

# **Santander Bank Polska S.A.**

## **Terms of Reference for the Remuneration Committee of the Supervisory Board of Santander Bank Polska**

---

May 2022

***Table of contents***

1. Role..... 3

2. Appointment and composition ..... 3

3. Specific tasks ..... 4

4. Committee’s procedures ..... 5

## 1. Role

- 1) The basic role of the Remuneration Committee (“the Committee”) is to support the Supervisory Board (“the Supervisory Board”) of Santander Bank Polska (“the Bank”) in performance of its tasks arising from the provisions of law, corporate governance and market standards concerning the remuneration of members of the Bank’s governing bodies and Key Function Holders.<sup>1</sup>
- 2) The main task of the Committee is to present recommendations to the Supervisory Board with regard to remuneration decisions which are taken by the General Meeting, Supervisory Board and Management Board.
- 3) The key tasks of the Committee include reviewing and monitoring the Bank’s remuneration policy and supporting the General Meeting of Shareholders, the Supervisory Board and the Management Board in developing and implementing that Policy.

## 2. Appointment and composition

- 1) The Committee is composed of three to seven members, including the Committee’s Chairperson (“the Chairperson”) appointed by the Supervisory Board from among its members.
- 2) Members of the Committee are appointed for the term of office of a member of the Supervisory Board, and can be reappointed for another term or removed during their term of office as a result of the annual review of the Committee works.
- 3) The majority of the Committee members, including the Chairperson, are independent in line with the definition of the Supervisory Board's member independence specified in the Bank's Statutes. In order to ensure that collectively the Committee has appropriate knowledge, expertise to perform its function, at least one member of the Committee should have appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities, namely with regard to the mechanism for aligning the remuneration structure to institutions’ risk and capital profiles.
- 4) The Committee:
  - a) has ensured access to all data and information concerning the decision-making process of the Supervisory Board on the remuneration policies and practices design and implementation, oversight and review;

---

<sup>1</sup>Key Function Holders – the Bank’s employees performing identified employees’ roles according to the “Remuneration Policy in Santander Bank Polska Group”, who are neither members of the Management Board nor Supervisory Board, in particular heads of risk management, compliance and audit functions as well as head of financial management, financial planning and financial reporting functions (key function holders at the Bank appointed in accordance with Article 22aa(10) of the Banking Law Act).

- b) have adequate financial resources and unfettered access to all information and data from independent control functions, including risk management,
  - c) ensures the proper involvement of the Internal Audit Area and other relevant functions (e.g. Business Partnership Division, Legal and Compliance Division, Financial Management Division) within the respective areas of expertise and where necessary seeks external advice.
- 5) The Committee cooperates with other committees of the Supervisory Board as well as provides adequate information to the Supervisory Board, and, where appropriate, to the General Meeting about the activities performed.
- 6) The Committee may avail of any resources it finds appropriate, including external consultancy, and receives required funding for that purpose. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the Committee should ensure that the external consultant concerned does not at the same time advise human resources units or Management Board members of the Bank.

### **3. Specific tasks**

Fulfilling the role defined in the resolution of the Supervisory Board re appointment of the Committee and in these Terms of Reference, the Committee in particular:

- 1) presents the Supervisory Board with recommended remuneration rules for Management Board members, taking account of all forms of remuneration; the proposed performance remuneration system should be accompanied with recommended assessment of objectives and criteria to adjust the remuneration to the long-term interests of the Bank's shareholders and to the Bank's objectives;
- 2) provides the Supervisory Board with recommendations on remuneration for individual Management Board members and other basic employment conditions in compliance with the remuneration principles adopted in the Bank and evaluation of a given Management Board member's performance;
- 3) reviews reports on the application of the remuneration policy, including such issues as the rules and level of remuneration of Management Board members and Key Function Holders in the Bank; Provides the Supervisory Board with general recommendations for the level and structure of remuneration for the Key Function Holders in the Bank as well as considers the reports on the level and structure on remuneration (fixed and variable) based on relevant information provided by the Management Board;
- 4) supervises and issues opinions on the remuneration policy referred to in the Banking Law and regularly reviews this policy (namely its compliance with risk guidelines) and its application, including preparation of the report for the Supervisory Board on the policy application, remuneration rules and their impact on management of the Bank;

- 5) minimum once a year, supports the Supervisory Board in reviewing the remuneration policy and rules applicable in the Bank, including a check if such remuneration policy is gender neutral and supports the equal treatment of staff of different genders, and in assessing their impact on the management of the Bank;
- 6) performs annual reviews of remuneration systems and assesses their adequacy;
- 7) approves the key features of the Bank's main variable remuneration schemes;
- 8) supervises the application of malus clauses in compliance with the Bank's internal regulations (in particular, verifies the report with details on the identified event, involvement of Key Function Holders (including Management Board members), the reasons for applying a malus clause, and the percentage or amount of variable remuneration to remain unpaid to the employee concerned), and presents recommendations to the Supervisory Board as to application of malus clauses;
- 9) issues opinions and monitors variable remuneration for persons whose professional activities have a material impact on the Bank's risk profile, i.e. individuals in charge of: risk management in the 2nd line of defence, the compliance unit and internal audit unit;
- 10) actively participates in the identification of material risk takers in the Bank Group, monitors this process on an ongoing basis, and at least once a year – based on the report on staff changes in the positions identified as having material impact on the risk profile, and the key criteria applied in the identification process – recommends a list of the Group's material risk takers for approval by the Supervisory Board;
- 11) ensures adequacy of information provided to shareholders on the remuneration policy and practice, in particular on the proposed higher maximum ratio between fixed and variable components of remuneration,
- 12) reviews any other issues reported by the Supervisory Board.

#### **4. Committee's procedures**

##### **1) Operation**

The Committee is chaired by a Committee member appointed by the Supervisory Board as the Committee Chairperson for each term of office.

In the absence of the Committee Chairperson, an alternate Committee member is appointed in advance by the Committee Chairperson to chair the meeting; failing such nomination, the Chairperson is elected by a vote among the members present.

The Chairperson in order to perform tasks of the Committee, including its specific tasks resulting from its Terms of Reference, has the right to communicate directly with the Bank's shareholders. To that end, the Chairperson can hold meetings with the shareholders and use available means of communication (for instance telephone, electronic).

2) **Induction and Training**

On appointment, Committee members will be provided with, inter alia, a copy of the Committee's Terms of Reference, and its annual Work Programme and Schedule of Meetings. In addition, the induction process will include arrangements for meetings, on a direct and confidential basis, as deemed necessary or desirable by the appointee, with individual Management Board members, the Bank Group's Internal Auditor and External Auditors.

3) **Frequency of Meetings and Papers**

The Committee should hold at least four regular meetings each year as scheduled at the beginning of the year and additional meetings as the Chairperson or Committee members deem necessary.

Meetings are convened by the Committee Chairperson.

The meeting agenda and documents to be discussed are submitted to the Committee members in due advance.

4) **Attendance**

Apart from Committee members and the Secretary, other employees whose attendance for all or part of the meeting would be appropriate as determined by the Chairperson of the Committee take part on the meetings.

Representatives of the Supervisory Board's other committee may be invited to participate in the Committee's meetings by its Chairperson.

The quorum for the Committee meetings is at least two members of the Committee present, including the Committee's Chairperson or any other person who chairs the meeting in line with point 1.

5) **Minutes and support of the Committee's operations**

Minutes of each meeting are taken by the Secretary and circulated to all Committee members. The minutes are approved at the beginning of the next Committee meeting and signed off by the Committee Chairperson and the Secretary. The minutes present decisions made by the Committee and agreed action plans. The Secretary should monitor the agreed action plans.

The Corporate Governance Department provides operational services and supports the Committee's work.

6) **Reporting to the Supervisory Board**

Once a year a written report is made to the Supervisory Board indicating, inter alia, the number of meetings held by the Committee and describing the issues considered by the Committee in that year.

7) **Mediation**

If no agreement is reached on a matter requiring the approval of the Committee, it is minuted and referred to the Supervisory Board for decision.

8) **Annual General Meeting**

The Committee Chairperson attends the Bank's Annual General Meeting and responds, if invited to do so by the Supervisory Board Chairperson, to shareholders' questions concerning the Committee's activities.