

## **Justification to drafts of the resolutions of the Extraordinary General Meeting of Shareholders dated 6 December 2017**

### **Point 5 sub point 1 of the agenda of the General Meeting**

Point 5 sub point 1 of the agenda concerns appointment of members of the Supervisory Board for the common term of office. The Ordinary General Meeting in June 22, 2017 adopted resolution on amending para 14 item 1 sentence two of Articles of Association. Amendment was accepted by the Polish FSA and registered in Court Registry. In accordance to the new wording of Articles of Association members of the Supervisory Board shall be appointed for the 3-year, common term of office. Introduction of the common term of office requires prior revocation and then appointment of members of the Supervisory Board. It shall start the new, 3-year term of office. The common term of office, opposite to the individual term of office stipulates that in case of appointment of new members/replacement of the SB composition during the time of 3-year term of office, term of office of those new members shall end in the day of lapse of the common term of office for the whole Supervisory Board, regardless of the individual time of service of those additional, new members. Term of office of all Supervisory Board shall end on December 2020.

### **Point 5 sub point 2 of the agenda of the General Meeting**

Point 5 Sub-point 2 of the Agenda concerns adoption of the amendments to the Policy for the Assessment of the Supervisory Board Members in Bank Handlowy w Warszawie S.A. (further as "Policy"). The Policy has been adopted for application by way of resolution of the Ordinary General Meeting on June 22, 2017. The proposed amendments to the Policy result from the Bank's obligation to implement as a data controller requirements of the European General Data Protection Regulation ("GDPR"). The proposed amendments concern clause of consent for personal data processing submitted by candidate for the Supervisory Board as well as other provisions related to personal data processing of candidates for the Supervisory Board. Separately shall be applied forms exercising disclosure obligations resulting from GDPR towards (1) candidates regarding collection and processing of their personal data by the Bank as administrator for purposes of assessment and appointment of Supervisory Board member and (2) Supervisory Board members regarding the processing of their personal data by the Bank in connection with the acting as a Supervisory Board's members. The process of appointment and assessment itself shall not be amended.

### **Point 5 sub point 3 of the agenda of the General Meeting**

Point 5 sub-point 3 of the agenda concerns Amendments to the Bank's Articles of Association implementing provisions of Recommendation H, Regulation of the Minister of Development and Finance of 6 March 2017 concerning the risk management system and internal control system, remuneration policy and the detailed procedure for estimating internal capital, new Act on the Statutory Auditors, audit firms and public supervision, and EBA Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013. Para 18 item 1 of Articles of Association describing the Supervisory Board competencies (matters that in accordance to the

internal division of competencies between company's bodies, require resolution of the Supervisory Board) shall be amended. The new provisions concern mainly:

- The extension of the Supervisory Board's competencies on acceptance and verification of the internal acts and their elements in the area of risk management system and internal control system (*i.a.* by competency to accept: rules on cooperation of Internal Audit with statutory auditor, rules on cooperation of Internal Audit and compliance unit with relevant units of dominant and subsidiary entities, rules on categorizing irregularities discovered in internal control system);
- Introduction of general competency to accept policies on remuneration for the whole Bank instead of exclusively the policy of variable remunerations for the identified staff and the list of this staff;
- Adjustment of the terminology to the new Act on the Statutory Auditors, audit firms and public supervision