linked to Taxonomy-compliant Economic Activities'.

Investment loans were factored into the GAR (Green Asset Ratio) following a case-by-case assessment based on the criteria set forth in Article 3 of the Taxonomy. This includes:

- 1) making a substantial contribution to at least one of the environmental objectives specified in the Taxonomy,
- 2) not causing significant harm to any of these environmental objectives (DNSH),
- 3) and operating in compliance with the minimum safeguards.

Assessments of substantial contribution and 'Do No Significant Harm' (DNSH) were conducted based on the technical screening criteria provided in the delegated acts of the Taxonomy Regulation, using available transaction documentation that verifies the fulfilment of the required criteria. The taxonomy compliance assessments are performed by the Bank's environmental engineers who possess the necessary technical and substantive knowledge. For taxonomy-eligible economic activities, potential physical climate-related risks were identified and their significance for a given activity was evaluated. The physical risk assessment was conducted using a specially developed tool that evaluates climate risks and their impact on the activity, depending on the specific location of the investment.

In cases where documents were lacking or there were doubts about the unequivocal confirmation of a given technical screening criterion, exposures were conservatively assessed as only Taxonomy-eligible.

Compliance with the minimum safeguards was evaluated based on declarations obtained from entities confirming appropriate actions in the four key areas:

- 1) human rights, including labour rights;
- 2) anti-corruption practices;
- 3) tax compliance;

4) fair competition.

Reliability was confirmed by cross-referencing information from the statements with the entities' 2022 non-financial information.

Within the disclosed Green Asset Ratio (GAR) relating to households, the Bank identified exposures associated with real estate loans (mortgages), renovation loans (including for thermal modernisation, purchase and installation of energy efficiency-enhancing devices, purchase and installation of devices for generating thermal and electric energy from renewable energy sources - as specified in the criteria for activities 7.2-7.6 of Commission Delegated Regulation (EU) 2021/2139), and motor vehicle loans.

In the taxonomic assessment of a portfolio secured by real estate, data from energy performance certificates in the Central Register of Energy Performance of Buildings were used to verify the criterion of substantial contribution to the goal of climate change mitigation.³ For properties serving as collateral, Energy Performance (EP) values were assigned where possible.⁴

Properties are considered to meet the Taxonomy's technical criteria if their EP value is less than or equal to 58.5 kWh/m²/year for apartments and 63 kWh/m²/year for single-family homes, where energy performance certificates were issued post 31 December 2020, and 76.59 kWh/m²/year for buildings with certificates issued before 31 December 2020.

The approach adopted stems from the limited availability of data regarding the year of construction of properties. According to Regulation 2021/2139, buildings constructed before 31 December 2020 qualify if they are within the top 15% of most energy-efficient buildings nationally or regionally based on primary energy demand (PED).⁵ This criterion is established based on the data provided by the Ministry of Development and Technology, derived from the cited list of certificates.⁶ If erected after 31 December 2020, a building meets the criteria if its primary energy demand (PED) is at least 10% below the threshold set in relation to the requirements for nearly zero-energy buildings as per national standards. The Regulation of the Minister of Infrastructure dated 12 April 2002 on the technical conditions that buildings and their locations must meet, as amended,⁷ specifies that for buildings constructed from 31 December 2020 onwards, the maximum demand for non-renewable primary energy is set at 65 kWh/m²*year for apartments and 75 kWh/m²*year for single-family homes. A threshold of 10% below these values has been established as meeting the technical criteria of the Taxonomy. The value may be potentially underestimated relative to the taxonomic criteria for certain properties constructed before 2021. Nevertheless, given the unavailability of documents confirming the construction year, this cautious approach does not lead to an overrepresentation of properties classified as taxonomy-eligible. The DNSH (Do No Significant Harm) assessment for these properties also considered exposure to physical risks. Exposure to drought, flooding, cyclones, hurricanes, and typhoons (based on annual wind strength) was analysed. These risks were selected based on their relevance to this type of activity and the availability of data for assessment. Exposures deemed taxonomy-compliant were those assigned an Energy Performance Certificate, with EP thresholds verified, and where the impact of the identified physical risks was either negligible or non-existent.

In the absence of the above data, or when the physical risks for a given exposure were considered significant, the exposures were considered eligible but not in compliance with the Taxonomy.

For disclosures of activities involving renovation loans, assessment was made on the basis of available documentation. In cases where documents are missing or there are doubts regarding the confirmation of a specific criterion, exposures were conservatively assigned as only taxonomy-eligible.

Regarding motor vehicle loans, the Bank does not have dedicated products; therefore, such exposures have not been identified in the Bank's portfolio and are not covered in this report.

³ Central Register of Energy Performance of Buildings - Ministry of Development and Technology (www.gov.pl)

⁴ EP – indicator of annual demand for non-renewable primary energy

⁵ EC Delegated Act on Climate 2022/2139

⁶ <https://www.gov.pl/web/rozwoj-technologie/Taksonomia-zrownowazonego-finansowania-inwestycji-budynki>

⁷ <https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20020750690>

As part of the mandatory disclosures, exposures of local government units (LGUs) were subject to taxonomic assessment. For LGUs, in the context of housing finance and other local government financing, the assessment was conducted according to the principles established for the taxonomic assessment of non-financial entities. Investment loans were assessed in accordance with the Technical Screening Criteria and the DNSH (Do No Significant Harm) principles. For exposures where the Bank possessed documents confirming the fulfilment of the criteria, such exposures were deemed compliant with the Taxonomy. LGUs do not publish their KPIs, therefore revolving credits did not undergo taxonomic assessment.

It was assumed that all LGUs in Poland meet the minimum safeguards. The principle was based on the approach recommended in the final report of the Sustainable Finance Platform regarding Minimum Safeguards. The approach recommends assessing a given country using indicators and evaluations provided by reputable international non-governmental organisations focused on human and civil rights. The approach was supplemented by the position that local government units in a country can be considered to meet the minimum safeguards if the nation has adopted or ratified significant international human rights agreements. The report lists the principal UN human rights conventions:

- International Covenant on Civil and Political Rights (ICPR);
- International Economic and Social Covenant and Cultural Rights (IESC);
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW);
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT);
- Convention on the Rights of the Child (CRC).

Poland has ratified all of these international agreements.

The tables presented in this section display the Bank's results in accordance with the guidelines outlined in Delegated Regulation 2023/2486⁸ Annex VI and Delegated Regulation 2022/1214 for Nuclear and Gas Energy Annex XII.

The tables present data only for the first two environmental objectives, due to the absence of customer data for the remaining objectives for the year 2023.

The ratios have been calculated on a prudentially consolidated basis in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (as amended) and are consistent with the Bank's FINREP reporting. As at 31 December 2023, for prudential consolidation purposes the Group of Bank Ochrony Środowiska S.A. consisted of: Bank Ochrony Środowiska S.A. (the parent), and Dom Maklerski BOŚ S.A. and BOŚ Leasing – EKO Profit S.A. (direct subsidiaries of the Bank).

The Green Asset Ratio (GAR) based on turnover was 0.04% of the Bank's total assets, and based on capital expenditures, it was 0.03%. The total GAR includes indicators for two climate-related objectives: climate change mitigation and climate change adaptation.

As part of the eligibility assessment for the Taxonomy for the remaining four objectives and new activities for objectives 1 and 2, as specified in Delegated Regulations 2023/2585 and 2023/2586, the Bank primarily identified activities related to objectives 3 and 4 – sustainable use and protection of water and marine resources, and the transition to a circular economy – within the investment loans granted to local government units (LGUs). Non-financial undertakings had not published their data for the aforementioned activities by the time this report was prepared; therefore, they have not been included in the disclosures. The share of the Bank's portfolio for activities related to objectives 3 and 4 is 0.005% and 0.06%, respectively.

⁸ Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria to determine the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems, and to determine whether that economic activity does not cause significant harm to any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178.

In accordance with Commission Delegated Regulation (EU) 2022/1214, the Bank presented the results of its exposures related to nuclear energy and natural gas using the template from Table in Annex XII.

The above disclosures have been prepared based on the best knowledge available within the Bank and fulfil the reporting obligations regarding the Taxonomy for credit institutions in accordance with Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023. This regulation supplements Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing technical screening criteria for determining the conditions under which an economic activity qualifies as making a substantial contribution to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems. It also specifies whether this economic activity does not cause significant harm to any of the other environmental objectives and amends Commission Delegated Regulation (EU) 2021/2178 concerning the public disclosure of specific information regarding these types of economic activities. In subsequent stages of increasing data availability and regulatory changes, revisions to the presented disclosures cannot be ruled out.

GAR_0 Summary of key performance indicators to be disclosed by credit institutions in accordance with Article 8 of the Taxonomy Regulation

		Environmentally sustainable activities overall (Turnover)	Environmentally sustainable activities overall (CapEx)	Key performance indicator (Turnover)	Key performance indicator (CapEx)	% coverage (relative to total assets)	% of assets excluded from the numerator when calculating the green asset ratio (Article 7(2) and 7(3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator when calculating the green asset ratio (Article 7(2) and 7(3) and Section 1.1.4 of Annex V)
Main performance indicator	Green asset ratio	37.34	27.83	0.27	0.20	60.07	47.27	39.93
Additional key performance indicators	Green asset index (flow)	1.55	1.26	0.04	0.03	42.69	38.73	57.31
	Trading portfolio							
	Financial guarantees	12.23	11.04	11.15	10.06			
	Assets management	0.00	0.00	0.00	0.00			
	Fee and commission income							

GAR_1.1 Assets for calculating the green asset ratio – turnover-based exposures

PLN million	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)					including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)				including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)				
			of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)			
				of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	2,938.74	1,989.96	30.66	0.00	0.00	1.18	47.84	6.69	0.00	0.00	2,037.79	37.34	0.00	0.00	1.18
Financial undertakings	502.06	0.70	0.00	0.00	0.00	0.00	0.50	0.00	0.00	0.00	1.21	0.00	0.00	0.00	0.00
Lending institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
Other financial institutions	502.06	0.70					0.50				1.21	0.00	0.00	0.00	0.00
including investment firms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
including asset management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
including insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00

	Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
	Equity instruments											0.00	0.00		0.00	0.00
	Non-financial undertakings	418.27	91.95	10.50	0.00	0.00	1.18	45.39	5.67	0.00	0.00	137.34	16.18	0.00	0.00	1.18
	Loans and advances	316.93	82.62	1.18			1.18	45.39	5.67			128.01	6.85	0.00	0.00	1.18
	Debt securities, including statement on the use of funds	101.34	9.32	9.32								9.32	9.32	0.00	0.00	0.00
	Equity instruments											0.00	0.00		0.00	0.00
	Households	1,962.75	1,876.24	13.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,876.24	13.13	0.00	0.00	0.00
	including loans secured by residential real estate	1,689.45	1,688.60	12.68								1,688.60	12.68	0.00	0.00	0.00
	including loans for building renovation	273.30	187.64	0.45								187.64	0.45	0.00	0.00	0.00
	including loans for motor vehicles											0.00	0.00	0.00	0.00	0.00
	Financing of local government units	55.66	21.07	7.03	0.00	0.00	0.00	1.95	1.01	0.00	0.00	23.01	8.04	0.00	0.00	0.00
	Housing finance											0.00	0.00	0.00	0.00	0.00
	Other financing of local governments	55.66	21.07	7.03				1.95	1.01			23.01	8.04	0.00	0.00	0.00
	Collateral obtained through the seizure of residential and commercial real estate											0.00	0.00	0.00	0.00	0.00
	Assets excluded from the numerator when calculating the green asset ratio (included in the denominator)	10,856.68														
	Financial and non-financial undertakings	9,214.70														
	SMEs and non-financial undertakings (non-SMEs) not subject to the Non-Financial Reporting Directive	9,161.70														
	Loans and advances	7,601.16														
	including loans secured by commercial real estate	4,159.35														
	including loans for building renovation	126.90														
	Debt securities	1,453.91														
	Equity instruments	106.63														
	Counterparties from non-EU countries not subject to the Non-Financial Reporting Directive	53.00														
	Loans and advances	52.97														
	Debt securities															
	Equity instruments	0.03														
	Derivative instruments	15.56														
	On-demand interbank loans	143.51														

Cash and cash equivalents	18.10														
Other categories of assets (goodwill, commodities, etc.)	1,464.81														
TOTAL ASSETS IN THE GREEN ASSET RATIO	13,795.42	1,989.96	30.66	0.00	0.00	1.18	47.84	6.69	0.00	0.00	2,037.79	37.34	0.00	0.00	1.18
Assets excluded from the calculation of the green asset ratio	9,171.37														
Central governments and supranational issuers	5,139.42														
Exposures to central banks	3,862.45														
Trading portfolio	169.49														
TOTAL ASSETS	22,966.78	1,989.96	30.66	0.00	0.00	1.18	47.84	6.69	0.00	0.00	2,037.79	37.34	0.00	0.00	1.18
Off-balance sheet exposures – undertakings subject to non-financial reporting obligations under the Non-Financial Reporting Directive															
Financial guarantees	109.65	80.41	5.01		0.06	4.00	7.22	7.22		2.74	87.63	12.23	0.00	0.06	6.74
Assets under management											0.00	0.00	0.00	0.00	0.00
of which debt securities											0.00	0.00	0.00	0.00	0.00
of which equity instruments											0.00	0.00	0.00	0.00	0.00

GAR_1.2 Assets for the calculation of the green asset ratio - exposures qualified based on the counterparty's capital expenditures

PLN million	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)					including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)				including exposures to sectors relevant to the Taxonomy (Taxonomy-eligible)				
		of which environmentally sustainable (Taxonomy-aligned)					of which environmentally sustainable (Taxonomy-aligned)				of which environmentally sustainable (Taxonomy-aligned)				
			of which allocation of proceeds	of which for transition	of which supporting		of which allocation of proceeds	of which supporting		of which allocation of proceeds	of which for transition	of which supporting		of which allocation of proceeds	of which for transition
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	2,938.74	2,021.73	26.81	0.00	0.00	0.08	173.21	1.01	0.00	0.00	2,194.93	27.83	0.00	0.00	0.08
Financial undertakings	502.06	29.52	0.00	0.00	0.00	0.00	125.06	0.00	0.00	0.00	154.58	0.00	0.00	0.00	0.00
Lending institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
Other financial institutions including investment firms	502.06	29.52					125.06				154.58	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
including asset management companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00
Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
Equity instruments											0.00	0.00		0.00	0.00
including insurance undertakings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loans and advances											0.00	0.00	0.00	0.00	0.00

	Debt securities, including statement on the use of funds											0.00	0.00	0.00	0.00	0.00
	Equity instruments											0.00	0.00		0.00	0.00
	Non-financial undertakings	418.27	94.90	6.66	0.00	0.00	0.08	46.20	0.00	0.00	0.00	141.10	6.66	0.00	0.00	0.08
	Loans and advances	316.93	84.36	0.89			0.08	46.20				130.56	0.89	0.00	0.00	0.08
	Debt securities, including statement on the use of funds	101.34	10.54	5.78								10.54	5.78	0.00	0.00	0.00
	Equity instruments											0.00	0.00		0.00	0.00
	Households	1,962.75	1,876.24	13.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,876.24	13.13	0.00	0.00	0.00
	including loans secured by residential real estate	1,689.45	1,688.60	12.68								1,688.60	12.68	0.00	0.00	0.00
	including loans for building renovation	273.30	187.64	0.45								187.64	0.45	0.00	0.00	0.00
	including loans for motor vehicles											0.00	0.00	0.00	0.00	0.00
	Financing of local government units	55.66	21.07	7.03	0.00	0.00	0.00	1.95	1.01	0.00	0.00	23.01	8.04	0.00	0.00	0.00
	Housing finance											0.00	0.00	0.00	0.00	0.00
	Other financing of local governments	55.66	21.07	7.03				1.95	1.01			23.01	8.04	0.00	0.00	0.00
	Collateral obtained through the seizure of residential and commercial real estate											0.00	0.00	0.00	0.00	0.00
	Assets excluded from the numerator when calculating the green asset ratio (included in the denominator)	10,856.68														
	Financial and non-financial undertakings	9,214.70														
	SMEs and non-financial undertakings (non-SMEs) not subject to the Non-Financial Reporting Directive	9,161.70														
	Loans and advances	7,601.16														
	including loans secured by commercial real estate	4,159.35														
	including loans for building renovation	126.90														
	Debt securities	1,453.91														
	Equity instruments	106.63														
	Counterparties from non-EU countries not subject to the Non-Financial Reporting Directive	53.00														

Loans and advances	52.97															
Debt securities																
Equity instruments	0.03															
Derivative instruments	15.56															
On-demand interbank loans	143.51															
Cash and cash equivalents	18.10															
Other categories of assets (goodwill, commodities, etc.)	1,464.81															
TOTAL ASSETS IN THE GREEN ASSET RATIO	13,795.42	2,021.73	26.81	0.00	0.00	0.08	173.21	1.01	0.00	0.00	2,194.93	27.83	0.00	0.00	0.08	
Assets not included in the calculation of the green asset ratio	9,171.37															
Central governments and supranational issuers	5,139.42															
Exposures to central banks	3,862.45															
Trading portfolio	169.49															
TOTAL ASSETS	22,966.78	2,021.73	26.81	0.00	0.00	0.08	173.21	1.01	0.00	0.00	2,194.93	27.83	0.00	0.00	0.08	
Off-balance sheet exposures – undertakings subject to non-financial reporting obligations under the Non-Financial Reporting Directive																
Financial guarantees	109.65	72.60	5.91		0.48	5.37	5.13	5.13		1.79	77.73	11.04	0.00	0.48	7.16	
Assets under management											0.00	0.00	0.00	0.00	0.00	
of which debt securities											0.00	0.00	0.00	0.00	0.00	
of which equity instruments											0.00	0.00	0.00	0.00	0.00	

GAR_2_1 Sector information on the green asset ratio – exposures qualified based on turnover

Breakdown by Sector (4-Digit NACE Level – Code and Label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive		Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive		Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable
Total	91.81	10.50	0.00	0.00	45.39	5.67	0.00	0.00	137.20	16.18	0.00	0.00
2016 - Manufacture of Plastics in Primary Forms	13.84								13.84	0.00		
2892 - Manufacture of Machinery for Mining, Quarrying and Construction	9.32	9.32							9.32	9.32		
4120 - Construction of Residential and Non-Residential Buildings	54.45								54.45	0.00		
4675 - Wholesale of Chemical Products					45.39	5.67			45.39	5.67		
4690 - Non-Specialised Wholesale Trade	0.02								0.02	0.00		
6130 - Satellite Telecommunications Activities	14.16	1.18							14.16	1.18		
7010 - Activities of Head Offices and Holding Companies, Excluding Financial Holding Companies	0.01								0.01	0.00		

GAR_2_2 Sector information on the green asset ratio – exposures qualified based on the counterparty's capital expenditures

Breakdown by Sector (4-Digit NACE Level – Code and Label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive		Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive		Non-financial undertakings (subject to the Non-Financial Reporting Directive)		SMEs and other non-financial undertakings not subject to the Non-Financial Reporting Directive	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable	PLN million	of which environmentally sustainable
TOTAL	94.76	6.66	0.00	0.00	46.20	0.00	0.00	0.00	140.96	6.66	0.00	0.00
2016 - Manufacture of Plastics in Primary Forms	13.84								13.84	0.00		
2892 - Manufacture of Machinery for Mining, Quarrying and Construction	10.54	5.78							10.54	5.78		
4120 - Construction of Residential and Non-Residential Buildings	54.39								54.39	0.00		
4675 - Wholesale of Chemical Products					46.20				46.20	0.00		
4690 - Non-Specialised Wholesale Trade	10.62								10.62	0.00		
6130 - Satellite Telecommunications Activities	5.18	0.84							5.18	0.84		
7010 - Activities of Head Offices and Holding Companies, Excluding Financial Holding Companies	0.18	0.04							0.18	0.04		

GAR_3_1 Key performance indicator for the green asset ratio - exposures qualified based on turnover

Percentage share	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Percentage share of total included assets
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					
			of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting	
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	67.71	1.04	0.00	0.00	0.04	1.63	0.23	0.00	0.00	69.34	1.27	0.00	0.00	0.04	12.80
Financial undertakings	0.14	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	2.19
Lending institutions															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
Other financial institutions	0.14	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	2.19
including investment firms															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
including asset management companies															
Loans and advances															
Debt securities, including statement on the use of funds															

Equity instruments															
including insurance undertakings															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
Non-financial undertakings	21.98	2.51	0.00	0.00	0.28	10.85	1.36	0.00	0.00	32.83	3.87	0.00	0.00	0.28	1.82
Loans and advances	26.07	0.37	0.00	0.00	0.37	14.32	1.79	0.00	0.00	40.39	2.16	0.00	0.00	0.37	1.38
Debt securities, including statement on the use of funds	9.20	9.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.20	9.20	0.00	0.00	0.00	0.44
Equity instruments															
Households	95.59	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.59	0.67	0.00	0.00	0.00	8.55
including loans secured by residential real estate	99.95	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	99.95	0.75	0.00	0.00	0.00	7.36
including loans for building renovation	68.66	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68.66	0.17	0.00	0.00	0.00	1.19
including loans for motor vehicles															
Financing of local government units	37.85	12.62	0.00	0.00	0.00	3.50	1.82	0.00	0.00	41.35	14.44	0.00	0.00	0.00	0.24
Housing finance															
Other financing of local governments	37.85	12.62	0.00	0.00	0.00	3.50	1.82	0.00	0.00	41.35	14.44	0.00	0.00	0.00	0.24
Collateral obtained through the seizure of residential and commercial real estate															
TOTAL ASSETS IN THE GREEN ASSET RATIO	14.42	0.22	0.00	0.00	0.01	0.35	0.05	0.00	0.00	14.77	0.27	0.00	0.00	0.01	60.07

GAR_3_2 Key performance indicator for the green asset ratio - exposures qualified based on the counterparty's capital expenditures

Percentage share	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Percentage share of total included assets
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					
			of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting	
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	68.80	0.91	0.00	0.00	0.00	5.89	0.03	0.00	0.00	74.69	0.95	0.00	0.00	0.00	12.80
Financial undertakings	5.88	0.00	0.00	0.00	0.00	24.91	0.00	0.00	0.00	30.79	0.00	0.00	0.00	0.00	2.19
Lending institutions															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
Other financial institutions	5.88	0.00	0.00	0.00	0.00	24.91	0.00	0.00	0.00	30.79	0.00	0.00	0.00	0.00	2.19
including investment firms															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
including asset management companies															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
including insurance undertakings															

	Loans and advances															
	Debt securities, including statement on the use of funds															
	Equity instruments															
	Non-financial undertakings	22.69	1.59	0.00	0.00	0.02	11.05	0.00	0.00	0.00	33.73	1.59	0.00	0.00	0.02	1.82
	Loans and advances	26.62	0.28	0.00	0.00	0.03	14.58	0.00	0.00	0.00	41.19	0.28	0.00	0.00	0.03	1.38
	Debt securities, including statement on the use of funds	10.40	5.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.40	5.70	0.00	0.00	0.00	0.44
	Equity instruments															
	Households	95.59	0.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.59	0.67	0.00	0.00	0.00	8.55
	including loans secured by residential real estate	99.95	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	99.95	0.75	0.00	0.00	0.00	7.36
	including loans for building renovation	68.66	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68.66	0.17	0.00	0.00	0.00	1.19
	including loans for motor vehicles															
	Financing of local government units	37.85	12.62	0.00	0.00	0.00	3.50	1.82	0.00	0.00	41.35	14.44	0.00	0.00	0.00	0.24
	Housing finance															
	Other financing of local governments	37.85	12.62	0.00	0.00	0.00	3.50	1.82	0.00	0.00	41.35	14.44	0.00	0.00	0.00	0.24
	Collateral obtained through the seizure of residential and commercial real estate															
	TOTAL ASSETS IN THE GREEN ASSET RATIO	14.66	0.19	0.00	0.00	0.00	1.26	0.01	0.00	0.00	15.91	0.20	0.00	0.00	0.00	60.07

GAR_4_1 Key performance indicator for the green asset ratio in relation to flow – exposures qualified based on turnover

Percentage share	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Percentage share of total included assets
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					
		of which allocation of proceeds	of which for transition	of which supporting		of which allocation of proceeds	of which supporting		of which allocation of proceeds	of which for transition	of which supporting				
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	22.29	0.40	0.00	0.00	0.30	0.04	0.00	0.00	0.00	22.33	0.40	0.00	0.00	0.30	3.96
Financial undertakings	0.14	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	1.46
Lending institutions															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
Other financial institutions	0.14	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	1.46
including investment firms															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
including asset management companies															
Loans and advances															
Debt securities, including statement on the use of funds															

	Equity instruments															
	including insurance undertakings															
	Loans and advances															
	Debt securities, including statement on the use of funds															
	Equity instruments															
	Non-financial undertakings	8.52	0.71	0.00	0.00	0.71	0.00	0.00	0.00	0.00	8.52	0.71	0.00	0.00	0.71	1.68
	Loans and advances	8.52	0.71	0.00	0.00	0.71	0.00	0.00	0.00	0.00	8.52	0.71	0.00	0.00	0.71	1.68
	Debt securities, including statement on the use of funds															
	Equity instruments															
	Households	90.82	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90.82	0.47	0.00	0.00	0.00	0.80
	including loans secured by residential real estate	100.00	1.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	1.35	0.00	0.00	0.00	0.28
	including loans for building renovation	85.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	85.96	0.00	0.00	0.00	0.00	0.52
	including loans for motor vehicles															
	Financing of local government units	50.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.32	0.00	0.00	0.00	0.00	0.02
	Housing finance															
	Other financing of local governments	50.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.32	0.00	0.00	0.00	0.00	0.02
	Collateral obtained through the seizure of residential and commercial real estate															
	TOTAL ASSETS IN THE GREEN ASSET RATIO	2.07	0.04	0.00	0.00	0.03	0.00	0.00	0.00	0.00	2.07	0.04	0.00	0.00	0.03	42.69

GAR_4_2 Key performance indicator for the green asset ratio in relation to flow – exposures qualified based on capital expenditures

Percentage share	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		TOTAL (CCM + CCA)	

	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets	
		Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of assets allocated to financing sectors relevant to Taxonomy (Taxonomy-aligned)				Percentage share of assets allocated to financing sectors relevant to Taxonomy (Taxonomy-aligned)				
		of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting		
Loans and advances, debt securities and equity instruments not held for trading eligible for the calculation of the green asset ratio	24.86	0.32	0.00	0.00	0.02	9.17	0.00	0.00	0.00	34.03	0.32	0.00	0.00	0.02	3.96
Financial undertakings	5.88	0.00	0.00	0.00	0.00	24.91	0.00	0.00	0.00	30.79	0.00	0.00	0.00	0.00	1.46
Lending institutions															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
Other financial institutions	5.88	0.00	0.00	0.00	0.00	24.91	0.00	0.00	0.00	30.79	0.00	0.00	0.00	0.00	1.46
including investment firms															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															
including asset management companies															
Loans and advances															
Debt securities, including statement on the use of funds															
Equity instruments															

	including insurance undertakings															
	Loans and advances															
	Debt securities, including statement on the use of funds															
	Equity instruments															
	Non-financial undertakings	9.59	0.53	0.00	0.00	0.05	0.00	0.00	0.00	0.00	9.59	0.53	0.00	0.00	0.05	1.68
	Loans and advances	9.59	0.53	0.00	0.00	0.05	0.00	0.00	0.00	0.00	9.59	0.53	0.00	0.00	0.05	1.68
	Debt securities, including statement on the use of funds															
	Equity instruments															
	Households	90.82	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	90.82	0.47	0.00	0.00	0.00	0.80
	including loans secured by residential real estate	100.00	1.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	1.35	0.00	0.00	0.00	0.28
	including loans for building renovation	85.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	85.96	0.00	0.00	0.00	0.00	0.52
	including loans for motor vehicles															
	Financing of local government units	50.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.32	0.00	0.00	0.00	0.00	0.02
	Housing finance															
	Other financing of local governments	50.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.32	0.00	0.00	0.00	0.00	0.02
	Collateral obtained through the seizure of residential and commercial real estate															
	TOTAL ASSETS IN THE GREEN ASSET RATIO	2.31	0.03	0.00	0.00	0.00	0.85	0.00	0.00	0.00	3.16	0.03	0.00	0.00	0.00	42.69

GAR_5_1 Key performance indicator for the green asset ratio in relation to off-balance sheet exposures – exposures qualified based on turnover

Percentage share – off-balance sheet exposures	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)						
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				
		Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)			
			of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting	
Financial guarantees (key performance indicator for financial guarantees)	73.33	4.57	0.00	0.05	3.65	6.58	6.58	0.00	2.50	79.91	11.15	0.00	0.05	6.15	
Assets under management (key performance indicator for assets under management)															

GAR_5_2 Key performance indicator for the green asset ratio in relation to off-balance sheet exposures – exposures qualified based on capital expenditures

Percentage share – off-balance sheet exposures	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-eligible)				
			Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)					Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)				Percentage share of total included assets allocated to financing of sectors relevant to Taxonomy (Taxonomy-aligned)		
			of which allocation of proceeds	of which for transition	of which supporting			of which allocation of proceeds	of which supporting			of which allocation of proceeds	of which for transition	of which supporting
Financial guarantees (key performance indicator for financial guarantees)	66.21	5.39	0.00	0.44	4.90	4.68	4.68	0.00	1.63	70.89	10.06	0.00	0.44	6.53
Assets under management (key performance indicator for assets under management)														

1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Voluntary disclosures

For many years, Bank Ochrony Środowiska has been regularly defining and reporting the evolution of its portfolio of green transactions. This process is guided by the Bank's internal guidelines, specifically the Rules for Qualifying Transactions to the Portfolio of Green Transactions (ZKTE). The ZKTE sets forth the criteria for qualifying banking products and financed projects for the portfolio. It details the tasks related to this qualification process, outlines the Bank's procedures for identifying ecological risks within the portfolio of green transactions, and describes the methods for monitoring, controlling, and reporting on these risks.

The ZKTE enables the evaluation and inclusion of transactions in the Bank's green portfolio, spanning all client segments and diverse types of business activities. The principal criterion for classifying a product or project as green is its ability to generate ecological benefits, which contribute positively to the natural environment. This especially refers to benefits achieved through the implementation of green projects in areas such as air protection (including renewable energy sources, sustainable construction, and energy efficiency), water management and protection, waste management, nature conservation, and other areas of environmental protection.

The principles and criteria for evaluating projects and operations undergo regular reviews, development, and adjustments. This ensures they remain aligned with evolving external regulations, as well as changing market and technological conditions.

The ZKTE defines the types of credit products eligible for inclusion in the Bank's green portfolio and sets out detailed assessment criteria, divided into the following four classes.

- Class 1: Investment credit products intended for financing green projects or acquiring assets of existing green projects;
- Class 2: Revolving credit products in credit accounts (renewable and non-renewable), current accounts, mortgage loans, debt purchase, factoring, bonds, guarantees, multipurpose lines, letters of credit, as well as IRS, FX Forward and FX Spot treasury transactions;
- Class 3: Credit products, excluding investment credit products listed in Class 1, if the financing supports the execution of green projects that meet Class 1 criteria;
- Class 4: Dedicated Credit Products for retail clients.

Transactions with institutional clients undergo individual assessments, meticulously documented by an environmental engineer. Each project qualified for the Bank's green portfolio is monitored and verified throughout its entire lifecycle.

For retail products, the Bank primarily includes the following in its green loan portfolio:

- Products under dedicated donor programs supporting pro-environmental goals, such as those by NFOŚiGW, WFOŚiGW, and BGK;
- Products aimed at sustainable residential construction, such as green mortgages for buildings that meet energy performance criteria or hold appropriate multi-criteria certification for sustainable buildings;
- Products with clearly defined financing purposes, such as purchasing and installing environmental protection equipment, including renewable energy sources (e.g. EkoKredyt PV, EkoPożyczka for environmental purposes).

The effects of financed projects are reported through the Bank's internal system for monitoring ecological outcomes.

Green impact of projects completed in 2020–2023 that were co-financed by the Bank

Environmental effects in the areas	Unit	2023	2022	2021	2020
renewable energy production	GWh/year	81.3	82.7	62.7	56.9
heat consumption and heat loss savings from completed projects	thousand GJ/year	571.3*	26.5	58.3	12.2
reduction of carbon dioxide emissions	thousand tonnes/year	84.1	89.6	183.1	69.2
particulate matter emissions reduction	tonnes/year	22.0	40.0	35.2	27.6
Waste disposed of or secondary raw materials recovered	thousand tonnes/year	2.2	69.2	94.7	36.3

* significant increase as a result of financing major upgrade of a production facility.

Over its 30 years of operation, the Bank has executed more than 92 thousand pro-environmental transactions, totalling PLN 28.9 billion. These transactions have supported investments worth PLN 58.7 billion during this period.

To maintain continuity in disclosures and to monitor the delivery of strategic objectives, the Bank not only complies with EU Taxonomy disclosures but also reports progress on its green portfolio according to its internal ZKTE guidelines. The Taxonomy standardises the approach to sustainable finance, and the Bank is committed to systematically aligning the two types of disclosures. As data availability and quality improve, facilitating comprehensive compliance with the Taxonomy, and as the regulatory environment and sustainable finance market mature, the Bank will fully integrate its reporting methods.

Balance of green loans (in accordance with internal classification rules)

The balance of green loans as at 31 December 2023 was 4,923 million, a decrease of 3.3% on 31 December 2022. The green loans accounted for 41% of the Bank's total lending portfolio (vs 41% as at 31 December 2022).

	PLN thousand	31 Dec 2023	31 Dec 2022	Change
Green loans to institutional clients		4,513,330	4,633,835	-2.6%
Green loans to retail clients		409,739	454,832	-9.9%
TOTAL GREEN LOANS		4,923,069	5,088,668	-3.6%

* by principal amount

Sales of green loans (in accordance with internal classification rules)

	PLN thousand	2023	2022	Change
Green loans to institutional clients		2,098,504	1,581,444	32.7%
Green loans to retail clients		51,959	40,865	27.1%
GREEN LOANS		2,150,462	1,622,309	32.6%

In 2023, sales of green loans amounted to PLN 2,150 million, representing a 32.7% year-on-year increase. The vast majority (in value terms) of the new green loans were made to institutional clients (98%). Loans for construction sector projects represented the largest share of the total (40% of total green loans in volume terms).

The renewable energy sector forms a crucial part of the Bank's green portfolio, aligning with activities eligible under and compliant with the Taxonomy. As a result, the Bank voluntarily undertakes additional analyses to evaluate the compliance of investments in wind and solar PV farms. This includes assessing projects from entities not covered by the NFRD to ensure they meet the required minimum safeguards. As at 31 December 2023, more than half of the clients – companies investing in wind and solar PV farms – confirmed their compliance with the minimum safeguards through the declarations they submitted. This equates to Taxonomy-compliant exposures totalling PLN 469.367 million.

4.5. Responsible approach to environmental protection

GRI [2-12]

The Environmental Policy of Bank Ochrony Środowiska and the Climate Policy of Bank Ochrony Środowiska S.A. encompass a number of commitments aimed at minimising the Bank's environmental footprint. Those of particular importance include:

- Reduction of the Bank's carbon footprint, including the planned implementation of a system for monitoring and managing the footprint, alongside efforts to enhance the quantity and quality of related data;
- Continuous energy reduction measures (such as energy-efficient devices and lighting, including advertising lighting); Use of dusk sensors; Use of automatic light sensors in the kitchen and bathroom areas of the Bank's Head Office, smart control systems for air conditioning and heating/ventilation systems, and a low-emission fleet of company cars; Eco-driving training;
- Continual reduction of water consumption and sewage generation (e.g. faucet aerators, dual flush systems);
- Waste segregation initiatives and contracts with professional waste management companies;
- Educating employees (e.g. reminding them on the need to turn off the lights, limit the number printouts, limit water consumption and waste generation, including plastic waste).

4.6. Energy efficiency, consumption, and mix

GRI [3-3] [302-1] [305-1] [305-2]

ESRS [E1-5]

In line with the adopted ESG Strategy, the BOŚ Group commits to maximising the share of electricity derived from renewable energy sources (RES). The BOŚ Group plans to cover 100% of its consumed electricity with guarantees of origin from renewable energy sources (RES) or a Power Purchase Agreement (PPA) from RES by 2026.

The total electricity consumption by the Bank in 2023 amounted to 2,897.7 MWh, and it was 100% covered by certificates confirming the origin of energy from renewable energy sources (RES), issued by energy suppliers or purchased by the Bank from a RES producer. For the BOŚ Group, electricity consumption in 2023 totalled 6,557.6 MWh, with 63.5% of the consumed electricity certified as originating from renewable energy sources (RES).

Electricity consumption [MWh]	2023	2022	2021
Bank	2,897.7	3,234.2	2,094.0
BOŚ Group (including BOŚ Foundation)	6,557.7	not applicable*	not applicable*

* in earlier years only Bank data was reported.

The Bank is deeply committed to enhancing energy efficiency. The reduction in energy consumption in 2023 is largely attributed to the installation of LED lighting throughout the Bank's facilities.

The scope and methods of calculating energy consumption at the Bank's outlets:

- by reference to energy usage at each outlet – calculated using invoices for the electricity consumed. Energy consumption per employee was calculated using the number of outlets with known energy consumption volumes, the volume of electricity consumed by each outlet, and the number of employees;
- by reference to the energy consumption ratio – calculated using the number of outlets, the number of employees in each outlet and the pre-determined energy consumption per employee ratio;
- the reported data on electricity consumption by the Group includes estimated consumption related to assets financed through operating leases by BLEP.

		CO ₂ emissions at the BOŚ Group	CO ₂ emissions from the Bank's electricity consumption		
Methodology	Unit	2023	2023	2022	2021
Location-based:	[Mg]	4,367.4	1,929.8	2,154.0	1,365.3
Market-based:	[Mg]	1,594.4	0	0	0

Methodology: The emissions volume was estimated for the activities of the Bank as a financial institution, including the operation of the bank's Head Office, business centres and branches, taking into account the average headcount: 1,170 people in 2021, 1,204 people in 2022, and 1,235 people in 2023, as well as the average number of employees in the BOŚ Group: 1,577 people in 2023 (average number of FTEs for the year).

The Bank is constantly striving to reduce energy consumption. In the Head Office building, light switches in the kitchen areas, bathrooms, and stairwells were replaced with motion and dusk detectors. LED lighting was installed in the branches, replacing the traditional incandescent and fluorescent bulbs. The outdated lighting in external advertising lightboxes was upgraded to LED technology, equipped with special timers to set optimal illumination hours.

Heat consumption

Heating of BOŚ outlets	Unit	BOŚ Group	Bank		
		2023	2023	2022	2021
Heat consumption, net	[GJ]	9,399.7	6,705.6	4,836.4	6,371.3
CO ₂ emissions from heat consumption	[Mg]	944.9	674.0	493.5	620.9

District heat consumption relates to the heating of the BOŚ Group outlets. Heat consumption data was calculated based on invoices and heat consumption estimates (expressed in GJ) for individual outlets.

4.7. Carbon footprint

GRI [305-1] [305-2] [305-3] [305-4] [305-5]
ESRS [E1-6]

The Bank has committed to calculate greenhouse gas emissions annually and to submit the calculations for independent verification. The first estimate of greenhouse gas emissions from the Bank's operations was made for 2007.

The calculations for 2023 were made in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The results were obtained from the collected data in each of the three scopes. The Group does not have a full range of actual data, so part of the carbon footprint calculation was estimated. In addition to data from invoices and billings provided by building managers, market emission rates sourced from relevant literature and industry databases were used to estimate the correct emissions volumes. The statement of results, methodologies and indicators used have been verified and confirmed by an independent company. The reported corrections were taken into account in the final version of the Report. In 2023, the carbon footprint calculations were carried out by the Bank's internal team (DPT). This task had previously been outsourced to external parties in prior years.

Scope I – direct emissions from

- refrigerant leaks,
- on-site fuel combustion,
- fuels used in vehicles (trips in the Bank's company cars), including estimated consumption related to assets financed through operating leases by BLEP

Scope II - indirect emissions from:

- electricity consumed, estimated consumption related to assets financed through operating leases by BLEP,
- district heating consumed.

Scope 3 – other indirect emissions

- purchased goods and services (paper, water),
- energy- and fuel-related emissions not included in Scope 1 and 2 (e.g. power transmission),
- transport and distribution (courier services),
- waste generated in operations,
- business travel,
- employee commuting,
- leased assets (third-party car rental).

The table and the chart present data on emissions calculations for 2019–2023. The Scope 2 calculations, encompassing electricity and heat consumption, are presented with a differentiation between the following methods:

- the location-based method uses an average emission factor for a country, showing the actual volume of emissions generated in a given region as a result of the production of electricity or heat purchased by the organisation,
- in the market-based method, electricity consumption is multiplied by emission factors published by specific energy sellers, showing the impact of an organisation's purchasing decisions on the size of its carbon footprint.

If purchased energy is covered by Guarantees of Origin for renewable energy, the emission factor in the market-based method is zero irrespective of what fuel mix is published by the seller.

The Bank's and the BOŚ Group's emission levels for each carbon footprint reporting scope in individual years are as follows:

Year	BOŚ Group	Bank			
	2023	2023	2022	2021	2020
Unit	[Mg CO₂eq]				
Scope 1	529.5	40.8	48.3	211.1	170.7
Scope 2 (location-based method)	5,312.3	2,603.9	2,647.4	1,986.3	4,092.4
Scope 2 (market-based method)	2,539.3	674.0	493.5	620.9	2,725.3
Scope 3	2,864.8	1,779.4	1,094.5	682.7	976.8
Total (location-based)	8,706.6	4,424.2	3,790.1	2,880.0	5,239.9
Total (market-based)	5,933.7	2,494.3	1,636.3	1,514.7	3,872.7

Methodology: The emissions volume was estimated for the activities of the Bank as a financial institution, including the operation of the bank's Head Office, business centres and branches, taking into account the average headcount: 1,170 people in 2021, 1,204 people in 2022, and 1,235 people in 2023, as well as the average number of employees in the BOŚ Group: 1,577 people in 2023 (average number of FTEs for the year).

The Group consistently strives to improve the quality and scope of its data collection, refine calculation methodologies, and enhance the tools used. These ongoing improvements lead to fluctuations and limited year-to-year comparability in the calculated emission levels.



Emission factors concerning efficiency for Scope 1 and 2 emissions calculated using the market-based method for BOŚ:

Emissions	Unit	BOŚ Group	Bank		
		2023	2023	2022	2021
per employee	[kg CO ₂ eq/person]	1 952.0	578.8	449.9	711.1
per client	[kg CO ₂ eq/person]	9.1	4.6	3.8	5.5
per PLN 1 million of assets	[kg CO ₂ eq/PLN 1 million of assets]	124.3	32.5	24.7	40.6
per PLN 1 million of revenue	[kg CO ₂ eq/PLN 1 million of revenue]	1,596.6	428.9	422.8	1,641.0
per USD 1 million of revenue	[kg CO ₂ eq/USD 1 million of revenue]	6,282.6	1,687.8	1,861.0	8,000.6

4.8. Transition plan for climate change mitigation

GRI [3-3]

ESRS [E1-1] [E1-3] [E1-4]

The BOŚ Group is consistently working on solutions to minimise its negative impact on climate change.

In line with the ESG Strategy and Climate Policy, the BOŚ Group aims to achieve climate neutrality, defined as net-zero emissions in Scopes 1 and 2, by 2030. As a participant in the Science Based Targets initiative (SBTi), the BOŚ Group has committed to developing, validating, and publishing science-based decarbonisation targets, including portfolio emissions, by 2024.

While the Bank's operations do not significantly affect climate change directly, its indirect impact is primarily seen through the projects it finances. Therefore, it is crucial to finance projects that contribute to mitigating and adapting to climate change while limiting financing for sectors and projects that exacerbate climate change. The Bank supports the climate transition of its clients and partners through:

- Financing environmentally sustainable projects;
- Providing tailored financial products aimed at funding ventures that support climate change mitigation and adaptation measures, and the just transition of high-emission and energy-intensive sectors towards lower emissions;
- Collaborating with organisations committed to climate action and implementing relevant climate agreements and declarations;
- Engaging in educational activities and participating in market discussions on sustainable finance, including sharing expertise from the Department of Environmental Policy, ESG, and Taxonomy;
- Limiting financing to high-emission sectors, including ceasing new funding for thermal coal extraction and new coal-fired power plants, in line with the BOŚ Climate Policy.

Actions and resources related to the Climate Policy

Initiatives under the Climate Policy are implemented across all levels of the Bank's organisation.

The Supervisory Board, in line with its duties and responsibilities, oversees the execution of the Climate Policy.

The Management Board is responsible for designing and implementing the principles of the Climate Policy, ensuring the effective operation of the risk management system.

The Bank has established dedicated committees, including:

- The ESG and Green Projects Committee, which evaluates Climate Policy initiatives and monitors and reports on the achievement of strategic ESG goals, including climate-related objectives, to the Management Board;
- The Environmental Protection Committee, which advises the Supervisory Board and Management Board on Climate Policy projects and aids in fulfilling BOŚ's statutory mission.

Units tasked with the identification, measurement, monitoring, control, and mitigation of risks, alongside business units, handle the day-to-day management of various types of banking risks, including ESG risks, within the framework laid out by the Management Board.

At BOŚ, the Environmental Policy, ESG and Taxonomy Department (DPT) is the designated organisational unit responsible for the review, update, coordination, and monitoring of the Climate Policy implementation.

Targets related to climate change mitigation and adaptation

The Bank's objectives for combating and adapting to climate change are laid out in the Climate Policy of Bank Ochrony Środowiska S.A. and the BOŚ Group's ESG Strategy for 2024-2026.

These objectives will be pursued through a series of targeted actions:

- Minimising the Bank's carbon footprint by controlling the consumption of resources and emission levels across all BOŚ Group facilities, and by implementing a comprehensive system for collecting, monitoring, and managing data for calculating BOŚ Group's emissions by 2025;
- Achieving climate neutrality in Scopes 1 and 2 by 2030, which includes ensuring that 100% of the Group's electricity consumption is covered by guarantees of origin from renewable energy sources (RES) or via Power Purchase Agreements (PPA) with RES by 2026, and ensuring that over 90% of the Group's vehicle fleet is composed of hybrid or electric vehicles by 2026;
- Reducing paper documentation by 50% by 2026;
- Enhancing energy efficiency and reducing consumption of utilities by installing 100% LED lighting in all BOŚ Group facilities by 2025;
- Supporting the climate transition of clients, particularly towards low-emission business activities, through preferential financing options that support business decarbonisation goals;
- Restricting financing for high-emission sectors and projects, including ceasing new funding for thermal coal extraction and new coal-fired power plants;
- Advancing internal regulations related to climate risk management;
- Capturing opportunities and potential positive effects of climate change.

4.9. Resource consumption – water, equipment, paper, office and marketing materials

GRI [303-5] [306-3]

ESRS [E3-4] [E5-2] [E5-5]

The Bank's commitment to maintaining ecological office management standards is demonstrated by the receipt of the Green Office certificate for the third consecutive year in 2023. Further information can be found in section: 2.8. Awards and accolades in 2023

Developing environmental standards for branches was one of the key performance indicators (KPIs) in the Bank Ochrony Środowiska's ESG Strategy for 2021-2023. As part of these efforts, a project was initiated to establish environmental standards for the Bank's branches and Business Centres. This project includes guidelines on energy consumption (energy efficiency, lighting, IT and household appliances), water consumption, waste reduction, and the maintenance of green spaces within the facilities. Subsequently, an evaluation was carried out to assess the baseline implementation of environmental standards across the Bank's branches. The review revealed several gaps in compliance with the established standards in certain locations. Specifically, these deficiencies pertained to the availability of waste segregation bins, adherence to waste segregation protocols, signage promoting resource conservation, the provision of natural greenery, creation of pet-friendly spaces equipped with water bowls, and the installation of energy-efficient lighting. The identified shortcomings were addressed and resolved by the end of 2023, fulfilling the environmental standards objectives set for that year.

Solutions to reduce water consumption

The Bank continuously strives to reduce water consumption. All Bank outlets are equipped with water-saving devices to minimise water consumption. These include dual-function flush systems and faucet aerators.

	Year	Net water consumption [m ³]	CO ₂ emissions [Mg CO ₂ eq]
BOŚ Group	2023	8,597.1	1.52
BOŚ	2023	6,543.6*	1.17
	2022	13,356.8	1.99
	2021	12,534.2	2.51

* Differences in reported water consumption for 2023 compared to previous years are due to changes in methodology and availability of tools.

Second life of equipment (best practice)

All equipment and electronic devices (PCs, notebooks, phones) no longer used by the employees are given a second life by being offered for purchase at attractive prices to employees or third parties. Decommissioned tangible assets may be donated to external entities – institutions of science, education, child-rearing, culture, healthcare and social welfare, charity, environmental protection, public order and safety, including organisations referred to in Articles 3.2 and 3.3 of the Act on Public Benefit Initiatives and Volunteerism of 24 April 2003 (Dz. U. 2018, item 450, consolidated text) for the purposes specified in Article 4 thereof.

The amount of IT equipment repurposed for further use from 2021 to 2023 is presented in the table below.

Resold equipment	Number of units in 2023	Number of units in 2022	Number of units in 2021
Cell phones	167	153	1,044*
Notebooks	54	195	121
Computer sets	107 (including 4 sets donated free of charge)	99 (including 26 sets donated free of charge)	225 (including 16 sets donated free of charge)
Ipad, tablet	5	6	47
Modem cards	2	6	129
Computer monitors	30	-	-

* The significant difference in the number of phones repurposed in 2021 was due to the liquidation of the reserve of fully depreciated, out-of-warranty phones.

Paperless – reducing paper consumption

Necessary prints at BOŚ are done double-sided, and colour printing is restricted to an absolute minimum. These measures resulted in a reduction in paper consumption of:

- approximately 13.4% in 2021 compared with 2020;
- approximately 40% in 2022 compared with 2021, largely due to the absence of a major mailing campaign related to amendments in the documents governing the use of the Bank's products and services.

However, in 2023, there was a slight increase of about 2.7% in paper usage compared to 2022, attributed to the mailing campaign that was postponed from the previous year.

Additionally, the Bank is committed to reducing the number of printed advertising leaflets by transitioning to electronic versions of promotional materials. Advertising leaflets are printed on recycled paper made from wood certified by the Forest Stewardship Council (FSC).

At the Bank's Head Office and branches, all necessary printing is produced on eco-friendly paper that carries EU Ecolabel certification.

The Bank responsibly sources marketing items and office supplies

The Bank consistently strives to ensure that its promotional and advertising materials, as well as office supplies, are produced sustainably using environmentally friendly or recycled materials.

In 2023, as in previous years, the purchased promotional items were required to meet at least one criterion qualifying them as environmentally friendly materials:

- the product was made from eco-friendly materials (e.g. notebooks and pens with cork covers, office calendars made from Forest Stewardship Council (FSC) certified paper, electronic devices with wooden casings);
- the product, by virtue of its practical function, promotes the conservation of natural resources (e.g. reusable water bottles, umbrellas made with water-saving technology, reusable shopping bags made from recycled cotton).

Unused promotional materials (especially printed materials prepared for a specific product offer) are collected in designated containers.

The Bank maintained minimal use of advertising foil on the window surfaces designated for promotional displays in its branches. The average area of advertising film used per outlet was 6.42 m² in 2023 compared with 6.32 m² in 2022.

New Bank branches are outfitted with furniture from a collection specifically designed with elements made from recycled materials. In addition to using recycled furniture, our branches feature ceilings made of at least 40% recycled materials.

5. SOCIALLY ACTIVE BANK (S)

We promote sustainability

We invest in the education and development of our clients, providing them with access to relevant knowledge and expertise. In our activities for society we are driven by the goal of creating positive social impacts. We carry out a number of important social initiatives through the programmes run by the BOŚ Foundation.

We are building a sustainable organisation

We cultivate a friendly and engaging workplace at the Bank pursuing a green mission. Our commitment extends to providing employees with opportunities for continuous development. We hold a strong belief in and actively support workforce diversity, well-being and work-life balance.

5.1 Joint efforts in fostering sustainable developments

GRI [2-12] [413-1]

The Bank strongly believes that intergenerational solidarity, manifest in finding solutions that guarantee steady and equitable growth with the inclusion of all social groups, will ensure a peaceful and stable future for the next generations. Our Bank, together with the BOŚ Foundation, has for many years invested in corporate social responsibility initiatives. Each year, the Bank and the BOŚ Group undertake dozens of initiatives aimed at engaging employees, business partners, and local communities.

5.2. Shared goals, shared commitment

GRI [2-28]

For many years, BOŚ has been actively engaged in initiatives to enhance public awareness of ecological and environmental protection issues. The Bank regularly participates in debates and discussions alongside representatives from legislative bodies, local governments, the business sector, and the academic community. Environmental engineers at the Bank actively participate in trade fairs, seminars, and thematic conferences, and also provide commentary in the media. BOŚ prioritises the environmental education of its employees by offering dedicated webinars and ecological initiatives, including the '*BOŚmy pełni zielonej energii*' campaign, and encourages participation in volunteering activities. BOŚ employees are entitled to utilise three working days per year for volunteering activities. Our staff recognise their environmental impact, hence they place a strong emphasis on the quality of the products and services provided and are committed to sharing ecological knowledge with our clients.

In 2023, Bank experts participated in a total of 41 congresses and conferences. These included the Local Government Financial Congress, the Local Government Economic Congress, PSEW 2023, the 2nd ESG Congress - Poland's Business Power, as well as the 15th International Financial and Banking Forum (IFFB) – Challenges for Finance in Times of Economic and Environmental Turbulence, Green Gas Poland, and the Banking Forum.

During industry events, our representatives frequently spoke on topics such as energy transition and financing green projects, ESG and sustainable development, and support programmes and tools for local governments, cities, and regions.

Social media is an important communication channel the Bank uses on a regular basis. BOŚ actively engages with audiences on Facebook, LinkedIn, Twitter, and YouTube. The social media channels feature inspiring content that showcases BOŚ's expertise and activities, along with educational information. In 2023, these platforms were utilised to continue environmental education and promote the Bank's products. Series of posts were published under the hashtags: #ECOadvice, #ECOknowledge, #ECOwonders, #ECOactive, and #SAFEwithBOŚ. Additionally, cybersecurity content was highlighted to raise awareness among followers. Our YouTube channel primarily features corporate and promotional videos.

5.3. Bank Ochrony Środowiska Foundation

GRI [203-1] [413-1]

ESRS [S3-2] [S3-4]

For more than 14 years, the BOŚ Foundation has been actively involved in key projects aligned with the Bank's mission. These initiatives focus on educating the public about environmental protection and promoting a healthy lifestyle, proper nutrition, and physical activity, especially targeting children and young people.

In 2023, the BOŚ Foundation allocated donations from benefactors to support ongoing educational programmes and to implement two new projects: Filmeko and Social Organisations for Climate.

For more information, visit the Foundation's website fundacjabos.pl

Programmes of the BOŚ Foundation:

Name and edition of the project, website	Description	Project in numbers in 2023:
Bet on the Sun (<i>Postaw na Słońce</i>) 9th and 10th editions postawnaslonce.pl	The project promotes Renewable Energy Sources (RES), with a particular focus on solar photovoltaics (PV). Initiated in 2014, the project targets youth from 7th and 8th grades of primary schools and students from secondary schools. Participants gain knowledge in the field of RES micro-installations and prepare solar PV projects for single-family homes and school buildings. Subsequently, they share their knowledge with the local community. The 9th edition of the project ran from October 2022 to June 2023. The 10th edition of the project was launched in October 2023. Registration was open until 30 November 2023.	9th edition: <ul style="list-style-type: none"> • 242 registered student teams • 1,317 participants • 304 solar PV micro-system designs 10th edition: • 262 registered student teams;
Filmeko 1st and 2nd editions in a new format filmeko.pl	The film competition was originally a part of the "Postaw na Słońce" project but was relaunched in October 2022 under a new name, 'Filmeko', with an expanded focus on environmental protection. The competition is now open to a broader range of participants, including primary schools, secondary schools, cultural centres, and other educational and cultural institutions. The first edition of the newly formatted competition concluded in June 2023. It recognised six films, awarding them for their contributions, and these were published on the competition's official website and YouTube channel. The second edition of the competition was launched in October 2023. Registration was open until 15 December 2023.	1st edition: <ul style="list-style-type: none"> • 300 registered student teams • 937 participants • 80 educational films shot • 6 award-winning films 2nd edition: <ul style="list-style-type: none"> • 413 registered student teams
Green Bench (<i>Zielona Ławeczka</i>) 9th edition zielonalaweczka.pl	'Zielona Ławeczka' (Green Bench) is a nationwide grant project aimed at residents of open housing estates managed by cooperatives, housing associations, or local governments in cities with a population of over 10,000. The project facilitates the transformation of neglected areas within these estates into green spaces by creating mini-gardens with a bench. Residents have the opportunity to revitalise spaces around their buildings, creating areas for relaxation and social gatherings. The project demonstrates to residents the importance of community action and the positive outcomes that can be achieved through collective effort. It is supported by an expert from the Department of Landscape Architecture at the Institute of Environmental Protection, Warsaw University of Life Sciences (SGGW). The 9th edition of the project was launched in March 2023. Teams were eligible for funding of up to PLN 3,000. The 10th edition of the competition will be launched in January/February 2024.	9th edition: <ul style="list-style-type: none"> • 295 registered neighbourhood teams • 44 applications • 16 winning projects* • 15 grants awarded • total value of grants: PLN 40,446 • 15 new mini-gardens * One project team did not accept the grant.
It's Dirty Here (<i>Brudno Tu</i>) brudnotu.fundacjabos.pl	The objective of the project is to assist local governments in the fight against illegal dumping of rubbish. The Foundation has developed a free application called 'Brudno Tu', available on Google Play and the App Store. The app enables users to report locations where they observe illegal waste dumping in forests, parks, and other public areas throughout Poland. The system automatically geolocates each report and forwards the information to the relevant local government authority	451 illegal dumpsites reported

	and the unit responsible for waste removal. At the beginning of the year, the application was updated to align with the latest standards and new functionalities were added. Users can now report illegal waste dumps from any location, and administrators have the capability to verify reports before passing them on to the municipality.	
Traditional Orchard (<i>Tradycyjny sad</i>) 6th edition tradycyjnysad.pl	The 'Tradycyjny Sad' grant competition aims to restore and promote traditional fruit tree varieties. Enhancing biodiversity helps protect natural ecosystems. Participants are required to create a mini orchard with at least five trees in a public space, such as a schoolyard. The sixth edition of the project was launched in December 2022 and concluded in October 2023. Additionally, participants had the opportunity to contribute to the Pomological Map of Poland by locating historical fruit tree varieties in their local areas.	6th edition: <ul style="list-style-type: none"> • 211 schools registered • 1,455 participants • 120 grants awarded • 120 mini-orchards planted • 924 fruit trees of old varieties
World in the Eyes of the Young (<i>Świat oczami młodych</i>) 6th edition oczamimlodych.pl	World in the Eyes of the Young is a creative competition. Since 2022, participants can compete for grants to create eco-murals. The competition is open to all types of educational institutions, including primary, secondary, and higher education schools, as well as cultural centres, libraries, and other organisations with an educational or cultural focus. The sixth edition of the competition, launched in February 2023, focused on endangered species of plants, animals, and fungi in Poland. A jury composed of artists and Foundation representatives selected the five best projects, awarding each up to PLN 15,000 for mural creation. All murals were created according to plan.	6th edition: <ul style="list-style-type: none"> • 452 mural projects • 5 grants awarded • Total value of grants: PLN 71,185 • 5 completed murals
BOŚ Foundation Academy 1st and 2nd editions akademia.fundacjabos.pl	The BOŚ Foundation Academy is a nationwide grant competition directed at youth groups and student science clubs engaged in environmental protection. Participants can apply for grants amounting to a total of PLN 100,000, based on their previous activities and future project proposals. The competition allocates ten grants of PLN 5,000 each for youth groups and five grants of PLN 10,000 each for student science clubs. Moreover, in each edition, the three teams with the highest-rated reports receive a guaranteed grant in the subsequent edition. The second edition of the competition was launched in October 2023, with results announced in January 2024. As part of this initiative, the Foundation collaborates with the Copernicus Science Centre. The programme also supports Young Explorers' Clubs by providing 36 Air Quality Module educational kits.	1st edition: <ul style="list-style-type: none"> • 111 applications • 15 grants awarded • total value of grants: PLN 99,916.25 2nd edition: <ul style="list-style-type: none"> • 148 applications
Social Organisations for the Climate klimat.forumdarczynow.pl	The Foundation partnered with the Donors' Forum initiative 'Social Organisations for the Climate'. This initiative included a series of workshops where Foundation employees actively participated, discussing the impact of climate change on the Foundation's beneficiaries and exploring effective support strategies during the climate crisis. The outcome of these discussions was the Climate Declaration, announced on 12 December 2023, with the Foundation among its signatories.	<ul style="list-style-type: none"> • 7 workshops • Participants from 40 NGOs • 20 organisations signed the Declaration
'Zdrowo jem, więcej wiem' (Fit Diet, Fit Brain) project 13th and 14th editions	'Fit Diet, Fit Brain' is a project aimed at young students, specifically those in reception classes and grades 1–3 of elementary schools. The project, launched 14 years ago, runs throughout the school year, with two phases. The main goal of the project is to develop children's health-oriented attitudes by teaching them principles of healthy eating. Competition teams undertake tasks related to healthy eating and physical activity. Additionally, they are required to disseminate the	13th Edition: <ul style="list-style-type: none"> • 2,651 competition teams registered • more than 50,000 students and teachers registered

<p>zdrowojem.fundacjabos.pl</p>	<p>knowledge they have gained to their fellow students and their parents. Since the 7th edition, the project has annually received the honorary patronage of the First Lady, Ms Agata Kornhauser-Duda. In September 2022, the 13th edition of the project was launched, ending in June 2023. In September 2023, the 14th edition of the project started. Applications are accepted until 1 February 2024.</p>	<ul style="list-style-type: none"> • 130,000 people who were educated by the participants • 25 awarded teams • 37 female teachers awarded • 537 students awarded <p>14th edition:</p> <ul style="list-style-type: none"> • 1,800 competition teams registered (applications are still being accepted)
<p>PlanujeGotuje.pl (Cooking with a plan)</p>	<p>PlanujeGotuje.pl is an online cookbook for cooking enthusiasts, featuring all the recipes developed during the implementation of the Foundation's projects. The project website contains:</p> <ul style="list-style-type: none"> • recipes with calculated calorie and nutritional values; • diets prepared by dieticians; • interactive planner where you can create a 7-day meal plan. 	
<p>Aktywniepozdrowie.pl (Active means Healthy)</p>	<p>Activelypozdrowie.pl provides a knowledge base on healthy eating, physical activity and ecology. In this way, the Foundation provides substantial support to the project participants. The articles featured on the website were prepared by scientists from leading Polish research institutions and universities.</p>	



5.4. Employee volunteering

GRI [413-1]

ESRS [S3-2] [S3-4]

Active volunteering is a cornerstone of BOŚ and the BOŚ Foundation's corporate social responsibility policy and one of the most significant aspects of the organisation's culture. It plays a crucial role in fostering deeper relationships among co-workers, enhancing team cohesion and collaboration.

For years, the Bank has actively participated in initiatives aimed at raising public awareness about ecology and environmental protection.

In 2023, BOŚ served as a supporting partner for the **'Operation Clean River'** campaign, marking the third consecutive year of the Bank's involvement in this project. As part of this initiative, BOŚ volunteers established local groups dedicated to conducting clean-up activities along the Bystrzyca, the banks of the Bzura and Liwiec rivers, and areas along the Świder and Nida rivers in 2023.

In partnership with the **State Forests, the Bank runs the 'We Plant Forests'** campaign. This initiative has become a permanent fixture in the activities calendar of BOŚ volunteers. Since October 2021, Bank employees have planted several thousand trees in locations designated by the State Forests. In 2023, as part of the spring tree-planting initiative, they visited the Drewnica Forest District near Zielonka, where a group of 70 individuals planted approximately 4,500 pine saplings. In the autumn 2023, 69 BOŚ volunteers travelled to the Siedlce Forest District. There, they successfully planted 2,400 three-year-old sessile oak saplings over an area of 0.5 hectares in the Stok Wiśniewski forest.

Head Office employees also participated in the 'Clean Up the World' campaign, collecting 30 bags of waste from forest areas in Otwock. In October 2023, employees from the Business Centre and Operating Branch in Rzeszów organised and effectively executed a forest clean-up campaign along the nature trail at Maziarnia Reservoir, which is part of the Kolbuszowa Forest District. Such initiatives support biodiversity conservation and align perfectly with the Bank's mission.

Helping others is woven into the organisational culture of the Bank. In August, employees from the Head Office volunteered at the **Pegasus Sanctuary**, Poland's first farm sanctuary offering refuge to farm animals. The volunteers undertook a range of activities, including painting horse stalls, cleaning and refreshing dog enclosures, and helping to construct a fence for a fox.

During the holiday season, several charitable initiatives were organised: **'BOŚ Pack for Animals'**: A substantial amount of food and hygiene products were collected for the residents of the Pegasus Sanctuary. **Holiday season collection for the Teresa Strzembosz home for single mothers in Chyliczki**: This initiative provided much-needed support and supplies.

The BOŚ Foundation runs volunteer programmes for BOŚ Group employees through projects like Microgrants and 'Helping All Year Round'.

Microgrants programme: The BOŚ Foundation's Microgrants programme allows employees of the BOŚ Group to apply for financial support to undertake volunteer projects. These projects benefit local communities and are conducted in partnership with non-governmental organisations or public institutions. In 2023, two editions of the Microgrants programme were held, one in spring and the other in autumn. Employees of the BOŚ Group submitted a total of 15 volunteer project proposals. Out of these, 13 applications were approved, 12 received funding, and one was withdrawn due to the beneficiary opting out.

Microgrants projects implemented in 2023:

Sit and Listen to the Sounds of Nature was a unique initiative where volunteers, in partnership with the 'Z TRZECH STRON' Association, installed benches encircling a tree at a community activity site, and conducted an environmental workshop designed to inspire community members to enhance their homes with birdhouses and bird feeders. BOŚ Head Office, number of female volunteers: 3, number of working hours: 51 h.

Relaxation Nook – Volunteers, in collaboration with Primary School No. 13 in Zielona Góra, designed a peaceful relaxation zone within the school corridor. This thoughtfully crafted space offers students a tranquil area to relax and rejuvenate.

Business Centre in Poznań/Zielona Góra, number of volunteers: 5, number of working hours: 53 h.

Outdoor butterfly garden at the Nursing Home in Białystok – Female volunteers, in collaboration with the 'Dobrze Być Razem' Association, transformed a section of the nursing home's recreational area into a butterfly garden. This initiative created a serene space that attracts various butterfly species, providing a perfect environment for relaxation and interaction with nature for both the residents and the local community.

Business Centre in Białystok, number of female volunteers: 3, number of working hours: 15 h.

Baked Potato Day – Nursing Home in Goślice – Volunteers, in cooperation with the Nursing Home in Goślice, assisted individuals with disabilities during a community-integrating event. They provided refreshments and supported those in need during the activities.

Operating Branch in Plock, number of volunteers(s): 3, number of working hours: 15 h.

BOŚ renovates for the homeless pets – Opening doors to a better life for dogs – Volunteers, alongside the Association of Young Scientists, assisted at a shelter in Lublin. They replaced door handles in animal enclosures, performed cleaning tasks, and took the animals for walks.

Business Centre in Lublin, number of volunteers: 7, number of working hours: 70 h.

Shelter in Zamość – Work on the enclosure – Female volunteers, in partnership with the Animal Shelter for Homeless Pets in Zamość, purchased necessary tools and participated in building an educational/play area for the animals. They also took the dogs for walks.

DM BOŚ – Head Office, number of female volunteers: 3, number of working hours: 20 h.

Microgrants projects in progress:

Self-Government Has Power! – Female volunteers, in partnership with Primary School No. 341, dedicated to Children's Literature Creators, in Warsaw, engage children and youth in art, theatre, and sports activities. The project aims to enhance the role of the student council in organising initiatives that promote integration and active participation within the school community through the power of the arts

BOŚ Head Office, number of female volunteers: 3, number of working hours: about 120

Holiday gift preparation for those in need in Koszalin – Female volunteers teamed up with the Mama w Mieście Koszalin Association to prepare holiday gift packages for the most vulnerable residents of Koszalin. In addition, the volunteers conducted educational and art workshops for children, emphasising the importance of saving.

Operating Branch in Koszalin, number of female volunteers: 3, number of working hours: about 48

Warm Ciapkowo initiative – Volunteers, in partnership with the OTOZ Animals Homeless Animal Shelter Ciapkowo in Gdynia, organised a drive to collect essential items for the shelter animals and procured specialised food for their dietary needs. Additionally, the volunteers helped clean the shelter facilities and participated in playtime and walks with the animals.

Business Centre in Gdańsk, number of male and female volunteers: 10, number of working hours: about 84



Every Child is an Artist – Volunteers, in collaboration with Primary School No. 13 in Zielona Góra, transformed a traditional classroom into a creative workspace for children and youth.

Business Centre in Poznań/Zielona Góra, number of male and female volunteers: 6, number of working hours: 60 h.

Floorball tournament for Grades 1-3 – Female volunteers, in cooperation with the Student Sports Club "Chynów" at Educational Complex No. 1 in Zielona Góra, are organising a floorball tournament for children. This event is designed to foster a love for sports and a healthy lifestyle among the youth.

Operating Branch in Zielona Góra, number of female volunteers: 4, number of working hours: about 40

Green preschool in Jabłonowo Pomorskie – Volunteers, in collaboration with the Irena Nowicka Public Kindergarten in Jabłonowo Pomorskie, transformed the preschool grounds to establish an eco-garden for the children.

BOŚ Head Office, number of volunteers: 8, number of working hours: about 40

Microgrants 2023 in numbers*:

- Number of funded projects: 12
- Funds provided for the of volunteer projects: PLN 35,990
- Number of recipients (beneficiaries): 4,040 people
- Number of BOŚ volunteers: 55 people
- Number of hours contributed by the BOŚ volunteers: 615 h

* The provided values are estimates, as some projects are still in progress.

Project website: mikrodotacje.fundacjabos.pl

'Helping All Year Round' – regular charity initiatives of BOŚ employees. The project was created in response to the needs of BOŚ employees wanting to help their colleagues who are in difficult personal circumstances and to raise funds for charitable causes.

Thanks to the generosity of BOŚ employees, scholarships for talented young people from low income families were also awarded under the project. Three students under the care of the Santa Claus Foundation, with which the BOŚ Foundation has been working for several years now, received support in the 2022/2023 school year.

In the autumn of 2023, the Foundation carefully selected new recipients for its scholarships and also opened a call for applications specifically targeted at Bank employees who were facing challenging life situations. The call for applications for financial assistance ran until 11 December 2023. Twelve applications were received. The commission considered all of them and granted aid to four people.

Total number of hours/days allocated to volunteer activities of Bank employees in 2021-2023:

	2023	2022	2021
Number of hours	2024	1,208	606
Number of days	253	151	76

5.5. Donations and sponsorship

Making gifts and donations is first and foremost about getting satisfaction from lending support to those who need it the most, as well as improving the quality of local communities' life and promoting activities targeting broadly defined environmental protection and people's health.

The Bank makes an annual donation to the BOŚ Foundation, the value of which in consecutive years amounted to:

	2023	2022	2021
Value of the Bank's donation to the BOŚ Foundation	PLN 1,500 thousand	PLN 1,650 thousand	PLN 900 thousand

In 2023, BOŚ sponsored important initiatives related to science, culture and sports:

- Supported young athletes – ski jumpers, wards of the RUTKOW-SKI sports club and AZS UW women's soccer players;
- Sponsored the 12th Night of Biologists, the 49th Final Competition of the Geography Olympiad, and the UFO - Unique Off Festival, organised by the Batorego High School Community Foundation;
- Supported the organisation of a conference dedicated to working with patients affected by cancer, in cooperation with the Maria Skłodowska-Curie National Oncology Institute – State Research Institute, which is the largest institution of its kind in Poland;
- Aided wards of the Mother Superior S.J. Menendez 'Pasja Życia' Foundation who are facing difficult life circumstances and struggling with addiction issues;
- Funded an educational project carried out by the General Karol Ziemski Patriot Education Society, aimed at expanding knowledge about ecology and the natural resources of Polish national parks among Belarusian youth of Polish descent;
- Continued the campaign 'Talk to a BOŚ Interviewer and Help Animals.' Each quarter, we supported organisations that care for animals. For each customer satisfaction survey completed, a donation of one zloty was made to residents of animal shelters. In 2023, nearly **PLN 6,000** was donated to:
 - Zwierzęca Kraina Foundation
 - Psierociniec Foundation
 - Bo Ja Kocham Psy Foundation
 - Pegasus Shelter.

Bank's charitable donations in the last three years (including the BOŚ Foundation)	2023	2022	2021
	PLN 1,546 thousand	PLN 1,788 thousand	PLN 1,032 thousand

Activities related to the war in Ukraine

In response to the challenging humanitarian situation in Ukraine, the Bank has proactively organised several in-kind donation drives among its employees since 2022. Additionally, the BOŚ Foundation has established a dedicated account to support these efforts: To receive payments in support of Ukraine and its citizens. An 'Aid for Ukraine' page was created on the internal Intranet, which continues to serve as an active platform. This page allows Bank employees to submit proposals for initiatives to assist war victims in Ukraine, as well as share relevant announcements, all via a designated email address.

5.6. Friendly working environment

BOŚ is recognised as a socially responsible brand with an inclusive community of employees, fostering an environment of diversity and positive relationships. It can confidently be described as a dynamic and engaging workplace.

BOŚ is an employer that deeply understands that the success of the company is primarily driven by its people and their dedication. The numerous initiatives directed at our employees create a supportive workplace that integrates commitment, professionalism, and respect. The Bank prioritises employee development by implementing a variety of actions and activities designed to build engagement. The continued growth of the organisation is achievable only through the collective efforts of individuals who share the same values.

BOŚ also promotes a responsible approach to work-life balance, conducting several initiatives aimed at enhancing employee well-being.

BOŚ is a bank with a green mission, it spreads the idea of sustainable development, enabling the expansion of knowledge and acquisition of skills in the area of environmental protection.



To explore job openings and learn about our recruitment policies, please visit the Careers section on our website <https://www.bosbank.pl/kariera/kariera-w-bos>

BOŚ Leasing - EKO Profit S.A. (BLEP S.A.) fosters a supportive workplace through a community of professionals who prioritise good relationships, mutual respect, and open, partnership-oriented interactions, including between employees and management. BLEP S.A. ensures a comfortable working environment in the office, with no formal dress code and the option for hybrid work.

Dom Maklerski Banku Ochrony Środowiska S.A. (DM BOŚ) is also committed to being a friendly and welcoming workplace. The organisation's vision and goal are to create a well-regarded, competitive workplace within the market. To achieve this, continuous implementation of programmes, solutions, and enhancements is undertaken, aimed at ensuring employee satisfaction concerning workplace comfort, professional development, and the essential balance between work and personal life. Our greatest asset is our people, who truly define our organisation. Hence, DM BOŚ places significant emphasis on thorough recruitment and seamless onboarding processes. Furthermore, DM BOŚ consistently engages in various activities to regularly evaluate employee satisfaction, solicit feedback, and address concerns across numerous areas.

Job openings at DM BOŚ S.A. and recruitment rules: <https://bossa.pl/o-nas/kariera>

5.7. BOŚ values

GRI [2-23]

ESRS [S1-2]

Organisational culture is one of the pillars of BOŚ's corporate strategy, which supports the implementation of strategic goals. The Bank is committed to fostering a value-driven culture where employees can develop their competencies and achieve professional fulfilment.

The Bank's activities are driven by the following core values:

	<p>Commitment – understood as proactivity in the execution of tasks and approach to challenges with openness and creativity.</p>
	<p>Collaborative teamwork – working together in teams to achieve the Bank's common goals.</p>
	<p>Professionalism – continuous enhancement of professional competencies, actively listening to partners and clients to deliver optimal solutions.</p>
	<p>Respect for others and the environment – caring for oneself and others, as well as protecting the natural environment.</p>

The Bank's core values are actively promoted through various communication channels, development initiatives, and activities throughout the year, aimed at both employees and clients.

Since 2022, the Bank has incorporated employee evaluations, with one key element being the annual assessment of employees' alignment with these core values.

As part of the onboarding process, all new employees undergo the 'BOŚmy Zieloni' training, which emphasises ecological awareness and practices.

For over three years, BOŚ employees have been receiving the '**GreenLetter**', an internal newsletter that keeps them informed about significant events, available reports, and analytical insights. Complementing these initiatives are descriptions of best practices for financing environmentally friendly projects.

In 2023, as part of the '**Valuable Autumn**' project, aimed at promoting the Bank's values, a particular focus was placed on fostering **collaboration**. The key areas included:

- How to provide effective feedback?
- How to resolve conflicts constructively?
- How to build mutual understanding and engagement within the team?
- How to adopt a more collaborative mindset?
- How to conduct a stakeholder analysis and understand the importance of considering different perspectives?

Employees could access answers to these questions through resources available on the internal e-learning platform, including knowledge capsules, videos, and presentations. Additionally, a webinar was organised to discuss the core principles of Nonviolent Communication.

5.8 Actions in managing risks and pursuing opportunities related to workforce

GRI [3-3]

ESRS [S1-4] [S1-5]

Given the importance of employee feedback to the Bank, an Employee Opinion Survey measuring employee engagement was conducted in the autumn of 2022. Based on the survey, a report was prepared, highlighting areas appreciated by employees as well as those requiring improvement. In 2023, focus group meetings with Bank employees were held to discuss the survey results. During these meetings, actions were developed to enhance employee engagement within the Bank.

The Bank consistently informs the Supervisory Board about HR risk assessments through the following reports:

- Monthly updates on significant events in the area of human resource management within the Bank;
- Annual information on human resource management at BOŚ S.A. for the preceding year;
- Quarterly assessments of HR-related risk at BOŚ S.A.;
- An annual report to the governing body on the evaluation of the remuneration policy's effectiveness in promoting the Bank's development and operational security;
- An annual report on the implementation of the remuneration policy for members of the Supervisory Board and the Management Board of BOŚ S.A.

As a small organisation (27-person staff), **BLEP S.A.** creates a friendly workplace where commitment, professionalism, cooperation and respect are combined. The company is particularly committed to initiatives strengthening the organisational culture and improving atmosphere at work. BLEP directly communicates current social and labour issues to all employees.

As a friendly workplace, **BOŚ DM** constantly monitors the needs and expectations of its employees. DM BOŚ organises meetings and surveys to gauge the opinions of employees, and additionally, at the end of 2022, conducted an employee satisfaction survey. Based on the survey results, a comprehensive action plan and initiatives were formulated in 2023 with the goal of enhancing employee satisfaction concerning working conditions, employment forms, team and supervisor relationships, professional development opportunities, non-wage benefits, appropriate workload, working hours, and work-life balance. The organisational culture at DM BOŚ is founded on professional excellence, commitment to work and the company's activities, intra- and

inter-departmental cooperation, mutual respect, openness, and trust. In alignment with these values, DM BOŚ has implemented the following projects:

- Meeting principles: establishing guidelines regarding meeting duration and etiquette;
- Onboarding improvements: emphasising professionalism, friendliness, accessibility for new employees, and the efficiency of integrating them into new roles and the company's organisational culture;
- Cyclical presentations: regularly presenting employees with the company's main goals, development directions, ongoing and planned projects;
- Regular employee meetings with the Management Board: organising periodic meetings between all employees and the Management Board;
- 'Managerial Academy': a training programme designed to enhance managerial competencies, including a suite of e-learning sessions on soft skills for all employees, supplemented by expanded language training offerings;
- Benefits programme: enriching and standardising the non-wage benefits package;
- Communication: introducing a monthly employee newsletter with updates on employee and social matters, as well as current organisational activities.

Targets related to managing material risks and opportunities

Bank Ochrony Środowiska S.A. has instituted a comprehensive Succession Plan designed to ensure operational continuity and the seamless filling of critical roles in the event of the departure of key personnel.

The Bank has established the following principles:

- Key position succession planning in IT and security: These principles are designed to mitigate the risks associated with the potential departure of key employees in the areas of information technology, cybersecurity, and security of telecommunication systems.
- General key position succession planning: These principles aim to ensure continuous staffing, thereby minimising the risks arising from the possible departure of key employees.

Under these principles, the Bank takes the following actions:

- Identification: key personnel whose departure would significantly impact the Bank's operations are identified.
- Role rotation: responsibilities assigned to key employees are periodically assigned to other qualified individuals, e.g. during the extended leave of key personnel.
- Succession programmes: established programmes are in place to manage the succession of key employees effectively.
- Management information: significant events related to key employees, such as resignations or prolonged absences, are incorporated into the management information systems.

5.9. Employment structure

GRI [2-7] [2-8] [2-30]
ESRS [S1-6] [S1-7] [S1-8] [S1-9] [S1-12]

BOŚ Group employees by gender and FTEs:

As at 31 December 2023	Women	Men	Total persons	Number of FTEs
Bank	829	457	1,286	1,267.63
Percentage of the workforce	64%	36%	100%	
DM BOŚ	105	173	278	273.07
Percentage of the workforce	38%	62%	100%	
BOŚ Leasing – EKO Profit S.A.	19	8	27	27
Percentage of the workforce	70%	30%	100%	
BOŚ Group	953	638	1,591	1,567.70
Percentage of the workforce	60%	40%	100%	

Age of BOŚ Group employees as at 31 December 2023	Bank	DM BOŚ	BLEP S.A.
Longest tenure (in years)	32.5	29	8
Age of the oldest employee (years)	73	70	56
Age of the youngest employee (years)	19	21	26.5
Average age of the employees (years)	44	43	43
1) Lower-level positions	43.5	41	41
2) Managerial positions	47.2	48	48
3) Executive positions	48.8	56	58
Median (age) (years)	45	44	43
Dominant (age) (years)	46	39	40

Contracts of employment at **the Bank** (number of people) by type of contract and gender

As at 31 December	2023			2022	2021
	Total	Women	Men	Total	Total
Trial period	2	0	2	18	1
Fixed term contract	313	186	127	332	234
Permanent contract	971	643	328	893	935
Total	1,286	829	457	1,234	1,170

Contracts of employment at **BLEP S.A. and DM BOŚ** (number of people) by type of contract and gender

Number of employees at the companies as at 31 December 2023	BLEP S.A.			DM BOŚ		
	Total	Women	Men	Total	Women	Men
Trial period	0	0	0	6	2	4
Fixed term contract	6	3	3	18	11	7
Permanent contract	21	16	5	254	92	162
Total	27	19	8	278	105	173

Composition of **the Bank's** workforce, by age, gender and minorities in 2021-2023

Composition of the workforce	2023			2022			2021
	Women	Men	Total	Women	Men	Total	TOTAL
Total number of employees	829	457	1,286	793	441	1,234	1,170
≤ 30	71	50	121	65	48	113	100
30-50	523	290	813	520	280	800	773
50 ≤	236	116	352	208	113	321	297
Structure of the Bank's workforce by gender and age:							
≤ 30	9%	11%	9%	8%	11%	9%	11%
30-50	63%	64%	63%	66%	63%	65%	64%
50 ≤	28%	25%	28%	26%	26%	26%	25%
including employees with disabilities	6	8	14	6	10	16	8
Employees with disabilities as % of total workforce	1%	2%	1%	1%	2%	1%	2%

Methodology – number of people employed under employment contracts.

As at 31 December 2023	BLEP S.A.			DM BOŚ		
	Women	Men	Total	Women	Men	Total
Total number of employees	19	8	27	105	173	278
≤ 30	1	1	2	11	14	25
30-50	16	4	20	66	109	175
50 ≤	2	3	5	28	50	78
Structure of the workforce by gender and age:						
≤ 30	5%	12%	7%	10%	8%	9%
30-50	84%	50%	74%	63%	63%	63%
50 ≤	11%	38%	19%	27%	29%	28%
including employees with disabilities	0	0	0	0	3	3
Employees with disabilities as % of total workforce	0%	0%	0%	0%	1.7%	1.1%

Methodology – number of people employed under employment contracts.

Structure in the BOŚ Group's workforce by place of work

Province	BANK			2021 total	2022 total	BLEP S.A. 2023 total	DM BOŚ 2023 total	BOŚ GROUP 2023 total
	2023 WOMEN	2023 MEN	2023 total					
PROVINCE OF WROCŁAW	11	10	21	29	29		3	24
PROVINCE OF BYDGOSZCZ AND TORUŃ	25	2	27	34	33	2		29
PROVINCE OF LUBLIN	20	6	26	33	36			26
PROVINCE OF ZIELONA GÓRA AND GORZÓW WIELKOPOLSKI	9	4	13	8	10			13
PROVINCE OF ŁÓDŹ	8	6	14	22	19		3	17
PROVINCE OF KRAKÓW	26	9	35	45	37		3	38
PROVINCE OF WARSAW	583	388	971	763	834	24	233	1,228
PROVINCE OF OPOLE	7	2	9	6	10			9
PROVINCE OF RZESZÓW	18	7	25	26	24		2	27
PROVINCE OF BIAŁYSTOK	11	4	15	25	21			15
PROVINCE OF GDAŃSK	21	4	25	30	32		3	28
PROVINCE OF KATOWICE	29	5	34	43	45	1	29	64
PROVINCE OF KIELCE	8		8	5	9			8
PROVINCE OF OLSZTYN	17	5	22	26	23			22
PROVINCE OF POZNAŃ	16	4	20	35	28		2	22
PROVINCE OF SZCZECIN	20	1	21	24	28			21
TELEWORK	6	8	14	16	16			14
TOTAL	829	457	1,286	1,170	1,234	27	278	1,591

Number of Bank's employees in each age group – as at 31 December 2023

	Management Board and directors*			Employees in management positions			Other administrative staff		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
AGE ≤ 29	0	0	0	0	0	0	71	50	121
AGE 30-50	23	18	41	32	26	58	468	247	715
AGE 51 ≤	8	14	32	23	8	31	206	96	302
TOTAL	31	32	63	55	34	89	745	393	1,138
Percentage	49%	51%	100%	62%	38%	100%	65%	35%	100%

* Management Board (4 persons) and Directors: Managing Directors, as well as Heads of Departments, Offices and Business Centres.

Number of BLEP S.A.'s employees in each age group – as at 31 December 2023

	Management Board and directors*			Employees in management positions			Other administrative staff		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
AGE ≤ 29	0	0	0	0	0	0	1	1	2
AGE 30-50	3	0	3	0	0	0	13	4	17
AGE 51 ≤	1	1	2	0	0	0	1	2	3
TOTAL	4	1	5	0	0	0	15	7	22
Percentage	80%	20%	100%	-	-	-	68%	32%	100%

Number of **DM BOŚ**'s employees in each age group – as at 31 December 2023

	Management Board and directors*			Employees in management positions			Other administrative staff		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
AGE ≤ 29	0	0	0	1	1	2	10	13	23
AGE 30-50	7	19	26	9	15	24	50	75	125
AGE 51 ≤	6	22	28	9	4	13	13	24	37
TOTAL	13	41	54	19	20	39	73	112	185
Percentage	24%	76%	100%	49%	51%	100%	39%	61%	100%

Associates providing work to the Bank:

Contract type:	2023	2022	2021	Scope of work
Contract of mandate (<i>umowa zlecenie</i>)	10	11	3	Primarily evaluation of grant applications
Management contract (<i>umowa o zarządzanie</i>)	4	4	5	Management services
B2B	28	21	21	Legal support IT support

Associates providing work to **BLEP S.A. and DM BOŚ** (2023).

Contract type:	BLEP S.A.	Scope of work	DM BOŚ	Scope of work
Contract of mandate (<i>umowa zlecenie</i>)	8	Head Office support	5	Ad hoc support, office cleaning
Management contract (<i>umowa o zarządzanie</i>)	1	Management services	2	Management services
B2B	12	11 people – Sales, 1 – Debt collection	20	IT area

In 2023, a fully established collective labour agreement was not in effect within the BOŚ Group.

5.10. Employee turnover in the BOŚ Group

GRI [401-1]

Number of new employees and number of people whose employment with the Bank terminated in 2021-2023

age -->	2023	Women (2023)			Men (2023)			2022	2021
	total	≤ 29	30-50	51 ≤	≤ 29	30-50	51 ≤	total	total
Number of new employees	331	35	124	36	20	95	21	299	354
Percentage of new employees	100%	11%	37%	11%	6%	29%	6%		
Number of departures	271	24	89	38	12	77	31	263	307
Percentage of departures	100%	9%	33%	14%	5%	28%	11%		

Employee turnover ratio in the BOŚ Group

	2023			2022	2021
	BANK	BLEP S.A.	DM BOŚ	BANK	BANK
TOTAL	22%	52%*	4%	26%	23%
Head Office	21%	-	-	21%	17%
branches and business centres	23%	-	-	37%	32%

Methodology: number of terminated contracts in 2023/headcount as at 1 January 2023 *100%.

* The elevated turnover rate at BLEP S.A. can be attributed to organisational changes and the competitive landscape posed by larger employers.

5.11. Policies related to employees

GRI [3-3] [405-1]

ESRS [S1-1] [S1-3]

The Bank's commitment to diversity means that no one is discriminated against, whether directly or indirectly, because of their gender, age, disability, medical condition, race, nationality, ethnicity, religion, denomination, irreligion, political views, union membership, sexual orientation, gender identity, family status, lifestyle, basis of employment, and other grounds that may give rise to discriminatory practices. The following regulations are in place at BOŚ to support diversity in employment:

The **Work Rules of Bank Ochrony Środowiska S.A.** establish the organisation and order of the work process, as well as delineate the associated rights and obligations of both the employer and employees at the Bank.

Diversity Policy applicable to all Bank employees, regardless of the position held, available on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0015/40335/Polityka-roznorodnosci_.pdf

The **Diversity Policy applicable to the members of the Management Board of BOŚ S.A.** is accessible on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0022/42268/Polityka-Roznorodnosci-w-odniesieniu-do-czlonkow-Zarzadu_.pdf

The **Human Rights Policy**, which outlines the ways in which the Bank supports the adherence to human rights, is available on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0014/40334/Polityka-ochrony-praw-czlowieka_.pdf

The HR Department is responsible for implementing and reviewing diversity policies. The results of the review and any follow-up recommendations are presented to the Bank's Management Board.



The Bank is dedicated to providing employees with a supportive and inclusive work environment, fostering an organisational culture based on mutual respect, and actively combating all forms of discrimination and bullying. This commitment is demonstrated through:

- the Whistleblowing and Anti-Bullying Policy;
- equal opportunity recruitment that offers equal opportunities to all candidates, in accordance with the Recruitment Rules;
- support for disabled employees through the 'Bank Open to the Disabled' programme;
- a transparent remuneration policy;
- an employee appraisal system that guarantees equal treatment for all staff.

Additionally, under the 'Diversity is in Our Nature' programme, BOŚ is committed to educating its workforce on the importance of diversity. Key aspects of diversity are communicated to employees through webinars and training sessions. In 2023, as part of the 'May – European Diversity Month' campaign, the Bank organised a webinar titled 'Intergenerational Communication and Collaboration'. This session delved into the unique needs and values of various generations, introduced tools for effective intergenerational communication, and underscored the benefits of diverse, multigenerational teams. The Bank also provided all employees with access to the e-learning course 'Diversity is in Our Nature', which enhances understanding of concepts related to building an inclusive culture.

The Bank's corporate culture is built on the principles of mutual respect. The organisation is committed to creating a supportive workplace for all employees, free from any form of discrimination or bullying. Recognising and addressing inappropriate behaviours is of utmost importance. In 2023, the Bank conducted in-person training sessions for senior management on anti-bullying practices. These sessions educated managers on how to differentiate between bullying, discrimination, and sexual harassment, as well as how to effectively respond to and prevent such behaviours.

Policies related to employees at the Group companies:

BLEP S.A.: In accordance with the current Work Rules, BLEP S.A. respects the dignity and other personal rights of its employees, actively counteracts discrimination in employment, and ensures non-discriminatory practices. Employees are protected against discrimination based on gender, age, disability, race, religion, political beliefs, union membership, ethnic origin, creed, sexual orientation, and employment status (whether fixed-term or indefinite, full-time or part-time). BLEP S.A. takes measures to prevent bullying (mobbing) and guarantees equal treatment for employees performing identical or equivalent work.

DM BOŚ: The management of employee potential is governed by a range of internal policies and procedures that address various aspects, including: general principles related to the rights and duties of employees and employers, recruitment methods and standards, training and professional development opportunities, monitoring and assessing employee knowledge and competencies, and remuneration policies.

The Work Rules at DM BOŚ explicitly prohibit discrimination based on origin, skin colour, gender, sexual orientation, disability, age, religion, political views, or any other forms of discrimination.

DM BOŚ provides its employees with access to the well-being platform 'Mindgram'. It offers a wealth of resources, including publications, webinars, training sessions, and advice on various aspects of well-being and mental health, including stress management, handling challenging situations, and maintaining physical health. Furthermore, employees have the benefit of receiving free professional advice in various areas of life and can avail themselves of unlimited and free online consultations with a psychotherapist.

5.12. Diversity of governance bodies and employees

GRI [2-17] [405-1]

ESRS [S1-9]

In 2023, the composition of the Bank's managing and supervisory bodies was diverse in terms of age, education, and professional experience. According to the Diversity Policy for members of the Management Board of Bank Ochrony Środowiska S.A., the Bank aims to achieve a target gender diversity ratio of no less than 30% in the coming years.

The professional biographies of the members of the Management Board and the Supervisory Board are available on the Bank's website.

Gender composition of the Management Board and Supervisory Board as at 31 December 2023

	number of members	number of women	percentage share of women
Supervisory Board	9	1	11%
Management Board	4	1	25%

Age composition of the Management Board and Supervisory Board as at 31 December 2023

	number of members	30–50 years	over 50 years
Supervisory Board	9	3	6
Management Board	4	2	2

Educational background* of the Management Board and Supervisory Board as at 31 December 2023:

	environmental protection	law	economics, banking and finance	electrotechnology	sciences	management	civil engineering
Supervisory Board	1	3	1	-	-	3	1
Management Board	1	-	-	1	1	1	-

* The table lists educational qualifications at the master's and doctoral levels. However, the educational background of the Management Board and Supervisory Board members is even more diverse when considering postgraduate studies in fields such as international relations, management, accounting and controlling, and risk management in financial institutions, among others.

Diversity of governance bodies at the Group companies:

For the BOŚ Group companies, fostering diversity means ensuring that no form of discrimination is tolerated, whether direct or indirect, based on gender, age, disability, health status, race, nationality, ethnic origin, religion, creed, non-religion, political beliefs, union membership, sexual orientation, gender identity, family status, lifestyle, employment basis, and any other characteristics that could expose individuals to discriminatory practices.

Gender composition of the Management Board and Supervisory Board as at 31 December 2023

	BLEP S.A.			DM BOŚ		
	number of members	number of women	percentage share of women	number of members	number of women	percentage share of women
Supervisory Board	4	1	25%	6	3	50%
Management Board	1	0	0%	2	1	50%

Age composition of the Management Board and Supervisory Board as at 31 December 2023

	BLEP S.A.			DM BOŚ		
	number of members	Below 50 years	Above 50 years	number of members	Below 50 years	Above 50 years
Supervisory Board	4	4	0	6	4	2
Management Board	1	0	1	2	0	2

5.13. Remuneration policies

GRI [2-19] [2-20] [2-21] [3-3] [202-1] [405-2]

ESRS [S1-10] [S1-16]

Remuneration policies in the banking sector are regulated by the guidelines of European authorities such as the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the national regulator, the Polish Financial Supervision Authority (PFSA). For members of the Management Board and the Supervisory Board, remuneration policies must comply with applicable laws and regulations, particularly the Act of 9 June 2016 on the Principles for Determining the Remuneration of Executives in Certain Companies.

Remuneration policy for the Supervisory Board:

The total remuneration of a member of the Supervisory Board comprises monthly remuneration for their service on the Supervisory Board.

The Supervisory Board Members are not entitled to variable remuneration.

Remuneration policy for the Management Board:

The total remuneration of a member of the Management Board comprises:

- a fixed component, in the form of a specified monthly amount. The fixed remuneration for individual members of the Management Board is determined based on the scale of the Bank's business operations, in particular the value of its assets, revenue, headcount, and financial condition.
- a variable component representing variable remuneration payable for the Company's financial year. Variable remuneration is awarded in the form of cash and Bank shares. Variable remuneration for individual members of the Management Board shall be determined based on the Bank's performance, taking into account, among other things, the Bank's cost of risk, cost of capital and liquidity risk over the long term.

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

In 2023, the Bank's Supervisory Board identified one of the Management Board's objectives as maintaining a low ESG rating for BOŚ. This objective was cascaded down to the managers of the Bank's business units.

Detailed rules for remunerating members of the Supervisory and Management Boards of the Bank are set out in the Remuneration Policy for members of the Supervisory Board and the Management Board of Bank Ochrony Środowiska S.A., which is available on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0031/55975/Polityka-wynagrodzen-RN-ZAZ_BOS.pdf

To comply with the requirements specified in the Regulation of the Minister of Finance, Funds, and Regional Policy dated 8 June 2021, concerning the risk management system, internal control system, and remuneration policy in banks, as well as in accordance with the provisions of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU regarding exempt entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures, and capital protection measures, the Bank has implemented a Remuneration Policy for executive positions, approved by the Supervisory Board of Bank Ochrony Środowiska S.A.

The Remuneration Policy of Bank Ochrony Środowiska S.A. is available on the Bank's website:

https://www.bosbank.pl/_data/assets/pdf_file/0030/55974/Polityka-wynagrodzen_BOS.pdf

Detailed policies on variable remuneration of management personnel are laid down in the rules governing variable remuneration components for individuals holding managerial positions at Bank Ochrony Środowiska S.A., with the exception of members of the Bank's governance bodies.

All other employees are covered by the remuneration policy enacted by the Bank's Management Board. The policy outlines the rules for remunerating employees who are not assigned to governance bodies and those whose activities have a significant impact on the Bank's risk level.

The remuneration policies applied at the Bank are designed to:

- ensure adequate remuneration of employees for their work, while motivating them to strive towards robust performance and achieve the Bank's strategic objectives,
- attract and retain qualified staff whose experience, knowledge and skills create the Bank's competitive advantage,
- ensure that the remuneration system does not encourage excessive risks-taking behaviours beyond the risk appetite approved by the Bank's Supervisory Board or inappropriate sale practices, and specifically that the remuneration system has regard to client rights and interests by limiting possible conflicts of interest,
- ensure equal pay for the same work or work of the same value, and neutrality in terms of gender, age, disability, health condition, race, nationality, ethnic origin, religion, denomination, irreligion, political beliefs, trade union membership, sexual orientation, sexual identity, family status, lifestyle and other circumstances that may be a source of discriminatory behaviour.

Adequate wages

Remuneration for work is determined to reflect the required skills, scope of responsibilities, professional experience relevant to the position, and to correspond to the nature of the job and qualifications necessary for its performance; it also reflects the position's impact on the Bank's financial performance. The remuneration of a full-time employee may not be lower than the minimum wage set by separate legislation.

None of the Bank's employees employed as at 31 December 2023 were paid below the national minimum wage.

Median salary of the Bank's lowest-level employees relative to the minimum wage in Poland for the years 2021–2023.

2023			2022	2021
Women	Men	Total	Total	Total
206%	256%	222%	233%	214%

In 2023, the ratio of the annual total remuneration of the highest-earning employee to the median annual remuneration of all other Bank employees stood at 427%, i.e. below the 2022 level, which was 617%.

In 2023, the ratio of the percentage increase in annual total remuneration of the highest-earning employee to the median percentage increase in annual total remuneration of all other Bank employees was 55%.

All employees of BLEP S.A. and BOŚ DM receive appropriate remuneration, aligned with benchmark values such as the national minimum wage. The level of remuneration reflects the competencies required for a given position, the complexity of the work, the scope of responsibilities, professional experience, and practices observed in relevant benchmark markets.

Gender pay gap at the Bank – pay ratio and pay gap

The Bank actively monitors the gender pay gap and submits an annual report on this issue to the Polish Financial Supervisory Authority.

In 2022, the implementation of targeted remuneration measures resulted in a reduction of the gender pay gap across the majority of the organisation's structures. In 2023, further initiatives were undertaken to increase women's remuneration and reduce gender-based pay disparities.

The remuneration policy of Bank Ochrony Środowiska S.A. is gender-neutral.

The ratio of the median remuneration of men to that of women in BOŚ categories.

Organisational structure category	2023/2022 change	2023	2022	2021
Information Technology	7pp	103%	110%	108%
Operations	0pp	92%	92%	100%
Risk	- 5pp	106%	101%	106%
Sales and Environmental Protection	- 2pp	135%	133%	162%
Support	-2pp	117%	115%	107%
Management	21pp	114%	135%	145%

Ratio of average base salary of men to women, by employee category

Employee group	2023/2022 change	2023	2022	2021
Senior management	- 2pp	108%	106%	110%
Middle management	2pp	114%	116%	117%
Other employees	-1pp	119%	118%	124%
Bank	2pp	122%	124%	135%

Ratio of average paid salary of men to women, by employee category

Employee group	2023/2022 change	2023	2022	2021
Senior management	- 9pp	119%	110%	113%
Middle management	14pp	104%	118%	117%
Other employees	10pp	112%	122%	129%
Bank	12pp	116%	128%	140%

Ratio of median base salary of men to women, by employee category

Employee group	2023/2022 change	2023	2022	2021
Senior management	- 5pp	111%	106%	103%
Middle management	- 11pp	127%	116%	133%
Other employees	- 6pp	124%	118%	136%
Bank	- 1pp	125%	124%	133%

Ratio of median paid salary of men to women, by employee category

Employee group	2023/2022 change	2023	2022	2021
Senior management	- 15pp	125%	110%	120%
Middle management	2pp	116%	118%	124%
Other employees	13pp	109%	122%	134%
Bank	10pp	118%	128%	137%

The basis for calculating the above ratios was the base pay and the total remuneration paid to employees in 2021-2023.

The Bank undertakes monthly monitoring of remuneration to analyse the gender pay gap, examining differences in pay between women and men across various employee categories, including specialists, middle management, and senior management.

Information pertaining to the gender pay gap is considered in HR decisions related to the recruitment of new employees or changes in job positions.

5.14. Parental leave and work-life balance indicator

GRI [3-3] [401-3]

ESRS [S1-15]

In 2023, 27 individuals were eligible for parental leave (including paternity leave), out of which 27 individuals (100%) availed themselves of this entitlement, including:

- 5 men took paternity leave;
- 22 women took maternity leave.

In 2023, a total of 15 individuals returned to work after utilising their parental leave, and 19 individuals who came back from leave in 2022 remained employed for the subsequent 12 months.

In 2023, one person terminated their employment contract upon returning from parental leave.

The percentage of individuals who stayed employed for the 12 months following their return from parental leave in 2023 was 96%.

In 2023, 7.41% of eligible women commenced their childcare leave. Men did not avail themselves of parental leave.

In 2023, 19 eligible women took parental leave.

Parental leave and work-life balance indicator at the subsidiaries:

In 2023, a total of 3 individuals were eligible for parental leave (including paternity leave) at **BLEP S.A.**, and all 3 of them (100%) availed themselves of this entitlement, including:

- 1 men took paternity leave;
- 2 women took maternity leave.

In 2023, 14 individuals were eligible for parental leave (including paternity leave) at **DM BOŚ**, out of which 13 individuals (100%) availed themselves of this entitlement, including:

- 8 men took paternity leave;
- 5 women took maternity leave.

5.15. Communication with employees

GRI [2-29]

ESRS [S1-2] [S1-3] [S1-8]

In an effort to ensure current and transparent information flow within the organisation, the Bank maintained ongoing communication with employees in 2023, managed by the Communications and Investor Relations Office. The majority of communications are addressed to all employees, although sometimes they are targeted to specific groups from particular business areas or regions. Information about the Bank should be communicated directly to BOŚ employees through internal communication channels such as the intranet, newsletters, and email blasts, ensuring they receive updates "straight from the source." The information disseminated by the Bank covers a range of topics, including human resources, current events, security, updates on BOŚ operations, policies, procedures, summaries of events, and other relevant data that the central organisational units consider essential for the functioning of other departments.

Simultaneously, employees are encouraged to provide the Communications and Investor Relations Office with information about their accomplishments and initiatives related to their professional, sports, and volunteer engagements.

In 2023, the Communications and Investor Relations Office communicated the following to employees:

- 624 messages through the Intranet;
- over 550 email messages from the mailbox komunikacja@bosbank.pl;



Employees are encouraged to participate in internal communications through various initiatives and competitions, such as submitting vacation photos or contributing to holiday greeting videos.

In 2023, six contests were held to promote the values of BOŚ among employees, focusing especially on respect for natural environment:

- January: 'Share your New Year's ECO resolutions for 2023';
- March: 'Signs of Spring. Spring awakes from its slumber' (as part of the Spring Day);
- May: 'What is diversity to you?';
- June: 'Children's Eco-fun' (as part of Children's Day);
- September: "#BOŚdlaPLANETY – Act with us!" (as part of the World Clean-up Day);
- November: 'Santa Claus competition #ZawszeEKO' (results announced on the Santa Claus day).

The contests inspired our employees to become more engaged and strengthened their connection with the Bank.

Acting together

In 2023, the Bank launched several special initiatives including:

- To celebrate the Employee Appreciation Day, "kudos" were created, which are special online stickers. Employees were encouraged to use them to appreciate their colleagues. The kudos were related to the values of our Bank. Words of appreciation about various departments, accompanied by these stickers, were sent to the communication mailbox and subsequently posted on the intranet. Due to its popularity, holiday-themed kudos were made available in December;
- A photography project for employees allowed participants to submit photos for use as screensavers, showcasing vacation scenes. The images had to feature Polish landscapes (lakes, mountains, seas, forests, etc.), evoke ecological themes, and highlight destinations worth visiting during vacation travels. The project attracted strong interest;
- as part of the 'Operation Clean River' campaign, the BOŚ team participated in the Bug Land Triathlon. One of our employees participated in the running category while the other competed in the canoe category. Following the recruitment announcement for the team, employees promptly volunteered, demonstrating their commitment and team spirit, essential values of our Bank;
- 'BOŚ Sends Holiday Greetings' campaign with employees recording holiday greetings to share with colleagues. A specially prepared holiday backdrop was set up, and participants had access to Christmas accessories and decorations. Willing employees participated in the event, and the content was shared in a Christmas-themed newsletter.

The Bank has established trade unions, an employee council, and a representative for employees to ensure there are effective channels through which work-related concerns can be raised.

5.16. Employee benefits

GRI [401-2] [403-6]
ESRS [S1-11]

The Bank offers various employee welfare programmes and benefits, both the ones commonly found in business (such as additional financing from the Company Social Benefits Fund) and unique to the Bank. All employees are eligible to receive additional benefits, regardless of whether they work part-time or full-time.

Employees have access to private healthcare provided through a network of healthcare facilities across the country, with a wide range of healthcare specialists.

The key benefits offered by the Bank are presented below.

1	MyBenefit – providing employees with a full range of fringe benefits, partly financed from the Company Social Benefits Fund, including MultiSport cards, services for children, travel, cinema and theatre tickets (available via physical and online stores).
2	Enel-med – the ENEL-MED medical care programme provides employees and their family members with access to own and partner medical facilities throughout Poland. Employees have access to a variety of medical packages that can be customised to meet their individual and family health care needs.
3	Psychologist consultations are offered free of charge to all BOŚ employees. These consultations can be conducted as face-to-face visits, tele-visits, or e-visits at Enel-med facilities. They are available seven days a week at convenient hours.
4	Group personal accident insurance coverage with PZU Życie S.A. – BOŚ employees may take out group accident insurance offered by PZU Życie S.A.
5	Legimi – access to a library of over 200,000 e-books and audiobooks covering a wide range of topics.
6	Sports teams – BOŚ supports the passions and interests of its employees by subsidising the cost of training, participation in sports events, and the purchase of sports outfits and equipment necessary for representing the Bank at sports events. Additionally, the Bank assists with the rental of sports facilities and equipment for training.
7	Remote and hybrid working – employees have the option to choose remote or hybrid work arrangements based on their preferences and capabilities.
8	Access to MS Office 365 pro Plus for employees – the Bank provides its employees with free access to the Office 365 Pro Plus package for personal use. This package includes the latest versions of Word, Excel, PowerPoint, Outlook, OneNote, Publisher, and Skype for Business.
9	Access to e-learning platform – employees have access to an extensive e-learning platform that provides training in soft skills and internal courses related to the Bank's operations.

At BOŚ, all employees may use resources from the Company Social Benefits Fund.

As of 1 January 2024, 1,000 Bank employees are covered by private medical care, an increase from 997 in 2023.

Benefits offered by the Bank's subsidiaries:

BLEP S.A. offers its employees from additional benefits:

1	Multisport – employees receive a 50% subsidy from the employer for the Benefit Systems MultiSport card.
2	PZU Zdrowie – employees receive a PLN 100 subsidy from the employer for any chosen package as part of the private medical care plan.
3	Vacation subsidy – employees are eligible for an annual vacation benefit, provided they take at least 14 consecutive calendar days of vacation in that year.



At DM BOŚ, employees, and in some cases their family members, can access a variety of benefits and programmes funded both by the Company Social Benefits Fund and other company resources. Every DM BOŚ employee has access to these benefits, regardless of their employment contract type, work schedule, length of service, or job position.

The table below lists the key benefits offered by DM BOŚ:

1	Multisport – MultiSport card with access to a network of countless sports facilities. Employees can also obtain Multisport cards for selected family members or close relatives at preferential financial rates.
2	Lux Med – As part of private medical care, employees have access to an extensive network of medical facilities nationwide. Employees who opt into the healthcare programme can choose the medical package that best suits their needs. Additionally, under the terms of the agreement with the healthcare provider, employees can also extend medical care to their family members. Furthermore, employees with the longest tenure at DM BOŚ are entitled to the highest level of care with the Premium medical package as a special benefit.
3	MINDGRAM – a mental health and well-being platform available to all employees. The company also offers unlimited and free access to online consultations with a psychotherapist.
4	Group personal accident insurance with PZU Życie S.A. – employees may enrol in group accident insurance provided by PZU Życie S.A.
5	Legimi – providing unlimited access to a library offering over 200,000 e-books and audiobooks on a variety of topics.
6	Subsidies for employee and children's vacations, English language learning, and tickets to cultural events.
7	Remote and hybrid working – employees have the option to choose remote or hybrid work arrangements based on their preferences and capabilities.
8	Access to e-learning platform – employees have access to an extensive e-learning platform that provides training in soft skills and internal courses related to the Bank's operations.

Wellbeing – we are committed to the well-being of our employees

When creating its well-being initiatives, the Bank relies on the results of its employees' annual surveys, conducted as anonymous studies. Using this feedback, the Bank implements the 'Wellbeing Break' programme, aiming to promote healthy lifestyles, establish good habits, foster relationships, and improve working conditions.

In 2023, as part of the programme, the Bank undertook the following initiatives:

- Organised a **Health Month** dedicated to spinal disease prevention, including consultations with a physiotherapist/massages at the Bank's Head Office and business centres; Hosted a webinar on 'Ergonomics in Office Work' and e-learning on 'Healthy Spine–Sit Smartly';
- Conducted a 5-day challenge 'Get to Know Ergonomics!' where employees received access to webinars, articles, and worksheets;
- Engaged in activities to promote cancer prevention and healthy habits – Pink October and Movember. The goal of the campaign was to increase knowledge and raise awareness among BOŚ employees regarding health screenings and checks. The employees were invited to health discussions by the Kochasz Dopilnuj Foundation, which organised two cycles of self-examination workshops on breast and testicular models as well as an online workshop 'Prevention Saves Lives';
- Organised a webinar on 'Facing Illness' – addressing how to handle emotions when a loved one or colleague at work is affected by an illness.

Culture of effective meetings

#ShortBreak programme – educates employees on reducing meeting frequency, improving efficiency, and allocating break time for energy recharge during the day through the following initiatives:

- Modified Outlook settings for meeting durations to include options of 25 or 50 minutes in addition to the standard 30 or 60-minute slots;
- Developed illustrated one-pagers highlighting key principles for conducting effective meetings;
- Implemented an e-learning course on productive hybrid and online meetings;
- Invited employees to engage in gamification, awarding points for adopting effective meeting habits, with prizes awaiting the winners.

Family Relationships Care

The Bank joined the 'Two Hours for Family' campaign, promoting awareness among employees about the significance of nurturing closeness and meaningful relationships with others. As part of this initiative, the Bank dedicated an extra hour beyond the standard two hours, allowing each employee to reduce one of their working days by three hours to spend quality time with their loved ones.

Work-life balance

Work-life balance considerations are factored into the performance evaluations of managers. For several years, the Bank has set and evaluated annual goals for managers related to employees taking their vacations.

Sports teams

The Bank actively supports social initiatives to increase employee engagement by creating a work environment that encourages and promotes sports activities.

This is achieved by formally coordinating various sports sections where a significant number of employees participate. Last year, seven sports sections were registered and active: table tennis, cycling, bowling, shooting, volleyball, football, and mountain trekking.

The teams within these sports sections achieved numerous successes, including first place in the Garmin MTB Series Gdańsk 2023 mini distance, first place in the ELIT League's autumn season, and recognition for the best goalkeeper.

5.17. Training and development

GRI [404-1] [404-2] [404-3]
ESES [S1-13]

Enhancing the organisational structure relies heavily on employee development, which constitutes the core strength of the institution. The Bank continuously invests in augmenting the expertise and competencies of its workforce. This dedication is manifested through an inclusive training and development policy.

The primary aims of the training and development initiatives conducted at the Bank are to:

- improve the knowledge and skills required to accomplish the objectives outlined in the Bank's strategy and the operational plans of various business segments;
- bolster initiatives focused on cultural evolution and establishing an organisational culture grounded in the Bank's core values;
- foster the growth of managerial expertise and knowledge essential for modern and efficient leadership.

The range of training programmes offered is diverse, covering ecological initiatives, internal training sessions on product offerings and regulations, as well as highly specialised external training courses related to the Bank's business operations. Soft skills training is also available, providing support to employees in their development and preparation for new roles within the organisation, which they may take up through internal recruitment processes.

Through these developmental efforts, the Bank cultivates a culture that is receptive to change and continuous learning. Participation in training sessions is available to all Bank employees regardless of their length of service.

Development tools



The Bank employees value the opportunity to broaden their knowledge and develop their skills anywhere, anytime.

- **The e-learning platform** offers training sessions aligned with mandated by current regulations, product training sessions, and developmental resources such as materials and recordings of past training sessions and webinars available to all employees;
- **The Legimi digital library** provides employees with access to over 200,000 e-books and audiobooks. In 2023, over 500 individuals read more than 3 million pages;
- The Bank's intranet contains a **knowledge base** covering various subject areas;
- **Lex – Legal Information System** – provides access to Polish legal acts.

Continuous development initiatives

The Bank is committed to enhancing the managerial and expert skills of its employees through ongoing developmental programs. These are:

- **Management Academy** – this is a programme that develops leadership skills essential for building engaged and effective teams. It covers strategic management, motivation techniques, and the shaping and reinforcing of attitudes aligned with the Bank's values. The programme also addresses the prevention of bullying and discrimination, with approximately 100 managers participating in the training.
- **Manager's Academy** – a programme focused on developing the managerial competencies of newly appointed managers. In 2023, 28 individuals participated in this training.
- **Welcome to the Green Team** – this onboarding programme defines the Bank's approach to integrating new employees. From their first day, the Bank methodically imparts crucial information about its operations. It includes orientation training conducted by internal experts and e-learning modules on topics such as Anti-Money Laundering (AML), cybersecurity, GDPR compliance, and the use of plain language.
- **EduSfera2.0** is a cafeteria of training courses led by in-house experts. The initiative provides a range of opportunities to expand knowledge and competencies and to share knowledge with colleagues. It aims to promote a lifelong learning and development mindset at the Bank. Employees have access to development content in a variety of forms, tailored to their needs and capabilities. In 2023, more than 200 employees received internal training.
- **'The Power Lies in Our Differences' Workshops** – This team-based training utilises the DISC D3 methodology and is led by HR department experts who are certified in DISC D3. All certifications were funded by our organisation. The programme focuses on enhancing collaboration, communication, and the appreciation and utilisation of diversity within teams. In 2023, approximately 200 individuals participated in these workshops.
- **Development initiatives** aimed at all the Bank's employees, with an objective to develop their expertise in various areas. In 2023, these included the ESG Education Program, Cyber Education, Risk Days, and gamification initiatives focusing on statistical modelling and machine learning.
- **Sales training** – a development programme for Corporate Advisors/Sales Directors focused on enhancing sales skills and creating a space for participants to exchange experiences. More than 40 sales staff took part in the training.
- **Postgraduate Studies** – in the 2022/2023 academic year, BOŚ provided a 50% subsidy towards tuition costs of postgraduate studies for 11 employees. The programmes covered a range of areas including Project Management, Data Analysis and Data Mining, Banking and Finance, Real Estate Economics, Real Estate Management and Maintenance, Financial Analytics, Markets and Securities, as well as Marketing and Social Media.
- **External and internal training** – in 2023, a total of 7,372 participants took part in training, including 3,777 participants in external training and 3,595 participants⁹ in internal training. The training programmes

⁹ If an employee participated in multiple training sessions, they were counted multiple times.

offered a diverse selection of topics, including ESG, IT, security, legal matters, risk management, sales strategies, and the enhancement of soft skills.

- **E-learning training sessions** – A total of 1,264 participants accessed the e-learning training library, with many individuals participating in multiple courses. Accordingly, the overall number of participants actively engaged with the e-learning training library amounts to 10,232. The Bank conducts e-learning training sessions on topics such as cybersecurity, AML (Anti-Money Laundering), customer service, product knowledge, system operations, GDPR (General Data Protection Regulation), and risk management.

To guarantee the high quality of training delivered by the Bank, training programmes undergo continuous evaluation for effectiveness, participant satisfaction, knowledge acquisition, and are consistently enhanced. This applies both to onsite training and e-learning.

Eco-training at BOŚ

BOŚ fosters employee growth by offering career development opportunities. In addition to a diverse array of webinars and educational workshops, bank employees have access to training sessions that enhance their knowledge in environmental protection.

The **'Introduction to Environmental Protection'** training, focusing on fundamental environmental protection matters and the Bank's initiatives in this field, is among the initial training sessions provided to new employees at BOŚ S.A. as part of the onboarding training programme. Every new employee must take a compulsory e-learning course on environmental protection based on the original scenario developed at BOŚ S.A.. It presents key information on areas and technologies of environmental protection, and also on the Bank's green products offer and green project financing options. The **'ESG Education Programme'** consists of a series of training sessions and webinars focusing on ESG topics tailored for Bank Ochrony Środowiska employees. Sessions are delivered by experts from the Environmental Policy, ESG, and Taxonomy Team, as well as external partners. Webinar recordings and presentations are uploaded to the BOŚ e-learning platform for all employees to access.

The ecology-themed webinars covered in 2023 include:

- plastic and microplastics;
- Eco-food;
- Legal and market environment, as well as support systems in the energy sector, including renewable energy sources;
- Key aspects of the energy market (Part 1, basic);
- Key aspects of the energy market (part 2, advanced);
- ESG and Sustainability.

Bank employees have also access to the **ECO Library** featuring dozens of books and board games promoting environmental protection issues among employees and their families.

The knowledge gained during the training is supplemented with the **Green Letter**, which is sent to all employees of the Bank at least twice a month. Providing information on the latest reports published on the market, interesting events or analytical studies.

Complementing environmental education, 'Eco Calendar Cards' are showcased on the Bank's social media channels to highlight significant environmental events, including: International Forest Day (March 21), World Water Day (March 22), World Earth Day (April 22), International Biodiversity Day (May 22), World Environment Day (June 6), International Dog Day (August 26), International Bat Night (August 27), International Clean Air Day for Blue Skies (September 7), Battery Recycling Day (September 9), Car Free Day (September 22), or World Fruit and Vegetable Day (October 21).

Metrics for employee training and skills development

Number of employee training hours by employment category in 2021–2023:

	2023			2022			2021
	Women	Men	Total	Women	Men	Sum	Total

Management Board and directors	929	864	1,793	3,727	4,483	8,210	7,632
Senior and junior managers	26,847	11,608	38,455	10,924	5,128	16,052	2,376
Other administrative staff	30,023	20,860	50,898	26,363	16,012	42,375	23,018
Total number of training hours	57,799	33,332	91,146	41,015	25,623	66,637	33,026

Methodology: The calculation includes external training, internal training, e-learning, conferences, congresses, courses, seminars, employee development workshops for employees, excluding graduate, postgraduate and MBA studies. Hour – a unit of work time equivalent to 60 minutes. Training hours calculation does not include legal requirement trainings, such as fire safety, and occupational health and safety.

Average number of training hours from 2021 to 2023 by employment categories:

	2023			2022			2021
	Women	Men	Total	Women	Men	Total	Total
Management Board and directors	58	41	48	286.7	154.6	195.5	129
Senior and junior managers	196	151	180	80.9	72.2	77.9	13
Other administrative staff	44	57	49	40.9	46.9	42.9	25
Total	69	72	70	51.7	58.1	54	28.2

Methodology: The average number of training hours per employee is calculated by dividing the number of training hours for each employment category in a year by the total number of employees within that category to the end of that year.

70 – The average number of training hours per employee in 2023 is 29.9% higher than the average number of training hours in 2022.

Employee participation in various training programmes at the Bank (total number of participants in training sessions; each employee counted once, regardless of multiple course attendance):

	External training	Internal training	E-learning
Number of BOŚ employees in 2023	961	750	1,264
Number of BOŚ employees in 2022	1,047	969	1,134
Number of BOŚ employees in 2021	739	1,175	1,170

5.18. Employee evaluation

GRI [404-3]

The employee evaluation process serves not only an evaluative function but also a developmental one. Since 2022, the Bank has implemented the #SOOP 'Łączą nas cele' system for the periodic appraisal of employees' performance. The #SOOP performance appraisal process includes an evaluation of performance against targets and employees' attitudes based on the bank's values of cooperation, commitment, professionalism, respect for others and for the environment. It is crucial not only whether an employee achieves their goals but also how they do so and what their attitude is.

The process relies on regular feedback between employees and managers achieved through constant monitoring of employees' performance against targets and their demonstrated attitude. The process is based on a partnership in which both the manager and the employee are responsible for the quality of achievement and daily attitude. The annual employee performance appraisal is linked to the bonus system for employees.

The planning of managers' goals takes into account the priorities set by the Bank's Management Board. As part of best practices, in 2023, one of the priorities identified in top management's goals included ESG issues.

Percentage (%) of employees receiving regular periodic evaluations in 2022:

	Women	Men	Total
Management Board and directors	92.9%	100.0%	96.4%
Senior and junior managers	93.0%	92.4%	92.7%
Other administrative staff	94.3%	92.1%	93.2%
Total	93.4%	94.8%	94.1%

As at the date of issue of this Report, data from the annual appraisal for 2023 is unavailable. The appraisal for 2023 will be conducted at the beginning of the second quarter of 2024.

Periodic employee appraisal at DM BOŚ:

While the Brokerage House is not required to conduct formal annual employee appraisals at the organisational level, it acknowledges the numerous benefits of holding informal, cyclical meetings and discussions.

The exchange of dialogue and feedback between employees and supervisors during regular team and one-on-one meetings is highly valued. These discussions cover areas such as collaboration, achieved outcomes, opportunities for further growth, mutual needs, and expectations.

Subsequently, work plans and development objectives are formulated based on these discussions for the months ahead.

The result is an enhanced level of engagement, a feeling of support, the realisation of common objectives, and a strong sense of belonging to a unified team within the Brokerage House.

5.19. Workplace safety and ergonomics

GRI [403-1] [403-2] [403-3] [403-4] [403-5] [403-9]
ESRS [S1-14]

The Bank prioritises the safety and health of its employees and ensures that occupational health and safety management within the Bank complies with current regulations. Workplace safety is a critical area where the highest standards must be maintained to guarantee employees can work in comfortable, secure conditions.

Internal occupational health and safety activities are managed by a dedicated team, with support from external experts.

The OHS function adheres to the recommendations outlined in the Regulation of the Council of Ministers dated 2 September 1997 regarding occupational safety and health services in the following areas:

- initial training;
- periodic occupational risk assessments;
- incident analysis;
- regular and periodic health and safety inspections at all branches of the organisation.

In 2023, no threats were identified that could have a negative impact on occupational health and safety. The occupational risk assessments were conducted using the Risk Score method, covering 100% of positions. Each assessment is subject to regular monitoring and periodic reviews.

The primary threats are:

- falls on the same level (slips, trips);
- falls to a lower level (stairs);
- inadequate lighting or unpleasant glare;
- strike against something fixed or stationary;

- stress of the musculoskeletal system, eye stress (computer work);
- electrocution (operation of electrically powered equipment);
- traffic accidents (during business-related trips);
- mental stressors;
- fire and explosion hazards;
- eye strain;
- acts of aggression.

The Bank also has a Health and Safety Committee in place, acting as an advisory and consultative body. The Committee is composed of an equal number of representatives from both the employer and the employees. The employer's representatives include members of the Occupational Health and Safety (OHS) Team and a physician who provides preventive healthcare services to employees. The committee also includes representatives elected by the employees.

At the Bank, mandatory occupational health and safety training is provided both initially and periodically. This training educates employees on proper work practices, including ergonomic principles for working at computer monitors. Training takes place in a new, employee-friendly format: the process has been automated. The topics addressed during training sessions include:

- selected labour law regulations and regulations on the organisation of working conditions;
- circumstances and causes of occupational accidents and diseases;
- ways to prevent occupational accidents and diseases;
- occupational risk analysis;
- procedures to be followed in case of an accident or emergency, such as fire or technical failure.

The Bank also ensures that workstations are equipped ergonomically. Employees who work in front of monitors can receive reimbursement for corrective glasses.

Accident incidence rate – number of accidents at work

	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Total number of accidents at work	4	1	0	0	1	2
Number of fatal accidents	0	0	0	0	0	0
Number of severe accidents	0	0	0	0	0	0
Total number of people injured in accidents		5		-		3
Incidence rate 1*		3.9		-		2.6
Severity rate 2**		1.2		-		0

* The Incident Rate (IR), calculated as the total number of individuals injured in accidents per 1,000 employees.

** The Severity Rate of accidents is calculated as the number of days lost due to accidents divided by the number of accidents.

Work safety at subsidiaries:

BLEP S.A. prioritises the safety and health of its employees and ensures that occupational health and safety management within the Bank complies with current regulations. Workplace safety is a critical area where the highest standards must be maintained to guarantee employees can work in comfortable, secure conditions. Health and safety training is provided by an outside company. In 2023, BLEP S.A. recorded no accidents at work.

DM BOŚ, in accordance with applicable regulations, ensures that employees can perform their work in comfortable, friendly and, above all, safe conditions. Internal occupational health and safety activities are managed by a dedicated team, with support from external experts.

The OHS function adheres to the recommendations outlined in the Regulation of the Council of Ministers dated 2 September 1997 regarding occupational safety and health services. DM BOŚ has a Health and Safety

Committee in place, acting as an advisory and consultative body. The Committee is composed of an equal number of representatives from both the employer and the employees. The employer's representatives include members of the Occupational Health and Safety (OHS) Team and a physician who provides preventive healthcare services to employees. The Committee also includes representatives elected by the employees. To prevent potential workplace accidents, DM BOŚ ensures prompt completion of occupational health and safety training for both specialised employees and managerial staff. The training sessions are engaging and interactive, enhanced with elements of first aid in emergencies.

In 2022 and 2023, DM BOŚ did not identify any threats that could negatively impact the health and safety of employees. The occupational risk assessment covered all job positions and undergoes periodic review.

DM BOŚ did not record any workplace accidents in recent years. However, DM BOŚ conducts regular inspections of the premises and equipment, continuously analysing the risk of potential workplace accidents, and implements measures to prevent hazards.

6. CONSCIOUS ORGANISATION (G)

GRI [2-9] [2-10] [2-11] [2-17] [2-18]

ESRS 2 [GOV-1]

ESRS [GI-1]

We integrate transparency with accountability

We are improving transparency practices and effectively adapting to new regulations. We are open to external ESG evaluation and intend to maintain our strong ESG ratings in the coming years.

We manage ESG responsibly

Given the dynamics of the changing environment in which we operate, we provide the best possible solutions for risk management and we seek to improve our internal sustainability solutions on an ongoing basis.

6.1 Corporate governance

The principles of corporate governance at BOŚ follow from the applicable laws (in particular, the Commercial Companies Code, the Banking Law Act and capital market regulations) and the recommendations contained in the following documents: Best Practice for WSE Listed Companies and Principles of Corporate Governance for Supervised Institutions.

6.2. Management Board of the

The Bank's Management Board is a management and executive body, which operates in accordance with applicable laws, the Bank's Articles of Association and Rules of Procedure for the Management Board. Pursuant to the BOŚ Articles of Association, members of the Management Board are appointed by the Supervisory Board for a joint three-year term of office. The number of terms of office is not limited.

From 1 January to 30 April 2023, the Bank's Management Board consisted of four members. From 1 May 2023 until the end of the 11th term, i.e. 23 June 2023, the Bank's Management Board consisted of three members. The Management Board for the new 12th term, which commenced on 24 June 2023, initially comprised three members and expanded to four members from 10 July 2023.

The composition of the Management Board as at 31 December 2023, changes to the Management Board throughout the year, and the operating principles of the Management Board are described in Chapter 4 of



the Directors' Report for 2023. CORPORATE GOVERNANCE STATEMENT – 3. GOVERNING BODIES OF THE BANK – 3.3. Management Board

6.3. Supervisory Board

In accordance with provisions of the Articles of Association of the Bank, the Supervisory Board consists of natural persons elected by the General Meeting for a joint term of office, with no less than 5 and no more than 11 members. The joint term of office of the Supervisory Board is three years. The number of terms of office is not limited. The Supervisory Board elects a chairman, a vice-chairman and a secretary from among its members.

The appointment of members of the Management and Supervisory Boards is governed by applicable laws and the Bank's internal regulations, taking into account the diversity policy and the suitability assessment policy.

The Supervisory Board provides ongoing oversight of the Bank's operations across all areas of its activities. While the Supervisory Board collectively fulfils its obligations, it has the option to delegate its members to independently perform specific oversight tasks. The Supervisory Board may appoint committees and determine their composition.

As at 31 December 2023, the following Supervisory Board committees were active at the Bank:

- Internal Audit Committee,
- Environmental Protection Committee,
- Risk Committee,
- Remuneration and Nomination Committee.

The composition of the Supervisory Board as at 31 December 2023 and changes to the Supervisory Board throughout the year are described in Chapter 6 of the Directors' Report for 2023. CORPORATE GOVERNANCE STATEMENT – 3. GOVERNING BODIES OF THE BANK – 3.2. Supervisory Board

All members of the Management Board and the Supervisory Board of Bank Ochrony Środowiska meet the requirements specified in Article 22aa of the Banking Law Act of 29 August 1997 concerning limitations on the number of positions held on the management and supervisory boards of other companies.

As at 31 December 2023, four members of the Supervisory Board met the criteria for independence, while four members were considered dependent.

In 2024 until the date of issue of this ESG Report, the composition of the Supervisory Board has not changed.

For more information, visit the Bank's website – About the Bank

<https://www.bosbank.pl/informacje-korporacyjne/o-banku>

6.4. Rules for the election and appointment of governance bodies

GRI [2-10]

The Bank follows applicable diversity and suitability policies in selecting candidates for the Management and Supervisory Boards.

When making appointments to the Management and Supervisory Boards, the Supervisory Board or the General Meeting, as applicable, seeks to ensure a comprehensive composition by selecting individuals who contribute to diversity. Principles to be followed to ensure diversity are laid down in the Diversity Policy for Members of the Management Board of Bank Ochrony Środowiska S.A. and the Diversity Policy for Members of the Supervisory Board of Bank Ochrony Środowiska S.A.

Members of the Management and Supervisory Boards are selected taking into account their independence and competencies relevant to the Bank's operations. The Bank applies the criteria specified in the Policy on the Suitability Assessment of Candidates for Members of the Management Board, Members of the Management Board and the Management Board of Bank Ochrony Środowiska S.A., and in the Policy on the Suitability Assessment of Candidates for Members of the Supervisory Board, Members of the Supervisory Board and the Supervisory Board. The policies are regularly amended to meet the requirements of the supervisory authority and changes in legal regulations or guidelines from European banking supervision institutions.

In accordance with these documents, when selecting candidates and evaluating current members of the governance bodies, the Bank follows principles of independence and assurance, and examines the qualifications of the Management and Supervisory Board members taking into account factors such as education, experience, ethics, reputation, credibility, honesty, integrity, and the absence of conflicts of interest.

In accordance with applicable laws including, without limitation, the Commercial Companies Code, members of the Management and Supervisory Boards are prohibited from holding positions on both of these bodies simultaneously. The purpose of this prohibition is to prevent the combination of supervisory and management functions, primarily with regard to the powers of the Supervisory Board. Members of the Supervisory Board of BOŚ S.A. do not engage in any other roles or responsibilities at the Bank. Members of the Management Board perform management functions only.

6.5. Political influence and lobbying activities

GRI [3-3] [415-1]

ESRS [G1-5]

In accordance with the Code of Ethics, the Bank conducts its relations with government institutions, authorities, and public bodies in compliance with applicable laws and ethical principles. The Bank remains politically neutral. The Bank does not provide financing to political parties.

6.6 Compliance with laws and regulations

GRI [2-27]

The Bank ensures that its operations comply with the best standards of transparency and ESG. The Bank operates in accordance with the law, adhering to principles of integrity, reliability, and due diligence. The Bank's employees are obligated to comply with the law, follow guidelines issued by regulatory authorities (including supervisory recommendations), and with internal regulations.

As at 31 December 2023, Bank Ochrony Środowiska was:

- a claimant in 951 lawsuits for a total amount of PLN 173.18 million;
- a respondent in 1,721 lawsuits for a total amount of PLN 661.43 million.

As at 31 December 2023, the Bank was not involved in any material proceedings pending before any court, arbitration body or public administration authority where the amount of the Bank's liabilities or claims would represent at least 10% of the Bank's equity.

For information about proceedings pending before any court, arbitration body or public administration authority, see Section 7 of the Directors' Report on the Operations of the BOŚ Group in 2023. Court proceedings and description of changes in the legal environment for the housing loan portfolio, including loan moratorium and other forms of assistance for clients



The Compliance Department is responsible for monitoring the Bank's compliance with applicable laws, recommendations, and guidelines from external regulatory authorities, internal rules and standards of conduct established by the Bank, also supporting the Head Office's organisational units in their compliance-related activities. The Compliance Department is managed by a Director responsible for executing tasks and achieving objectives set by the Department.

The corporate governance and compliance solutions implemented by the Bank enhance the transparency of its processes and strengthen its organisational culture. The activities in this area are governed by the Compliance Policy of Bank Ochrony Środowiska S.A., which outlines the fundamental principles for ensuring adherence to applicable laws, internal regulations, and market standards. Additionally, these activities are directed by the Compliance Risk Management Rules of Bank Ochrony Środowiska S.A.

Information related to compliance risk, including its identification, assessment, control, adjustment measures, monitoring results, and corrective actions, is reported quarterly to the Bank's Management Board, the Internal Audit Committee, and the Supervisory Board. This reporting is carried out in accordance with the Compliance Risk Management Rules and the Internal Control Rules of Bank Ochrony Środowiska S.A.

Compliance with laws and regulations at subsidiaries

BLEP S.A. and **DM BOŚ** operate in accordance with the law, adhering to principles of integrity, reliability, and due diligence. Employees are required to comply with the law and applicable internal regulations.

At BLEP S.A., information regarding compliance risk is prepared on a quarterly basis and submitted to both the Management Board and the Supervisory Board. Subsequently, this information is forwarded to BOŚ S.A. for inclusion in the consolidated compliance risk reporting.

As at 31 December 2023, DM BOŚ was:

- a claimant in 12 lawsuits for a total amount of: PLN 80,729.61; and
- a respondent in 5 lawsuits for a total amount of: PLN 1,617,681.48;
- Further, DM BOŚ was not involved in any material proceedings pending before any court, arbitration body or public administration authority where the amount of its liabilities or claims would represent at least 10% of the company's equity.

The Compliance Department at DM BOŚ is tasked with monitoring the company's adherence to applicable laws, external regulatory recommendations and guidelines, internal regulations, and the behavioural standards established by DM BOŚ. The department is led by the Director, who also serves as the Compliance Inspector, overseeing the execution of these responsibilities.

DM BOŚ's implementation of corporate governance and compliance solutions enhances process transparency and influences the organisational culture of the brokerage house. The activities in this area are governed by the Compliance Policy of DM BOŚ S.A., which outlines the fundamental principles for ensuring adherence to applicable laws, internal regulations, and market standards.

Information related to compliance risk, including its identification, assessment, control, adjustment measures, monitoring results, and corrective actions, is reported quarterly to the company's Management Board, the Audit Committee, and the Supervisory Board. This reporting is carried out in accordance with the Compliance Risk Management Policy of DM BOŚ S.A.

6.7. Ethics

[GRI \[2-15\]](#) [\[2-16\]](#) [\[2-23\]](#) [\[2-25\]](#) [\[2-26\]](#) [\[3-3\]](#) [\[406-1\]](#)

[ESRS 2 \[MDR-P\]](#)

[ESRS \[SI-17\]](#) [\[G1-1\]](#)

As an institution of public trust, the Bank pays particular attention to ethical issues. The primary document addressing ethics is the 'Code of Ethics of Bank Ochrony Środowiska S.A.,' which emphasises the significant role of BOŚ employees as ambassadors of the Bank's values. Their behaviour and demeanour reflect the organisational culture. The document defines the applicable standards of professional ethics and expected

interpersonal relationships. The document highlights the principle of equal treatment in aspects such as hiring, termination, working conditions, promotions, and access to training for professional development. This principle is upheld irrespective of gender, age, disability, health status, race, nationality, ethnic origin, religion, beliefs, lack of religious beliefs, political opinions, trade union membership, sexual orientation, gender identity, family status, lifestyle, employment basis, or any other factors that could lead to discriminatory practices.

At the same time, the Bank enforces an internal anti-harassment policy, the principles of which are consistently implemented. This allows for demonstrating a high level of diligence in preventing workplace harassment.

The 'Code of Ethics of Bank Ochrony Środowiska S.A.' applies to all employees regardless of their position or form of employment, including members of the Management Board and the Supervisory Board, as well as individuals acting on behalf of or representing the Bank. Newly hired employees are required to familiarise themselves with the contents of the document. In December 2022, mandatory training on the Code of Ethics was initiated for all employees. The training concludes with a test that confirms whether each employee has a solid understanding of the Bank's ethical requirements. In this way, the Bank aims to ensure that 100% of its employees are trained in this area. Adherence to the principles outlined in the Code is one of the criteria in the Bank's employee evaluation system, and non-compliance may result in termination of employment by the Bank.

The Bank also participates in the work of the Ethics Committee at the Polish Bank Association. To effectively address any instances of unethical behaviour, the Bank has implemented an anonymous reporting system for breaches of ethical norms and standards. This system ensures the protection of individuals who submit reports.

Identified violations are reported on a quarterly basis in line with the Management Information System in place at the Bank. Reports on violations of laws and ethical standards identified during a quarter are provided to the Management and Supervisory Boards.

The Compliance Department is responsible for ethical issues at the Bank, while HR Department handles anti-harassment policy matters.

In 2023, the Bank received:

- two reports under the anti-harassment procedure, following which the employer initiated and conducted investigative proceedings;
- one report concerning unethical behaviour by an employee of BLEP S.A., which led the company to conduct an investigative proceeding; the allegations were not substantiated.

No reports of other categories of violations of ethical norms and standards were recorded within the BOŚ Group.

Ethics at subsidiaries:

BLEP S.A., as a company of the Bank Ochrony Środowiska S.A. Group, operates in accordance with legal regulations and upholds principles of integrity, professionalism, reliability, and due diligence. It builds trust and fosters its image by promoting and adhering to the ethical standards of the BOŚ Group. Commitment, cooperation, professionalism, and respect for others and the environment are mandated behavioural norms for all employees at BLEP S.A., regardless of their position or role. The 'Code of Ethics of BOŚ Leasing - EKO Profit S.A.' is the primary document that governs ethical matters at BLEP S.A.

DM BOŚ also ensures that its processes and procedures adhere to the highest standards. The core values of DM BOŚ are embedded within its internal regulations and are a fundamental part of its organisational culture.

The company has implemented a policy designed to prevent and manage conflicts of interest arising in the course of its business activities. Furthermore, measures have been put in place to prevent situations where conflicts of interest could adversely affect clients' interests.



To ensure employees have a thorough understanding of the regulations regarding conflicts of interest, DM BOŚ has provided training programmes, which conclude with a test.

In 2023, there were no reported violations of ethical norms and standards at DM BOŚ.

6.8. Anti-corruption measures, detection and confirmed cases

GRI [2-15] [3-3] [205-2] [205-3]

ESRS 2 [MDR-P]

ESRS [G1-1] [G1-3] [G1-4]

The Bank enforces a zero-tolerance policy towards corruption in all aspects of its operations, striving to maintain its reputation, image, and the trust of clients and business partners. It achieves this by implementing measures aimed at effectively preventing all forms of corruption.

The Bank upholds the highest standards of integrity, honesty, and fairness in all its internal and external endeavours. In accordance with the Anti-Corruption Policy and Code of Ethics of Bank Ochrony Środowiska S.A., members of the bank's governance bodies, employees, or representatives are prohibited from directly or indirectly giving, offering, demanding, promising, approving, requesting, or accepting any financial or other benefits in connection with their work for the bank. To provide our employees with a clear guidance on anti-corruption, the Bank has put in place the 'Rules for Accepting and Granting Benefits and Gifts at Bank Ochrony Środowiska'.

The Bank provides anti-corruption training that includes education on obligations/requirements related to the giving and receiving of gifts and incentives:

- to new hires immediately upon their employment;
- to all employees – a refresher (periodic) training provided at least once a year.

Whenever the anti-corruption policy is amended, all of the Bank's employees are required to read it and make appropriate representations.

Mandatory annual anti-corruption training sessions for all employees conclude with a test. These training sessions were developed and initiated in the second quarter of 2023.

Anti-corruption and anti-bribery processes at the bank are the responsibility of the Head of Compliance.

All suspected instances of corruption are reported in accordance with the Bank's internal regulations. Whistleblowers are protected under these rules, and no retaliatory actions are allowed against them for filing a report. The Compliance Department maintains a register of violations.

In 2023, no cases of corruption reported through the tool available on the Bank's intranet site were identified.

The Compliance Department evaluates and reports on anti-corruption activities to the Bank's Management Board, the Internal Audit Committee, and the Supervisory Board. Quarterly compliance risk reports include information on reported cases of corruption, including details on how they are addressed. The personal data of the whistleblower and the individuals allegedly implicated in corruption are protected in accordance with privacy regulations.

Anti-corruption measures at subsidiaries:

Anti-corruption regulations are also enforced at **BLEP S.A.** Currently, the Anti-Corruption Policy established by the company's Management Board is active and aligns with the Bank's Policy.

In 2023, no cases of corruption were identified at BLEP S.A.

Similarly, **DM BOŚ** adheres to its own Anti-Corruption Policy. Employees of DM BOŚ are prohibited from directly or indirectly offering, demanding, promising, approving, requesting, or accepting any financial or other benefits in relation to their work at DM BOŚ. The detailed rules regarding the acceptance and offering

of gifts are outlined in the Policy for identifying and disclosing monetary and non-monetary benefits received and provided, as well as the guidelines for providing information to clients.

Additionally, DM BOŚ provides anti-corruption training, which includes guidelines on the appropriate handling of gifts and incentives:

- for new hires immediately upon their employment;
- for all employees – a refresher (periodic) training provided at least once a year.

In 2023, no cases of corruption were identified at DM BOŚ S.A.

In 2023, no cases of corruption were identified at the BOŚ Group.

6.9 Prevention of money laundering and terrorist financing (AML)

GRI [2-23]

As an obliged entity under the Anti-Money Laundering and Combating the Financing of Terrorism Act of 1 March 2018, Bank Ochrony Środowiska S.A. has implemented a comprehensive anti-money laundering and counter-terrorism financing process. Detailed financial security measures applied to clients, guidelines for recognising and verifying the risk of money laundering and terrorist financing, document retention protocols, transaction recording and reporting, identification of suspicious transactions, collaboration with the General Inspector of Financial Information (GIIF), risk control and reporting principles, and the process of executing foreign orders received from clients via electronic banking in the context of AML and international sanctions regulations, are defined in the Bank's internal regulations, including the Anti-Money Laundering and Counter-Terrorist Financing Methodology.

Responsibility for performance of the Bank's duties arising under the Anti-Money Laundering and Combating the Financing of Terrorism Act rests with the head of the Office for the Prevention of Money Laundering and Terrorist Financing (BPP).

Under separate internal regulations, the Office prepares quarterly information for the Bank's Management Board and Supervisory Board on the implementation of the AML/CFT Programme at the Bank. The Office prepares annual reports on the AML/CFT activities and the Bank's AML/CFT Strategy.

In accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act, the Bank conducts a risk assessment of the obliged institution. This assessment takes into account factors such as products and services, transactions, sales channels, geographical considerations, customer relationships, and other relevant factors not previously specified. The Bank's most recent risk assessment was conducted at the end of 2023, taking into account the National Risk Assessment of Money Laundering and Terrorism Financing published by the GIIF.

All employees of the Bank participate in an ALM training programme. The Bank mandates that every new employee, irrespective of their role, undergoes the initial training course. The initial training encompasses various topics, including methods for identifying transactions potentially linked to money laundering or terrorist financing, client verification and identification processes, principles of risk assessment, personal data protection, procedures to follow when encountering a suspicious transaction, transaction reporting rules, and international sanctions.

Employees involved in AML and CFT activities, both in the first and second lines of defence, undergo specialised internal and external training specific to their roles, covering topics such as international sanctions, transaction analysis, and client identification and verification.

Training is promptly organised whenever significant updates are made to anti-money laundering and counter-terrorism financing regulations, or when a need arises for employees engaged in AML and CFT activities. Employees participate in regular improvement training sessions, which are organised at least annually. Successfully passing the training test serves as a declaration of up-to-date knowledge on anti-



money laundering and counter-terrorism financing regulations, alongside an understanding of the Bank's internal policies relevant to these areas.

6.10. Communication of critical concerns

GRI [2-16]

ESRS [S1-3]

The Bank provides a mechanism for employees and other individuals engaged on behalf of the Bank to report any violations of law or ethical standards within the Bank via:

- an electronic platform, which is a dedicated, independent, and autonomous communication channel that allows for anonymous reporting (the application is available on the Bank's internal website);
- in writing, particularly in cases where access to the electronic platform is not available. In such instances, the letter should be addressed to either the President of the Management Board or the Chair of the Supervisory Board, with the envelope marked as 'anonymous report of violation'.

Employees, former employees of the Bank or other individuals who act or have acted for the Bank otherwise than under a contract of employment may report violations of anti-money laundering and counter terrorist financing regulations directly to the General Inspector for Financial Information (GIIF).

Employees and other individuals acting on behalf of the Bank, who face retaliation or any actions that negatively impact their legal or personal situation, including threats against them, or who have not been provided with adequate protection against such actions, have the right to report such incidents to the GIIF (in electronic form to the email address indicated by the GIIF: sygnalisci.GIIF@mf.gov.pl or in writing to the mailing address indicated by the GIIF).

These issues are governed by the Procedure for Anonymous Reporting of Violations of Law and Ethical Procedures and Standards Applicable at Bank Ochrony Środowiska S.A. All violation reports are submitted to the Management and Supervisory Boards on a quarterly basis in accordance with the Management Information System in place at the Bank.

6.11. Risk management system

GRI [2-12] [2-13] [2-23]

ESRS 2 [GOV-5] [IRO-1]

The primary objective of risk management at the Bank is to ensure its secure and sustainable operations and continued growth by mitigating the attendant risks and keeping them at acceptable levels. The risk management system in place at BOŚ ensures that the risk taking function is separated from risk control. Such separation is provided for in the bank's internal regulations governing its organisational structure and the remits of its various units.

Risk management is carried out at all levels of the organisational structure:

- the Supervisory Board supervises the risk management system, evaluating its adequacy and effectiveness;
- the Management Board designs, implements and ensures the effective operation of the risk management system;
- dedicated committees, units responsible for identifying, measuring, monitoring, controlling, and mitigating risks, and business units tasked with the day-to-day management of various types of banking risks, following the model established by the Bank's Management Board.

In order to ensure a sound risk management process, the following have been established and systematically improved:

- an appropriate organisational structure;

- formalised rules defining the bank's risk appetite and tolerance, as well as procedures for identifying, measuring (estimating), controlling, monitoring and reporting risks;
- a framework management reporting system through which risks can be monitored and reported at different management levels.

The Bank has implemented a management information system, which serves as a crucial tool for monitoring and controlling its operations. The system seeks to support the Bank's management, streamline task performance and ensure the security and stability of its operations. The management information system supports the Bank's Supervisory Board, Management Board and employees in the proper, efficient and effective performance of their duties.

The system is aligned with the Bank's organisational structure and encompasses the Management Board, the Supervisory Board, committees within the Bank, organisational units of the Head Office, business centres, operating branches, and other organisational units of the Bank. The management information system combines closely interrelated multifaceted management processes covering all areas of the Bank's operations and is intrinsically and comprehensively integrated with the Bank's management system.

The management information system includes, without limitation:

- management reports;
- IT systems and applications providing sources of data for management information reporting.

The frequency of reporting is specified in internal regulations. In most cases, reporting to the highest governance bodies (Management Board/Supervisory Board) is on a monthly or quarterly basis.

The reporting process to the highest governance bodies also includes the following quarterly reports:

- reports on the progress of the Bank's ESG Strategy;
- reports on pro-environmental activities of the Bank related to green financing.

The Bank applies various controls in order to ensure reliability and accuracy of financial reporting (i.e. the process of preparing financial statements). They are incorporated in the functionality of reporting systems and internal regulations, and include, among other things: ongoing validation and reconciliation of the reporting data with the accounting books as well as underlying analytical and other documents serving as a basis for the preparation of financial statements, and with generally applicable accounting and financial reporting laws and regulations.

The process of preparing financial statements is subject to a review, in particular for correctness of reconciliations and substantive analysis and for reliability of information. Annual financial statements are reviewed by the Internal Audit Committee, approved by the Supervisory Board and accepted for publication by the Management Board of the Bank.

The rules of operation, powers and responsibilities of the Bank's Management and Supervisory Board are defined in: Articles of Association; Rules of Procedure for the Management Board of Bank Ochrony Środowiska S.A.; Rules of Procedure for the Supervisory Board of Bank Ochrony Środowiska S.A. These documents are available in the Investor Relations section on the Bank's website www.bosbank.pl

Risk identification process

Risk identification is the process of determining actual and potential sources of risk and assessing their impact on the Bank's financial condition. The identification process involves the formulation of criteria for recognition of risks as material. The Bank has compiled a list of risks to be monitored, including risks that are permanently material, permanently immaterial or may be found to be material as a result of a periodic materiality assessment. The rules for assessing the materiality of risks and determining an adequate amount of internal capital to support the related exposures are reviewed and revised at least annually.

6.12. ESG risk management

The Bank identifies ESG risks associated with a wide range of factors, which have both direct impacts on the Bank and indirect impacts through trading partners and invested assets.

The Bank acknowledges the significance of ESG risks and recognises the challenges associated with managing them, arising, for example, from their intangible nature and the uncertainty of when they might materialise. In the Bank's assessment, the potential materialisation of the impact of ESG risk factors pertains to five risk categories: credit, operational, market, liquidity, and reputational.

The Bank provides an ESG education programme, including training on ESG risk measurement, to employees through the e-learning platform.

Management of ESG risks is conducted by the Bank's organisational unit responsible for operational risk, which is overseen by the Vice President of the Bank's Management Board in charge of the Risk Area.

The Bank has implemented a comprehensive regulation concerning the management of ESG risks, along with its detailed executive regulation. These documents clearly define the objectives and organisation of the ESG risk management system, including aspects such as the allocation of responsibilities and reporting guidelines.

As part of ESG risk management, the Bank:

- conducts an analysis of ESG risks as part of the credit risk assessment for institutional clients. In assessing ESG risks, we evaluate a set of criteria relating to:
 - the implementation of an environmental strategy and policy, environmental management, adherence to the standards of environmental responsibility and concern for the environment. Environmental performance refers especially to expenditures incurred on its protection, pollution control, carbon emission levels, energy consumption, and the use of energy-efficient technologies in operations;
 - social performance where the internal sphere is usually considered, i.e. the quality of employment, including workforce diversity in terms of gender and origin, and employee training opportunities, as well as the public sphere, i.e. client satisfaction, relations with the local community, and relations with market stakeholders, such as suppliers, clients and trading partners. Important considerations include the working conditions, compliance with employee rights as well as health and safety performance. The quality assurance policy in place should apply to both management procedures and product quality. A company's disclosure policy and transparency are also evaluated;
 - management and governance-related factors such as the structure of a company's management board, respect for shareholder rights, due fulfilment of the disclosure obligations towards all shareholders, independence in decision-making and management skills, remuneration scheme, and incidence of corruption;
- offering a range of products that support clients in achieving their ESG goals, applying preferential pricing for selected credit products, and maintaining a permanent range of products designed for financing investments in renewable energy, sustainable construction, green transition projects, energy efficiency retrofits, and waste management;
- regarding capital adequacy management, the Bank has established a specific limit on ESG risks that considers their intangible nature and incorporates an assessment of materiality. This measure aims to effectively mitigate and control ESG risks within the Bank's overall risk management framework. Materiality of the ESG risk is reviewed on a quarterly basis. The Bank considers ESG risks to be material when the impact of ESG risks is assessed to be high. Based on the materiality assessment conducted in 2023, no ESG risks were deemed material.

The scope of reporting to the Bank's Management and Supervisory Boards on the measurement and monitoring of the credit risk management process, particularly adherence to established limits and regulatory compliance, also encompasses information on the level of ESG risks associated with transactions granted in a quarter, broken down by industry. The frequency of reporting additional information is determined based on the PFSA's recommendations and the assessment of risk levels within the Bank and its

operating environment.

Periodic internal audits of the Bank's ESG risk management system are conducted in line with the scope and frequency outlined in the audit plans. These audits are customised to address identified risk areas and their materiality levels, with the objective of examining and assessing the system's adequacy and effectiveness.

6.13. Security of our clients and employees

GRI [3-3] [418-1]

ESRS [S1-17] [S4-3]

The primary document governing our Security System is the Security Policy of Bank Ochrony Środowiska, which ensures an adequate level of security at the Bank, including:

- Information security;
- ICT environment security;
- Security of the Bank's clients, personnel and property;
- Crisis management ensuring business continuity;
- Identifying and preventing attempts to use the Bank for illegal activities or circumvention of law;
- Security of internal processes carried out at the Bank;
- Building secure relationships with the bank's clients and service providers.

Rules of access to the Bank's facilities, which additionally ensure environmental security, are defined in the Physical and Environmental Security Rules of Bank Ochrony Środowiska S.A.

The Bank has implemented an anti-fraud system designed to detect misconduct against the Bank and identify potential fraud risks, tailored to the nature and scale of Bank's operations. The system is permanently and seamlessly incorporated into the overall operations of the Bank. The detection of misconduct and identification of potential risks occurs at every stage of the Bank's operations and the tasks carried out by its employees.

Every employee is responsible for safeguarding the interests and resources of the Bank and its clients, as well as identifying instances of misconduct or potential misconduct.

Critical matters concerning the security and cybersecurity operations are regularly communicated to the Bank's top management through periodic reports (bi-weekly, semi-annual, and annual reports).

During the review period, the top management of the Bank was informed about critical issues concerning the risks associated with the impact of the conflict in Ukraine on the security and cybersecurity of the Bank and its clients.

Personal data security

The personal data of clients, employees, and other individuals associated with the Bank are processed using technical and organisational measures necessary to ensure the security of such data. Personal data is one of the most important assets for the Bank, and ensuring its security is a top priority. Continuous improvement is undertaken by the Bank to enhance the technical and organisational measures employed in securing the processing of personal data. These measures primarily focus on safeguarding data against unauthorised access or loss. In accordance with the requirements of the General Data Protection Regulation (GDPR), which has been in effect since 25 May 2018, personal data is protected through systematic measures. These include updating relevant processes, procedures, and policies, making necessary adjustments to data flow management and storage, enhancing communication, and integrating GDPR requirements into our project and system management practices. The impact of banking products and services on clients' privacy is assessed at the conceptual design stage. The principle of data protection by design is specifically intended to ensure:

- collection of a minimum amount of personal data,
- processing of personal data to a minimum extent,



- storing of personal data for the shortest period necessary,
- minimum access to data,
- restricting access to data.

The principle of data protection by default should be understood as the implementation of such technical and organisational measures in the default settings of an IT system/application for data processing that will ensure the protection of privacy. As a result, during the review phase, the project leader fills out and submits to the Data Protection Officer (IOD) the 'Data protection form for design phase and default data protection' containing:

- description of personal data processing;
- risk analysis of potential violations of the rights and freedoms of data subjects;
- risk analysis of potential security threats to the processing of personal data;
- preliminary data protection impact assessment;
- data protection during the design and operation phases.

Within 5 (five) business days, the Data Protection Officer provides an opinion along with any recommendations, completing the 'Data Protection Officer opinion and recommendations' section of the form. Personal data protection opinions are required for our internal regulations, as well as for contracts and documents addressed to clients.

The protection of personal data is also an area covered by the bank's audit activities, leading to measures aimed at eliminating any future irregularities. Our security incident response procedure requires employees to promptly report any personal data breaches to the Data Protection Officer.

Twice a year, the Data Protection Officer submits an information security report to the Operational Risk Committee (KRO).

Internal data security regulations

Data protection standards adopted by BOŚ are defined by a number of internal regulations. Since 2018, all processes related to data security have been detailed in the document Security Rules for Protected Information at Bank Ochrony Środowiska. The Bank operates in compliance with applicable laws and regulations concerning the protection of personal data, notably GDPR, and specifically adheres to the 'Personal Data Protection Policy at BOŚ S.A.' in handling personal data. Additional regulations, such as the Rules for Entrusting and Sharing Personal Data by BOŚ S.A., have been developed by the Bank. These regulations outline detailed procedures for the entrusting and sharing of personal data with other entities, including clients, employees, or other individuals, to the extent that the Bank processes such data as a data controller. Another key document is the Personal Data Retention Policy of Bank Ochrony Środowiska, which defines the rules for processing data after the original purposes of its use have been achieved. In the first half of 2023, the Bank implemented a new regulation titled 'Principles for the Deletion of Personal Data.' This regulation aims to ensure compliance with the 'storage limitation' principle, which stipulates that personal data should be stored in a form that allows for the identification of the data subject only for as long as necessary for the purposes for which the data were originally collected. The Principles are a set of provisions for the deletion and anonymisation of personal data that the Bank, as the Data Controller, processes.

Following the implementation of these regulations, all leading data protection standards have been adopted by the Bank. By way of the regulations BOŚ has committed to obtaining user data through lawful and transparent means with the express consent of data subjects, and has obliged users to collect and process data only for specific purposes. Users are required to make a statement in which they undertake to process data only for specific purposes and acknowledge information on the terms and conditions of data processing. In its internal regulations the bank has also laid down conditions for the collection, use, disclosure and storage of user data, including data transferred to third parties. Third parties to whom personal data was disclosed are obligated to comply with the relevant BOŚ policies. The Bank also applies a 'Confidentiality Undertaking for Employees of Third Parties Providing Services to the Bank' and a model non-disclosure agreement, which includes provisions obligating third parties to maintain confidentiality.

Changes are constantly analysed, and procedures and internal regulations are updated accordingly. As a member of the Polish Bank Association, the Bank works with other banks to develop relevant data protection solutions.

Data Protection Officer

Supervision over proper processing of personal data at the Bank is the role of the Data Protection Officer (IOD). In addition, there is a Data Protection Officer Team, tasked with supporting the bank's employees in performing their data processing duties.

The Data Protection Officer reports directly to the President of the Bank's Management Board,

which ensures that the Data Protection Officer has independence in carrying out their tasks and provides them with the necessary resources and means to perform their duties independently.

Since the General Data Protection Regulation (GDPR) was implemented over five years ago, there has been a noticeable increase in our clients' interest in personal data protection. This has been accompanied by a heightened awareness of the importance of information security. The Data Protection Officer's mailbox continuously receives letters and requests from clients seeking to exercise their rights under the GDPR. The Bank responds to such requests with utmost diligence, within the statutory deadline. The email address of the Data Protection Officer is available on the Bank's website. We receive hundreds of client requests regarding their rights under GDPR, as well as other enquiries concerning data protection. As part of supervision over proper processing of personal data, the Data Protection Officer performs inspections based on which privacy risks are assessed, evaluates the technologies and practices used by BOŚ and makes relevant recommendations. In addition, the Bank has in place a Data Protection Impact Assessment Procedure and a Data Protection by Design Procedure, used as a basis for privacy risk assessments.

Data breach complaints in 2023

- Number of personal data breach complaints in 2023: 42, including 3 valid complaints.
- Number of completed proceedings before the President of the Personal Data Protection Office: 0.
- Total number of personal data breaches: 29, including 2 breaches reportable to the President of the Personal Data Protection Office.

By the end of 2023, the Bank had not received an administrative decision from the Data Protection Authority indicating any violations of data processing under the GDPR.

Employee education and raising data security awareness

The Bank's employees receive monthly communications on data protection and data security in order to raise their awareness and knowledge of the matter. They participate in mandatory data protection training held as e-learning or in-person courses.

In the data protection training process, the HR Department is responsible for:

- ensuring that newly hired Bank employees are given access to e-learning training on the Bank's training platform within one month of their employment, which is then followed by a test;
- quarterly reporting to the Data Protection Officer on the completion status of e-learning training for every newly hired Bank employee;
- providing periodic mandatory e-learning training on GDPR to all Bank employees, with a frequency of every two years, as a refresher course, and for submitting the training results to the Data Protection Officer in the form of a quarterly report;
- arranging in-person training sessions conducted by the Data Protection Officer for newly hired employees using the MS Teams application.



Clients' data protection rights

Personal data is processed for the purposes of contract execution, performance of various obligations imposed on the Bank, operation of bank accounts, safe and secure execution of orders and instructions, communicating new services and products, etc. As the data controller, the Bank uses its best efforts to ensure full compliance with Regulation 2016/679 on the protection of personal data (GDPR) and thus protect personal data.

Every client can exercise their rights and freedoms defined in the GDPR, namely:

- the right to access data;
- the right to receive copies of data;
- the right to rectification of data;
- the right to erasure of data;
- the right to restrict the processing;
- the right to data portability;
- the right to object.

Any person whose data is processed has the right to apply to the Bank to exercise their right to stop data processing. The Bank provides clients with access to multiple channels they can use to submit their request:

- in person – at any organisational unit;
- by mail – through a postal or courier service operator;
- by phone – at the Contact Centre;
- by electronic means – via online banking.

6.14. Cyber Security

With the security of its clients in mind, in response to emerging cybersecurity threats, BOŚ implements measures to protect the confidentiality, integrity, availability and authenticity of information in accordance with the National Cybersecurity System Act of 5 July 2018, as amended, which implements the NIS Directive.

The Security Policy at BOŚ covers all areas of security. The Policy is reviewed at least once a year, with the review confirmed by a report.

The bank's internal regulations, checklists, rules and procedures were prepared on the basis of national documents (e.g. National Cybersecurity Standards), PFSA recommendations and international standards and best practices (CISA, ENISA, SANS, etc.). The level of security is periodically confirmed by tests and audits performed by internal and external specialists with relevant qualifications. BOŚ has information security and physical security policies, procedures, standards and rules in place to ensure an adequate level of security for data, clients and employees. These regulations are periodically reviewed and updated to reflect changing regulatory recommendations, laws and external risk factors.

The Bank's infrastructure has been equipped with a system to encrypt confidential data and to secure and protect digital information.

The Cybersecurity Department staff actively participate in the exchange of information on current threats through membership of three threat information sharing forums operating within the Polish Bank Association. Also, our Bank uses systems for sharing threat information available within the banking sector (including the Malware Information Sharing Project or MISP). In 2022, the process of joining the Trusted Introducer network commenced and successfully concluded in February 2023. Subsequently, the continued development efforts resulted in obtaining accreditation in June 2023. This confirms that the team possesses the appropriate level of expertise in managing cybersecurity incidents, in line with the standards of European CSIRT (Computer Security Incident Response Teams).

We provide more detailed information on the Bank's cybersecurity programme to our trading partners upon request.

The organisational units successfully fulfil their daily monitoring, security and business continuity responsibilities. A dedicated DIT-HOUSTON unit operating within the Information Technology and Telecommunications Department monitors ICT systems for business continuity reliability on a 24/7 basis. Also, a separate Security Operations Centre operates within the Cybersecurity Department on a 24/7 basis, monitoring the bank's ICT environment security.

In line with a procedure implemented by the Bank, every employee is required to report potential cybersecurity incidents through one of the following channels: by email (including by automated means), over the telephone or in person.

The Bank continuously improves its incident response capabilities in order to comply with international best practices in cybersecurity. It updates and upgrades its systems in response to emerging threats.

Cybersecurity education is an ongoing process at BOŚ with employees undergoing basic mandatory cybersecurity training. Further education is supported by mandatory e-learning training courses delivered at least once a year. Regular phishing resistance exercises are a fixed component of cybersecurity education.

The number of cyberattacks on the banking sector is rising at an alarming rate. When monitoring the security of electronic transactions, we employ tools that allow us to assess the security status of the device used by the client to log in to online banking via the website or the mobile app. Information on the client's device is collected and correlated, with any discovered anomalies (device changes, detected malware installed on the device) analysed by a dedicated unit established within the Bank.

The Bank is educating customers about cybersecurity. Security announcements are regularly published and updated on the Bank's website. In urgent cases, such as phishing campaigns, the BOŚ website displays alerts with visual warnings.

Clients can read about the latest cybersecurity threats in the Security section of the Bank's website <https://www.bosbank.pl/wazne-informacje/bezpieczenstwo>, where we provide user-friendly educational videos as well as basic security principles. Clients can also report cybersecurity incidents directly to the Cybersecurity Department through a dedicated form available at the Bank's website.

Throughout the COVID-19 pandemic, all activities were coordinated by a dedicated team. No major security or fraud incidents were reported by the Computer Security Incident Response Team (BOŚ CSIRT) in 2022.

Overall responsibility for cybersecurity is defined by the Bank's internal documents. The Cybersecurity Department is managed by a director who reports directly to the President of the Bank's Management Board.

6.15. Supply chain

GRI [2-6] [3-3] [204-1] [308-1] [414-1]
ESRS [S2-1] [G1-2] [G1-6]

All purchases are subject to the Procurement Policy of Bank Ochrony Środowiska S.A. Purchases over PLN 20,000 gross are handled by the Procurement Team. Procurement procedures for amounts up to PLN 20,000 gross are conducted independently by the organisational units of the Head Office. They are required to report on them in line with the Policy referred to above.

In December 2021, the Bank introduced 'ESG Standards for Suppliers of Bank Ochrony Środowiska S.A., setting a framework of conduct compliant with the Bank's values and the sustainability and corporate social responsibility rules for suppliers defined in the ESG Strategy. The document contains a clear, consistent and comprehensive set of standards of conduct, particularly in terms of environmental protection, social impacts, observance of ethical standards and proper working conditions, compliance with social criteria and respect for human rights, etc. In 2022, the Code was extended in the part related to fundamental employee rights by adding provisions on minimum pay and maximum working hours. The document also includes audit procedures and potential reasons for their implementation, enabling us to take action to exclude suppliers who do not meet our requirements. All suppliers and their subcontractors, regardless of their location, are required to adhere to the standards.

All suppliers entering a procurement process or performing a contract are required to agree to observe the standards. New contracts and purchase orders with suppliers contain mandatory clauses incorporating the requirements set forth in the standards. This requirement aims to ensure that suppliers make a conscious decision to collaborate with the Bank. This approach is designed to encourage them to initiate or improve activities that reduce their environmental impact and enhance their social responsibility.

The Bank adheres to best trading practices, ensuring objectivity and upholding the highest ethical standards. In selecting suppliers, the Bank considers experience, skills, quality, timeliness, delivery terms, and financial capacity. Additionally, the capacity to adhere to environmental, social, and governance criteria is also evaluated.

Between 1 January and 31 December 2023, the Bank conducted 283 procurement processes involving approximately 160 suppliers, each valued at over PLN 20,000 gross. This represented about 94% of the value of all procurement proceedings at the Bank. The remaining 1,383 proceedings up to PLN 20,000 gross, accounted for about 6% of the value of all proceedings.

In 2023, 100% of the suppliers that entered into contracts/orders with the Bank agreed to the ESG Standards. Around 98% of our suppliers are companies having their registered office or a branch established in Poland.

Payment practices

Payment terms, stages of payment, and the method of work acceptance are defined by the requesting unit during the procurement request submission process. A draft contract/order, attached to the request, includes relevant stipulations, payment deadlines, and clauses as determined by the Bank's accounting department.

Additionally, the contracts feature provisions on contractual penalties, grounds for termination or dissolution of the agreement, and specify how dispute resolution (via litigation) will be handled.

In 2023, the Bank had no payment-related disputes with its suppliers.

6.16. Key due diligence policies and procedures

GRI [2-15] [2-23] [2-24] [2-25]

ESRS E2 [GOV-4] [MDR-P]

The key principles of transparency, integrity and ethics are governed by:

Code of Ethics of Bank Ochrony Środowiska S.A.	The Code defines the professional ethics standards applied by the Bank. It is a set of rules to be followed by all employees in their work, providing basic rules of cooperation with trading partners and contractors. For more information, visit the Bank's website – Code of Ethics https://www.bosbank.pl/_data/assets/pdf_file/0011/40331/Kodeks_Etyki_11_22.pdf
Policy to Counteract and Manage Conflicts of Interest at Bank Ochrony Środowiska	The Policy sets out the principles of preventing and managing conflicts of interest. For more information, visit the Bank's website https://www.bosbank.pl/_data/assets/pdf_file/0020/49430/STRESZCZENIE_Polityka-konflikt_V1.pdf
Rules for Counteracting and Managing Conflicts of Interest at Bank Ochrony Środowiska	The rules set out the measures and methods to be applied to prevent conflicts of interest at the Bank and activities to be undertaken by persons involved in preventing, identifying, diagnosing and managing conflicts of interest.
Rules for Accepting and Granting Benefits and Gifts at Bank Ochrony Środowiska	The document sets out the rules for offering and accepting gifts by related parties, including clients and affiliates of the Bank.
Procedure for Anonymous Reporting of Violations of Law and Ethical Procedures and Standards Applicable at Bank Ochrony Środowiska S.A.	The Procedure sets out the rules and ways to report and act on reports of actual or potential violations of laws, procedures and ethical standards, including regulations on anti-money laundering and countering financing of terrorism and on the performance of activities specified in Article 70.2 of the Act on Trading in Financial Instruments, and prescribes the method of protecting whistleblower anonymity.
The rules of acceptance and granting of incentives at Bank Ochrony Środowiska S.A.	The document sets out the rules for offering and accepting by the Bank and related parties of incentives associated with the provision of investment services.
Anti-corruption policy of Bank Ochrony Środowiska S.A.	The Policy establishes a zero-tolerance approach towards corruption across all aspects of the Bank's operations, ensuring that the Bank adheres to the highest standards of law, integrity, and justice in both internal and external activities.
Internal Control System at BOŚ S.A.	The regulation defines the bank's internal control system operated as part of the management system, specifies the elements of the structure and organisation of the internal control system, and sets out the goals and objectives and the manner of operation of the key elements of the internal control system at the BOŚ Group. The Internal Control System is supported by numerous procedures, policies and guidelines.
Compliance Policy of Bank Ochrony Środowiska S.A.	The Policy defines the key rules for ensuring compliance of our organisation's activities with applicable laws, internal regulations and general market standards.

	<p>The Bank employs a comprehensive approach to ensure compliance with legal requirements, internal regulations, market standards, accepted values, and the internal control system in all its activities. The formal framework and procedures implemented are not only designed to fulfil regulatory obligations, including compliance with recommendations from the Polish Financial Supervision Authority (PFSA), but more importantly, they aim to have a positive impact on the organisation as a whole. Through these measures, the Bank maintains confidence that its operations align with the highest standards while effectively mitigating key risks such as financial, market, reputation, and legal risks.</p> <p>Compliance within the framework of the Bank's internal control system is supervised by the Supervisory Board in cooperation with the Internal Audit Committee. The Supervisory Board is responsible for approving the Compliance policy and conducting annual assessments of the effectiveness of compliance risk management. Additionally, it reviews the adequacy and effectiveness of the internal control system at least once a year.</p> <p>DM BOŚ also operates a comprehensive internal supervision system and a legal compliance oversight system, aimed at identifying and preventing breaches of obligations arising from legal regulations, particularly those governing brokerage activities. Within this framework, a key role is played by the DM BOŚ internal unit responsible for legal compliance in accordance with applicable laws. The Bank and DM BOŚ are regulated by the Polish Financial Supervision Authority.</p>
Compliance Risk Management Rules of Bank Ochrony Środowiska S.A.	<p>The document prescribes the method for managing the risk of the Bank's non-compliance with the law, internal regulations and market standards through the compliance risk management process.</p> <p>It is an implementation instrument under the Compliance Policy of Bank Ochrony Środowiska.</p>
Complaints Handling Rules at Bank Ochrony Środowiska S.A.	<p>The document describes the procedure for receiving, handling and responding to complaints and grievances at the Bank. It also defines the rules for complaint processing and reporting.</p>
Rules for Detecting and Preventing Fraud against BOŚ S.A.	<p>The document defines what a fraud is and identifies the methods of and persons responsible for detecting frauds. It sets out the procedure in case of suspected fraud and prescribes the methods for preventing fraud and monitoring preventive measures.</p>
Supplier Code of Conduct of Bank Ochrony Środowiska S.A.	<p>The Code provides a foundation based on which the Bank and its suppliers want to develop and maintain relations that are built on integrity, trust and shared responsibility for business practices in occupational health and safety, human rights, business ethics, care for employees and concern for the natural environment at all stages of our business.</p> <p>For more information, visit the Bank's website – the Supplier Code of Conduct</p> <p>https://www.bosbank.pl/_data/assets/pdf_file/0018/40338/Standardy-postepowania-dla-dostawcow-Banku-Ochrony-srodowiska_.pdf</p>
Work Rules of Bank Ochrony Środowiska S.A.	<p>The Rules establish the organisation and order in the work process and related rights and obligations of the employer and employees working at the Bank.</p>
Remuneration Policy of Bank Ochrony Środowiska S.A. and Employee Remuneration Rules of Bank Ochrony Środowiska S.A.	<p>The Policy outlines the principles upheld by the Bank concerning employee compensation, ensuring equity in pay for identical or equivalent work. It maintains impartiality regardless of gender, age, disability, health status, race, nationality, ethnic origin, religion, beliefs, secular status, political opinions, trade union membership, sexual orientation, gender identity, family status, lifestyle, and other circumstances that could lead to discriminatory practices.</p>
Human Rights Policy of Bank Ochrony Środowiska S.A.	<p>The Policy describes how human rights are supported and respected</p> <p>For more information, visit the Bank's website – the Human Rights Policy</p>

	https://www.bosbank.pl/_data/assets/pdf_file/0014/40334/Polityka-ochrony-praw-czlowieka..pdf
Diversity Policy of Bank Ochrony Środowiska S.A.	<p>The Policy outlines ways to promote diversity in the Bank</p> <p>For more information, visit the Bank's website – the Diversity Policy</p> <p>https://www.bosbank.pl/_data/assets/pdf_file/0015/40335/Polityka-roznorodnosci_.pdf</p>
Anti-Bullying Policy of Bank Ochrony Środowiska S.A.	The document is aimed at preventing and countering any incidents of workplace bullying, discrimination or harassment at the Bank.
Rules Governing Employee Training and Development Processes at Bank Ochrony Środowiska S.A.	The Rules define the guidelines for employee training and development initiatives.
Periodic Work Evaluation Process Rules of Bank Ochrony Środowiska S.A.	The periodic work evaluation process is based on the evaluation of employee performance (targets) and attitudes and is aimed at encouraging the professional development of employees and promoting attitudes which reflect the bank's core values, including mainly by identifying conduct that sets an example for others and conduct that still requires improvement in view of the strategic challenges facing the Bank.
Recruitment Rules of Bank Ochrony Środowiska S.A.	The document sets out the rules and procedures for recruiting candidates to work at Bank Ochrony Środowiska.
Hiring Rules of Bank Ochrony Środowiska S.A.	The document includes the rules and procedures for hiring employees and establishing an employment relationship, regardless of the title of the contract entered into by the parties, and for amending terms of employment during the period of the employment relationship with the Bank.
Remote Work Rules at Bank Ochrony Środowiska S.A.	The document sets out the rules for remote work by the Bank's employees.
Rules of the Company Social Benefits Fund at Bank Ochrony Środowiska S.A.	The Rules specify how the Social Benefits Fund is created and how its assets are managed and allocated for social purposes, including housing assistance, for eligible persons.

7. ABOUT THE REPORT

GRI [2-2] [2-14]

The 2023 ESG Report of the Bank Ochrony Środowiska Group presents the activities of Bank Ochrony Środowiska S.A. (referred to interchangeably in the report as the 'Bank' or 'BOŚ'), which is the parent in the Bank Ochrony Środowiska Group. The report also covers, to a limited extent, the activities of other companies within the Group as at 31 December 2023, including: Dom Maklerski BOŚ S.A. (alternatively referred to as 'DM BOŚ'), BOŚ Leasing – EKO Profit S.A. (alternatively referred to as 'BLEP S.A.'), and the indirectly controlled subsidiary MS Wind Sp. z o.o. The report also presents the activities of the BOŚ Foundation (referred to as the 'Foundation' or the 'BOŚ Foundation').

The report presents information for 2023 (1 January–31 December 2023), unless noted otherwise.

The report has been reviewed and approved by the ESG and Green Projects Committee and the Bank's Management Board.

7.1. Material topics

GRI [2-29] [3-1] [3-2]

ESRS 2 [SBM-2]

In this Report, the process of determining material topics was conducted in two steps:

1. A list of key topics was drawn up; At this point, we identified issues related to:

- economic and business topics;
- environmental topics;
- employment topics;
- social topics.

The objective was to assess ESG risks and opportunities that could have a significant impact on the Bank's performance, as well as the Bank's sustainability impacts.

The list of 73 key topics was compiled based on:

- The thematic index of ESRS defined in the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards;
- The list of seven material topics described in the 2022 ESG Report, developed based on the analysis of the implementation of the Business Strategy and ESG Strategy, opinions of the Bank's stakeholders, and industry guidelines.

2. The topics were assessed for their materiality. To identify material topics, a survey was conducted among both internal and external stakeholders of the Bank.

Each of the 73 key topics was rated on the following scale of 1 to 5: 1 – "completely immaterial", 2 – "rather immaterial", 3 – "moderately material", 4 – "material", 5 – "very material".

For each topic, scores were summed up and averages were calculated for the Bank's perspective and the external stakeholders' perspective. The cut-off point for classifying a topic as material was the average of more than 4 points, indicating a topic of material importance to the Bank.

The survey results highlighted 20 topics deemed material by external stakeholders and 4 topics material to internal stakeholders – the employees of BOŚ. Notably, the 'Transition plan for climate change mitigation' and 'Adequate wages' were identified as key areas of interest for both external and internal stakeholders.

Detailed results of the materiality analysis of the 24 key topics and their score:

External stakeholders			BOŚ employees		
ESRS	Material topic	score	ESRS	Material topic	score
G1-3	Prevention and detection of corruption and bribery	4.7	S1-15	Metrics of work-life balance	4.5
G1-4	Confirmed incidents of corruption or bribery	4.7	S1-16	Compensation metrics (pay gap and total compensation)	4.5
G1-6	Payment practices	4.6	S1-10	Adequate wages	4.4
S1-10	Adequate wages	4.4	E1-1	Transition plan for climate change mitigation	4.2
	Reliable and transparent information to clients, ethical marketing and sales	4.4			
G1-5	Political influence and lobbying activities	4.4			
E1-1	Transition plan for climate change mitigation	4.3			
E1-3	Actions and resources in relation to climate change policies	4.3			
E1-5	Energy consumption and mix	4.3			
S1-4	Actions on managing material risks and pursuing material opportunities related to own workforce	4.3			
S1-13	Training and skills development metrics	4.3			
E1-4	Targets related to climate change mitigation and adaptation	4.1			
	Financing of sustainable projects – support for green transition	4.1			
S1-1	Policies related to employees	4.1			
S1-5	Targets related to managing material risks and opportunities	4.1			
S1-17	Incidents, complaints and severe human rights impacts	4.1			
S4-1	Policies related to consumers and end-users	4.1			
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	4.1			
S4-4	Taking action on material impacts on consumers and end-users	4.1			
G1-1	Business conduct policies and corporate culture - Ethics	4.1			

A final list of reportable material topics was determined by the ESG and Green Projects Committee. All material topics identified in this ESG Report have an impact on the Bank and its objectives as well as its external stakeholders.

The list of material topics has changed relative to the previous report.

Topic	ESG area	2021	2022	2023
Support for green transition/ Financing of sustainable projects – support for green transition	Environment	YES	YES	YES
Reduction of environmental impacts	Environment	YES		
Energy consumption and methods of reducing energy consumption/Energy consumption and mix	Environment		YES	YES
Transition plan for climate change mitigation	Environment			YES
Actions and resources in relation to climate change policies	Environment			YES
Targets related to climate change mitigation and adaptation	Environment			YES
Reliable information to clients, ethical marketing and sales	Society		YES	YES
Promotion of sustainable development	Society	YES		
Fostering employee-friendly and engaging organisation / Employment conditions (benefits, parental leave, employee turnover)	Society	YES	YES	
Compensation of employees/Compensation metrics/Adequate wages	Society		YES	YES
Training and support for employee development/Training and skills development metrics	Society		YES	YES
Diversity and equal job opportunities; pay gap	Society		YES	
Actions on managing material risks and pursuing material opportunities related to own workforce	Society			YES
Policies related to employees	Society			YES
Targets related to managing material risks and opportunities	Society			YES
Incidents, complaints and severe human rights impacts	Society			YES
Policies related to consumers and end-users	Society			YES
Processes to remediate negative impacts and channels for consumers and end-users	Society			YES
Taking action on material impacts on consumers and end-users and their effectiveness	Society			YES
Metrics of work-life balance	Society			YES
Responsible ESG management	Corporate governance	YES		
Transparency	Corporate governance	YES		
Prevention and detection of corruption and bribery	Corporate governance			YES
Confirmed incidents of corruption or bribery	Corporate governance			YES
Payment practices	Corporate governance			YES
Political influence and lobbying activities	Corporate governance			YES
Business conduct policies and corporate culture	Corporate governance			YES

Other topics included in the ESG Report:

- economic performance;
- water and effluents;
- supplier environmental and social assessment;
- OHS.

7.2. Reporting standards

GRI [2-3] [2-4] [2-5]

This Report has been prepared in accordance with the Global Reporting Initiative Standards (GRI Standards).

ESG reports of the Bank are published annually. The previous ESG report of Bank Ochrony Środowiska was issued on 30 June 2023. The sustainability reporting period corresponds to the financial reporting period.

No changes were made to the reported non-financial information during the reporting period.

All the presented data and information has been consulted internally and verified by the Group's staff competent in the given area. In this Report, there are no significant changes in the measurement methods from the previous report.

This Report has not been externally assured.

More than a dozen people from all relevant units responsible for providing data for the report were involved in the reporting process. Before starting work on the report, they held internal meetings devoted to ESG reporting.

7.3. Contact details

GRI [2-3]

Environmental Policy, ESG, and Taxonomy Team: esg@bosbank.pl

Anna Burza, acting Head of the Environmental Policy, ESG and Taxonomy Team

For more information, visit the Bank's website – ESG strategy and reporting.



7.4. GRI Index

GRI Standard	Disclosure no.	Indicator	Location in the ESG Report	Page No.	GRI Sector Standards
1. The organisation and its reporting practices	2-1	Organisational details	2. Bank Ochrony Środowiska S.A. Group	96	GRI 2. General Disclosures 2021
			2.6 BOŚ Group	98	
	2-2	Entities included in the organisation's sustainability reporting	2.6 BOŚ Group	98	
			7. About the report	210	
	2-3	Reporting period, frequency and contact point	7.2. Reporting standards	213	
7.3 Contact details			213		
2-4	Restatements of information	7.2. Reporting standards	213		
2-5	External assurance	7.2. Reporting standards	213		
2. Activities and employees	2-6	Activities, value chain and other business relationships	2. Bank Ochrony Środowiska S.A. Group	96	GRI 2. General Disclosures 2021
			2.3 BOŚ in numbers	97	
			2.6 BOŚ Group	98	
			3. Strategy and business model	99	
			3.1 Business strategy	100	
			3.2 ESG strategy	100	
			4.1. Supporting transition towards sustainability	120	
	4.2. Sustainable financing of projects. Products and services	121			
4.3 Green initiatives of subsidiaries	124				
6.15 Supply chain	206				
2-7	Employees	5.9 Employment structure	169	GRI 2. General Disclosures 2021	
2-8	Workers who are not employees	5.9 Employment structure	169	GRI 2. General Disclosures 2021	
3. Corporate governance	2-9	Governance structure and composition	6. Conscious organisation	190	GRI 2. General Disclosures 2021
	2-10	Nomination and selection of the highest governance body	6. Conscious organisation	190	GRI 2. General Disclosures 2021
			6.4 Rules for the election and appointment of governance bodies	192	
	2-11	Chair of the highest governance body	6. Conscious organisation	190	GRI 2. General Disclosures 2021
	2-12	Role of highest governance body in overseeing the management of impacts	3.2 ESG strategy	100	GRI 2. General Disclosures 2021
3.4 ESG governance structure			104		
4.5 Responsible approach to environmental protection			152		
5.1 Joint efforts in fostering sustainable development			159		
		6.11 Risk management system	198		

	2-13	Delegation of responsibility for managing impacts	3.4 ESG governance structure	104	GRI 2. General Disclosures 2021
			3.5 Key policies and documents outlining our approach to ESG in the reporting period	104	
			6.11 Risk management system	198	
	2-14	Role of the highest governance body in sustainability reporting	7. About the report	210	GRI 2. General Disclosures 2021
	2-15	Conflicts of interest	6.7 Ethics	194	GRI 2. General Disclosures 2021
			6.8 Anti-corruption measures, detection and confirmed cases	195	
			6.16 Key due diligence policies and procedures	207	
	2-16	Communication of critical concerns	6.7 Ethics	194	GRI 2. General Disclosures 2021
			6.10 Communication of critical concerns	197	
	2-17	Collective knowledge of the highest governance body	5.12 Diversity of governance bodies and employees	175	GRI 2. General Disclosures 2021
2-18	Evaluation of the performance of the highest governance body	6. Conscious organisation	190	GRI 2. General Disclosures 2021	
		6. Conscious organisation	190		
2-19	Remuneration policies	5.13 Remuneration policies	177	GRI 2. General Disclosures 2021	
2-20	Process to determine remuneration	5.13 Remuneration policies	177	GRI 2. General Disclosures 2021	
2-21	Annual total compensation ratio	5.13 Remuneration policies	177	GRI 2. General Disclosures 2021	
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	1. Letter from the President of the Management Board	95	GRI 2. General Disclosures 2021
	2-23	Policy commitments	3.1 Business strategy	100	GRI 2. General Disclosures 2021
			3.2 ESG strategy	100	
			3.3 Contribution to the achievement of UN Sustainable Development Goals	102	
			3.4 ESG governance structure	104	
			3.5 Key policies and documents outlining our approach to ESG in the reporting period	104	
			5.7 BOŚ values	167	
			6.7 Ethics	194	
			6.9 Prevention of money laundering and terrorist financing (AML)	197	
	2-24	Embedding policy commitments	6.11 Risk management system	198	GRI 2. General
6.16 Key due diligence policies and procedures			207		
		3.1 Business strategy	100		



			3.2 ESG strategy	100	Disclosures 2021	
			3.3 Contribution to the achievement of UN Sustainable Development Goals	102		
			6.16 Key due diligence policies and procedures	207		
	2-25	Processes to remediate negative impacts		3.9 Transparency and client dialogue	115	GRI 2. General Disclosures 2021
				6.7 Ethics	194	
				6.16 Key due diligence policies and procedures	207	
	2-26	Mechanisms for seeking advice and raising concerns		6.7 Ethics	194	GRI 2. General Disclosures 2021
	2-27	Compliance with laws and regulations		6.6 Compliance with laws and regulations	192	GRI 2. General Disclosures 2021
	2-28	Membership associations		3.7 Key partnerships	112	GRI 2. General Disclosures 2021
				5.2 Shared goals, shared commitment	159	
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	3.6 BOŠ stakeholders and relations with the environment	111	GRI 2. General Disclosures 2021	
			3.9 Transparency and client dialogue	115		
			5.15 Communication with employees	180		
			7.1 Material topics	210		
	2-30	Collective bargaining agreements	5.9 Employment structure	169	GRI 2. General Disclosures 2021	
6. Material topics	3-1	Process to determine material topics	7.1 Material topics	210	GRI 3: Material Topics 2021	
	3-2	List of material topics	7.1 Material topics	210		
	3-3	Management of material topics		3.9 Transparency and client dialogue		115
				3.10 Policies related to consumers and end-users		117
				3.11 Reliable information to clients, ethical marketing and sales		118
				4.1 Supporting transition towards sustainability		120
				4.2. Sustainable financing of projects. Products and services		121
				4.6 Energy efficiency, consumption, and mix		152
				4.8 Transition plan for climate change mitigation		155
				5.8 Actions on managing risks and pursuing opportunities related to own workforce		168
				5.11 Policies related to employees		174
				5.13 Remuneration policies		177
	5.14 Parental leave and work-life balance indicator	179				
			6.5 Political influence and lobbying activities	192		

			6.7 Ethics	194	
			6.8 Anti-corruption measures, detection and confirmed cases	195	
			6.13 Security of our clients and employees	200	
			6.15 Supply chain	206	
Economic performance	201-1	Direct economic value generated and distributed	2.4 Financial results	97	GRI 201: Economic Performance 2016
			4.4 EU Taxonomy	125	
Remuneration of employees	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.13 Remuneration policies	177	GRI 202: Market Presence 2016
Indirect economic impacts	203-1	Infrastructure investments and services supported	4.1. Supporting transition towards sustainability	120	GRI 203: Indirect Economic Impacts 2016
			5.3 Bank Ochrony Środowiska Foundation	159	
			4.1. Supporting transition towards sustainability	120	
			4.4 EU Taxonomy	125	
Procurement practices	204-1	Proportion of spending on local suppliers	6.15 Supply chain	206	GRI 204: Procurement Practices 2016
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	6.8 Anti-corruption measures, detection and confirmed cases	195	GRI 205: Anti-corruption 2016
	205-3	Confirmed incidents of corruption and actions taken	6.8 Anti-corruption measures, detection and confirmed cases	195	
Energy	302-1	Energy consumption within the organisation	4.6 Energy efficiency, consumption, and mix	152	GRI 302: Energy 2016
Water	303-5	Water consumption	4.9 Resource consumption – water, equipment, paper, office and marketing materials	156	GRI 303: Water and Effluents 2018
Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	4.2. Sustainable financing of projects. Products and services	121	GRI 304: Biodiversity 2016
Emissions	305-1	Direct (Scope 1) GHG emissions	4.6 Energy efficiency, consumption, and mix	152	GRI 305: Emissions 2016
			4.7 Carbon footprint	153	
	305-2	Energy indirect (Scope 2) GHG emissions	4.6 Energy efficiency, consumption, and mix	152	
			4.7 Carbon footprint	153	
	305-3	Other indirect (Scope 3) GHG emissions	4.7 Carbon footprint	153	
	305-4	GHG emissions intensity	4.7 Carbon footprint	153	
	305-5	Reduction of GHG emissions	4.7 Carbon footprint	153	
Waste	306-3	Waste generated	4.9 Resource consumption – water, equipment, paper, office and marketing materials	156	GRI 306: Waste 2020



Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	6.15 Supply chain	206	GRI 308: Supplier Environmental Assessment 2016
Employment	401-1	New employee hires and employee turnover	5.10 Employee turnover in the BOŚ Group	173	GRI 401: Employment 2016
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.16 Employee benefits	182	
	401-3	Parental leave	5.14 Parental leave and work-life balance indicator	179	
OHS	403-1	Occupational health and safety management system	5.19 Workplace safety and ergonomics	188	GRI 403: Occupational Health and Safety 2018
	403-2	Hazard identification, risk assessment and accident investigation	5.19 Workplace safety and ergonomics	188	
	403-3	Occupational health services	5.19 Workplace safety and ergonomics	188	
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.19 Workplace safety and ergonomics	188	
	403-5	Worker training on occupational health and safety	5.19 Workplace safety and ergonomics	188	
	403-6	Promotion of worker health	5.16 Employee benefits	182	
	403-9	Work-related injuries	5.19 Workplace safety and ergonomics	188	
Training and education	404-1	Average hours of training per year per employee	5.17 Training and development	184	GRI 404: Training and Education 2016
	404-2	Programs for upgrading employee skills and transition assistance programs	5.17 Training and development	184	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.17 Training and development	184	
			5.18 Employee evaluation	187	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	5.11 Policies related to employees	174	GRI 405: Diversity and Equal Opportunity 2016
			5.12 Diversity of governance bodies and employees	175	
	405-2	Ratio of basic salary and remuneration of women to men	5.13 Remuneration policies	177	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.7 Ethics	194	GRI 406: Non-discrimination 2016
	413-1		5.1 Joint efforts in fostering sustainable development	159	

Local communities		Operations with local community engagement, impact assessments, and development programmes.	5.3 Bank Ochrony Środowiska Foundation	159	GRI 413: Local Communities 2016
			5.4 Employee volunteering	163	
Supplier social assessment	414-1	New suppliers that were screened using social criteria	6.15 Supply chain	206	GRI 414: Supplier Social Assessment 2016
Public policy	415-1	Political contributions.	6.5 Political influence and lobbying activities	192	GRI 415: Public Policy 2016
Marketing and Labeling	417-1	Requirements for product and service information and labeling	3.10 Policies related to consumers and end-users	117	GRI 417: Marketing and Labeling 2016
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.11 Reliable information to clients, ethical marketing and sales	118	
	417-3	Incidents of non-compliance concerning marketing communications	3.11 Reliable information to clients, ethical marketing and sales	118	
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.13 Security of our clients and employees	200	GRI 418: Customer Privacy 2016



7.5. ESRS Index

ESRS Standard	ESRS No.	Name of ESRS Standard	Location in the ESG Report	Page No.
ESRS 2 General disclosures	BP-1	General basis for preparation of sustainability statements	1. Letter from the President of the Management Board	95
			2. Bank Ochrony Środowiska S.A. Group	96
			2.6 BOŚ Group	98
	GOV-1	The role of the administrative, management and supervisory bodies	3.4 ESG governance structure	104
			6. Conscious organisation	190
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	3.4 ESG governance structure	104
	GOV-4	Statement on due diligence	6.16 Key due diligence policies and procedures	207
	GOV-5	Risk management and internal controls over sustainability reporting	6.11 Risk management system	198
	SBM -1	Strategy, business model and value chain	2. Bank Ochrony Środowiska S.A. Group	96
			3.1 Business strategy	100
			3.2 ESG strategy	100
	SBM-2	Interests and views of stakeholders	3.6 BOŚ stakeholders and relations with the environment	111
			3.9 Transparency and client dialogue	115
			7.1 Material topics	210
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.1 Business strategy	100
3.2. ESG Strategy			100	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	6.11 Risk management system	198	

	MDR-P	Policies adopted to manage material sustainability matters	3.5 Key policies and documents outlining our approach to ESG in the reporting period	104
			6.7 Ethics	194
			6.8 Anti-corruption measures, detection and confirmed cases	195
			6.16 Key due diligence policies and procedures	207
	MDR-A	Actions and resources in relation to material sustainability matters	3.2. ESG Strategy	100
			3.3 Contribution to the achievement of UN Sustainable Development Goals	102
	MDR-M	Metrics in relation to material sustainability matters	3.2. ESG Strategy	100
			3.3 Contribution to the achievement of UN Sustainable Development Goals	102
MDR-T	Tracking effectiveness of policies and actions through targets	3.2 ESG Strategy	100	
ESRS E1 Climate change	E1-1	Transition plan for climate change mitigation	4.8 Transition plan for climate change mitigation	155
	E1-2	Policies related to climate change mitigation and adaptation	3.5 Key policies and documents outlining our approach to ESG in the reporting period	104
	E1-3	Actions and resources in relation to climate change policies	4.8 Transition plan for climate change mitigation	155
	E1-4	Targets related to climate change mitigation and adaptation	4.8 Transition plan for climate change mitigation	155
	E1-5	Energy consumption and mix	4.6 Energy efficiency, consumption, and mix	152
	E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	4.7 Carbon footprint	153
ESRS E3 Water and marine resources	E3-4	Water consumption	4.9. Resource consumption – water, equipment, paper, office and marketing materials	156
ESRS E5	E5-2	Actions and resources related to resource use and circular economy	4.9 Resource consumption – water, equipment, paper, office and marketing materials	156



Resource use and circular economy	E5-5	Resource outflows	4.9 Resource consumption – water, equipment, paper, office and marketing materials	156
ESRS S1 Own workforce	S1-1	Policies related to own workforce	5.11 Policies related to employees	174
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	5.7 BOŚ values	167
			5.15 Communication with employees	180
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	5.11 Policies related to employees	174
			5.15 Communication with employees	180
			6.10 Communication of critical concerns	197
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	5.8 Actions on managing risks and pursuing opportunities related to own workforce	168
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	5.8 Actions on managing risks and pursuing opportunities related to own workforce	168
	S1-6	Characteristics of the undertaking's employees	5.9 Employment structure	169
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	5.9 Employment structure	169
	S1-8	Collective bargaining coverage and social dialogue	5.9 Employment structure	169
			5.15 Communication with employees	180
	S1-9	Diversity metrics	5.9 Employment structure	169
			5.12 Diversity of governance bodies	175
S1-10	Adequate wages	5.13 Remuneration policies	177	
S1-11	Social protection	5.16 Employee benefits	182	
S1-12	Persons with disabilities	5.9 Employment structure	169	
S1-13	Training and skills development metrics	5.17 Training and development	184	
S1-14	Health and safety metrics	5.19 Workplace safety and ergonomics	188	

	S1-15	Metrics of work-life balance	5.14 Parental leave and work-life balance indicator	179
	S1-16	Compensation metrics (pay gap and total compensation)	5.13 Remuneration policies	177
	S1-17	Incidents, complaints and severe human rights impacts	6.7 Ethics	194
6.13 Security of our clients and employees			200	
ESRS S2 Workers in the value chain	S2-1	Policies related to value chain workers	6.15 Supply chain	206
ESRS S3 Affected communities	S3-2	Processes for engaging with affected communities about impacts	5.3 Bank Ochrony Środowiska Foundation	159
			5.4 Employee volunteering	163
	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	5.3 Bank Ochrony Środowiska Foundation	159
			5.4 Employee volunteering	163
ESRS S4 Consumers and end-users	S4-1	Policies related to consumers and end-users	3.10 Policies related to consumers and end-users	117
			4.2. Sustainable financing of projects. Products and services	121
	S4-2	Processes for engaging with consumers and end-users about impacts	3.9 Transparency and client dialogue	115
			4.2. Sustainable financing of projects. Products and services	121
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	3.9 Transparency and client dialogue	115
			6.13 Security of our clients and employees	200
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	3.10 Policies related to consumers and end-users	117
			3.11 Reliable information to clients, ethical marketing and sales	118
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.9 Transparency and client dialogue	115
	ESRS G1	G1-1	Corporate culture and Business conduct policies and corporate culture	6. Conscious organisation



Business conduct			6.7 Ethics	194
			6.8 Anti-corruption measures, detection and confirmed cases	195
	G1-2	Management of relationships with suppliers	6.15 Supply chain	206
	G1-3	Prevention and detection of corruption and bribery	6.8 Anti-corruption measures, detection and confirmed cases	194
	G1-4	Confirmed incidents of corruption or bribery	6.8 Anti-corruption measures, detection and confirmed cases	195
	G1-5	Political influence and lobbying activities	6.5 Political influence and lobbying activities	192
	G1-6	Payment practices	6.15 Supply chain	206

8. ADDITIONAL REPORTING STANDARDS

8.1 TCFD-aligned climate-related disclosures

TCFD standards are structured around four pillars: Governance, Strategy, Risk Management, Metrics and Targets.

PILLAR I Governance

At Bank Ochrony Środowiska, climate-related and other risks are managed across all levels of the corporate structure (for more information, see ESG Report – 5.3 Risk Management System), specifically:

- The Bank's Supervisory Board approves and supervises the implementation of BOŚ S.A.'s climate policy adopted by the Bank's Management Board;
- The Bank's Management Board designs and implements climate policies and other internal regulations, ensuring operability of the risk management system;
- dedicated committees:
 - The ESG and Zgreen Projects Committee develops ESG strategies, tracks and reports the achievement of strategic ESG goals to the Management Board on a quarterly basis, provides opinions on the internal ESG regulations, including climate matters;
 - The Environmental Protection Committee supports the Supervisory and Management Boards in expanding the Bank's pro-environmental activities and identifying the areas of its environmental protection activities, supporting the implementation of BOŚ S.A.'s corporate mission;
- units responsible for identifying, measuring, monitoring, controlling and mitigating risks and business units responsible for day-to-day management of various types of banking risks in line with the model established by the Management Board;

ESG responsibilities at BOŚ lie with the following organisational units:

- the Environmental Policy, ESG, and Taxonomy Department (DPT) is responsible for coordinating and monitoring the implementation of the ESG Strategy;
- the Operational Risk Department (DRO) is responsible for coordinating the Bank's ESG risk management activities;
- the Capital Adequacy Department, Credit Policy and Loan Portfolio Reporting (DAP) is responsible for setting a limit on the ESG risk appetite in the lending policy and monitoring limit utilisation.

PILLAR II Strategy:

The Bank's activities have no significant direct impact on climate change and climate change has no direct impact on the Bank. However, the Bank is relentlessly working to minimise its adverse environmental and climate impacts by continuously reducing energy and water consumption and minimising waste. For more information, see Section 3.4 We take a responsible approach to environmental protection.

However, the Bank may have a significant indirect impact on climate change and the Bank's financial condition may be indirectly affected by climate change. This impact is related to the financing of clients and projects that have an impact on or are affected by climate change.

Based on TCFD guidance, climate-related risks are divided into two categories:

- transition risks – associated with the need to adapt to changing conditions, regulations, new technologies, but also to changing energy sources, consumer expectations and other market developments;
- physical risks – associated with the direct impact of extreme weather events or long-term weather patterns (e.g. damage to infrastructure or crops, supply chain interruptions, water scarcity, loss of biodiversity).

BOŚ identifies climate-related risks as part of ESG risks pertaining to environmental factors.

From the double materiality perspective and considering its clients and financed projects, BOŚ identifies the following key climate-related risks:

Risks related to the impact of climate change on the Bank's clients (financial materiality)	Risks related to the impact of the Bank's clients on climate (environmental and social materiality)
<p>physical risks:</p> <ul style="list-style-type: none"> extreme weather events disrupting business operations, including: crop devastation leading to increased commodity prices; damage to property and operating losses resulting in asset/collateral impairment <p>transition risks:</p> <ul style="list-style-type: none"> regulatory uncertainty and economic disadvantage to the Bank's clients caused by climate protection-related regulations; increasing energy prices leading to a less competitive economy and deteriorated standard of living compromising the quality of the loan portfolio; 	<ul style="list-style-type: none"> energy intensity of Polish industry relying on an energy mix dominated by coal-fired generation; obsolete and energy-intensive buildings generating high energy demand; high carbon and pollutant emissions; overexploitation of natural resources

In the short- and medium-term perspective (up to 5 years), the following climate change-related risks have been identified for the Bank:

- increased costs due to the need to implement systems to evaluate and report on the Bank's and its clients' climate efforts arising from new global/EU/local regulations;
- risk of client attrition if the Bank's requirements are stricter compared with its peers;
- risks associated with projects involving advanced sustainable solutions using technologies at a relatively early stage of development;

In the long-term perspective (beyond 5 years), the following risks are defined:

- disruption of corporate clients' business and financial liquidity due to high temperatures, the need to restrict funding for emission-intensive industries, rising prices of emission allowances;
- disruption of corporate clients' business and financial liquidity in water-intensive industries due to hydrological drought events affecting production capacity (e.g. in the energy and agri-food sectors).

Another risk that is significant in every respect is the reputational risk arising from the Bank's exposure to counterparties that may potentially be held liable for the negative environmental and climate-related impacts of their operations.

While climate change is mainly associated with risks, it may also offer opportunities to develop products and services, particularly those relating to:

- energy transition and energy efficiency improvement;
- use of national and EU funding to support energy transition;
- reducing raw material and waste management costs by switching to a circular economy model.

By leveraging the positive impacts of climate change, the Bank has the opportunity to:

- expand its green transaction portfolio;
- harness its knowledge and expertise in financing the development of low-carbon energy sources and technological innovation;
- combine green project financing advisory with banking services;
- spearhead the transition towards a climate-neutral economy by providing broader green project support to clients.

PILLAR III Risk management:

Climate-related risk management is included in the ESG risk assessment framework as ESG risks are identified in the credit risk assessment process of proposed transactions and evaluation of environmental efforts, especially those involving environmental protection expenditure, reducing pollution, carbon dioxide emissions and energy consumption, and energy-efficient technologies. For this purpose, an ESG Survey has been developed and appended to the credit product application, which, among other things, verifies whether the client considers climate-related risks and opportunities in their operations.

With a view to mitigating climate-related risks, BOŚ has developed its own climate policy https://www.bosbank.pl/_data/assets/pdf_file/0013/40333/Polityka-klimatyczna.pdf setting out the following goals:

- to combat climate change;
- to adapt to climate change;
- to achieve emission reduction targets in line with the ESG Strategy.

The climate policy outlines strategic actions for Bank Ochrony Środowiska S.A., focusing on combating and adapting to climate change and achieving the Bank's emission reduction targets in line with the ESG Strategy. The policy facilitates the implementation of tasks derived from documents on sustainable financing and climate-related reporting. It incorporates provisions of the Paris Agreement and the European Union's legislative packages, including, without limitation, the European Green Deal, Fit for 55, and national strategy documents.

Policy objectives will be pursued through actions focusing on:

- reducing the Bank's carbon footprint;
- supporting the climate transition of the Bank's clients, including transition towards low-carbon business activities, by:
 - a) financing green projects;
 - b) offering products dedicated to financing projects which support:
 - combating climate change and climate change adaptation, including, but not limited to, renewable energy sources, energy efficiency, low-carbon technologies, minimising pollutant emissions, reducing the emission intensity of economic operators;
 - just transition of carbon- and energy-intensive industry players towards lower emissions, including through the use of natural gas as a transition fuel;
 - c) collaboration with organisations engaged in climate action;
 - d) accession to and implementation climate agreements and declarations, including the Partnership for the Goals of the 2030 Agenda,
 - e) educational efforts and participation in market dialogue on sustainable financing;
 - f) knowledge sharing by experts from the Environment and Climate area;
- reducing financing to high-emitting sectors and projects, mainly thermal coal mining and lignite- or coal-fired generation of electricity and heat. The Bank will not enter into any new transactions primarily aimed at producing coal for use as fuel in power generation and heating, as well as those involving the construction of new power or heating units, capacity expansions, or overhauls of existing coal-fired units. However, the Bank may consider financing coal-fired power generation projects that contribute to reducing emission intensity of generating units by bringing them in compliance with national or EU regulations or by leveraging innovative technologies to achieve a significant reduction in greenhouse gas (GHG) emissions;
- managing risks related to climate change;
- capturing opportunities and potential positive effects of climate change.

The Bank seeks to integrate climate-related risks within the ESG risk framework mainly by:

- assessing credit risk of institutional clients, including an analysis of the presence of ESG risks;
- assessing physical risk at the transaction level when evaluating alignment with the Taxonomy;
- offering a range of products that support clients in achieving their ESG goals, applying preferential pricing for selected credit products, and maintaining a permanent range of products designed for financing investments in renewable energy, sustainable construction, green transition projects, energy efficiency retrofits, and waste management;
- setting an ESG risk appetite by implementing a loan portfolio limit and excluding the financing of entities whose operations do not promote a sustainable business that brings benefits to the environment, local communities, consumers, and employees;
- the ICAAP process – by including ESG risks on the ICAAP risk list in the fourth quarter of 2022, conducting a quarterly review of ESG risk materiality, determining the internal capital for ESG risks if a risk is considered material, and setting alert thresholds for amounts of internal capital allocated to individual risk groups, including for the other risks group which includes ESG risks;
- conducting stress tests, including climate stress tests and climate change scenario analyses, where a counterparty portfolio involving significant ESG risks has been identified.



The Bank intends to further develop the assessment of climate risk and opportunities that can have a significant financial impact on the Bank, particularly focusing on the sector and geographic location of its clients.

PILLAR IV Metrics and Targets:

In pursuance of the Group's ESG Strategy for 2024–2026, the Bank monitors a number of KPIs, reporting on performance against these KPIs to the Bank's Management Board on a quarterly basis. They include KPIs dedicated to supporting green transition, including climate change mitigation and adaptation. The highest environmental standards are set for clients and business partners, as well as for the Bank itself, with a continuous effort to reduce environmental impact.

Selected environmental KPIs outlined in the ESG strategy:

- No new financing for thermal coal extraction and new coal-fired units, in accordance with the BOŚ SA Climate Policy;
- Systematic increase in funding for pro-ecological projects using public funds (national and EU);
- Development of ESG financing offerings that promote the achievement of corporate decarbonisation goals;
- Validation, announcement, and implementation of a decarbonisation plan aligned with the Paris Agreement target within the Science Based Targets initiative by 2024;
- 100% of the electricity consumed by the BOŚ Group to be covered by guarantees of origin from renewable energy sources (RES) or a PPA agreement with RES by 2026;
- Hybrid or electric vehicles to constitute over 90% of the BOŚ Group's fleet by 2026;
- Digitalisation of sales and service processes for institutional and retail clients, and selected internal processes, to reduce the required paper documentation by 50% by 2026;
- Achieve 100% LED lighting in all BOŚ Group facilities by 2025.

Progress of each KPI target is specified in Section 2.2 ESG Strategy.

Scope 1, 2 and 3 GHG emissions are described in Section 3.2.2 Carbon footprint.

VIII. REPRESENTATION ON THE RELIABILITY OF FINANCIAL STATEMENTS

The Management Board of Bank Ochrony Środowiska S.A. represents that, to the best of its knowledge, the Full-Year Consolidated Financial Statements of the Bank Ochrony Środowiska Group for the year ended 31 December 2023 and the Full-Year Financial Statements of Bank Ochrony Środowiska S.A. for the year ended 31 December 2023 have been prepared in compliance with the applicable accounting policies and give a true, fair and clear view of the assets, financial condition and financial results of the Bank Ochrony Środowiska Group and Bank Ochrony Środowiska S.A., and that the Directors' Report on the operations of the Bank Ochrony Środowiska Group, prepared together with the Directors' Report on the operations of Bank Ochrony Środowiska S.A. in 2023, gives a true view of the development, achievements and condition of the Group and the Bank, and includes a description of key risks and threats.

Signatures of Members of the Management Board

Date	Name and surname	Position held	Signature
7 March 2024	Paweł Trętowski	Member of the Supervisory Board delegated to temporarily serve as Management Board Vice President responsible for managing	Signed with qualified digital signature
7 March 2024	Arkadiusz Garbarczyk	Vice-President First Deputy of President of the Management Board	Signed with qualified digital signature
7 March 2024	Sebastian Bodzenta	Vice President of the Management Board	Signed with qualified digital signature
7 March 2024	Iwona Marciniak	Vice President of the Management Board	Signed with qualified digital signature