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Warszawa, 17 February 2025

**Bank Millennium S.A.**  
 ul. Stanisława Żaryna 2A,  
 02-593 Warszawa

Re.: assessment of internal regulations of Bank Millennium S.A. with regard to functioning of the Supervisory Board in terms of their adequacy within the meaning of Recommendation Z

Dear Sir/Madam,

Below we present an opinion on the assessment of the internal regulations of Bank Millennium S.A. (**the "Bank"**) concerning the functioning of the Bank's Supervisory Board (**the "Supervisory Board"**). The scope of our analysis included a review of the Bank's internal regulations concerning the functioning of the Supervisory Board in order to assess whether they are adequate within the meaning of Recommendation Z<sup>1</sup>.

## I. Conclusions

1.1. We assessed the following internal regulations of the Bank concerning the functioning of the Supervisory Board:

(i) Articles of Association of Bank Millennium S.A. (**"Articles of Association"**),

<sup>1</sup> Recommendation Z on internal governance in banks, issued by the Polish Financial Supervision Authority pursuant to Resolution No. 289/2020 of 9 October 2020

- (ii) Bylaws of Bank Millennium S.A. Supervisory Board (**“Supervisory Board Bylaws”**),
- (iii) Bylaws on participation in meetings of the Supervisory Board with use of means of distance communication,
- (iv) Bylaws of the Audit Committee of the Supervisory Board of Bank Millennium S.A.,
- (v) Bylaws of the Supervisory Board Committee for Risk Matters,
- (vi) Bylaws of the Personnel Committee of the Supervisory Board,
- (vii) Bylaws of the Supervisory Board Strategy Committee,
- (viii) Policy for the Selection and Suitability Assessment of Bank Millennium S.A. Supervisory Board Members. (**“Policy”**),
- (ix) Bylaws “Procedure with regard to counteracting money laundering and financing of terrorism at Bank Millennium S.A.”,
- (x) Bylaws of the General Meeting of Shareholders of Bank Millennium S.A.,
- (xi) Remuneration policy with regard to Members of the Management Board and Supervisory Board of Bank Millennium S.A.,
- (xii) Conflicts of interest management policy in Bank Millennium S.A.,
- (xiii) Organisational Bylaws of Bank Millennium S.A.,
- (xiv) The Rules and guidelines for the management of information subject to current reporting, including confidential information,
- (xv) The training rules for Members of the Supervisory Board and the Management Board of Bank Millennium S.A. (**“Training Rules”**),  
(hereinafter, jointly: **“Regulations”**).

1.2. After analysing the above documents, we conclude that the Regulations are adequate within the meaning of Recommendation Z, because:

- (i) they are generally compliant with the provisions of law, in particular the Commercial Companies Code<sup>2</sup> and the Banking Law, as well as with the requirements of the supervisory authority known to us, including in particular Recommendation Z,
- (ii) ensure that the Supervisory Board is able to act effectively, as they stipulate that members of the Supervisory Board should: (1) perform their duties actively, with due diligence and commitment, (2) make assessments on the basis of their own independent judgment and objective and substantive arguments,
  - (3) understand the Bank's governance principles and their role, and
  - (4) allocate appropriate time resources to perform tasks and duties.

## II. Analysis:

### A. Legal framework of the assessment

2.1. According to recommendation 8.9 of the Recommendation Z (**“Recommendation 8.9”**) adequacy of internal regulations regarding supervisory board and management board activities and

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<sup>2</sup> Act of 15 September 2000 - Commercial Companies Code,

<sup>3</sup> Act of 29 August 1997 - the Banking Law

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Page 3 effectiveness of the operation of these bodies should be regularly subject to self-assessment and assessment by supervisory board - relative to the management board and by the general meeting (meeting of representatives) relative to the supervisory board. The said assessment may be performed with support of external advisors.

2.2. Recommendation 8.9 does not define the terms "adequacy" and "effectiveness". Therefore, the interpretation of these terms should be made primarily in the context of the other provisions of Recommendation Z, in particular: (i) letter B, pt. 6 of the Recommendation Z entitled "*Commitment, independence and management of conflicts of interest in the supervisory board and management board*", which includes Recommendation 8.9 and (ii) the wording of recommendation 8, which states that:

*"Each member of the supervisory board and the management board of a bank should perform their duties actively, with due diligence and commitment. Each member should make assessments on the basis of his/her own independent judgment and objective and substantive arguments, and make decisions in accordance with those assessments. Members of the supervisory board and the management board, as well as persons performing key functions in the bank, should have a clear understanding of the bank's management principles and their roles".*

2.3. Considering the above, in our opinion, "adequacy" and "effectiveness" under Recommendation 8.9 should be understood, as follows:

- (i) **"adequacy"** means the compliance of internal regulations concerning the functioning of the Supervisory Board with the provisions of the law, in particular the Commercial Companies Code, the Banking Law, as well as the requirements of the supervisory body, including in particular Recommendation Z, ensuring the tools for the effective performance of functions by the Supervisory Board and its individual members,
- (ii) **"effectiveness"** means: (1) performance by the members of the Supervisory Board of their duties actively, with due diligence and commitment, (2) making by members of the Supervisory Board assessments on the basis of their own independent judgment and objective and substantive arguments, (3) understanding, by the Supervisory Board members, of the Bank's management principles and their roles, and (4) allocating appropriate time resources to the performance of tasks and duties.

2.4. In our opinion, self-assessment (assessment) should cover, as follows: (i) internal regulations of the bodies and, separately, (ii) the actual operation of these bodies and their members.

2.5. This way of approaching the subject of assessment (self-assessment) results from the wording of Recommendation Z.

2.6. In Recommendation 8.9, the Polish Financial Supervision Authority used the conjunction "and" before the noun "effectiveness" remaining in the grammatical singular

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Page 4 and nominative. In the same number and case, only the word "adequacy" is used in the text of Recommendation 8.9. Thus, the conjunction "and" as well as the grammatical consistency of number and case means that the content of Recommendation 8.9 should be interpreted in a way that the following are to be self-assessed: (i) the adequacy of internal regulations and (ii) the effectiveness of the operation of a given body. If only the adequacy of internal regulations in relation to the functioning and effectiveness of the bodies were to be assessed, then the word "effectiveness" would have to be replaced by the word "effectiveness' ", i.e. in the number and case corresponding to the word "functioning" (genitive singular).

2.7. Such an understanding is additionally justified by functional (purposefulness) considerations.

Recommendation 8.9 refers primarily to what actual actions should be taken by members of the management board/supervisory board, i.e. be committed, independent and not act under conditions of conflict of interest. Therefore, the self-assessment and assessment should be assumed not to refer only to the assessment of internal regulations, but should also include the actual manner in which the duties imposed by Recommendation Z upon the members of the management board / supervisory board are performed.

2.8. This opinion focuses on assessment of the internal regulations of the Bank concerning the functioning of the Supervisory Board in terms of their adequacy, within the meaning of Recommendation Z.

## **B. Adequacy of Regulations**

2.9. **Key information about the Supervisory Board]** The Supervisory Board shall exercise permanent supervision over activity of the Bank, including as regards operation of risk management and internal control systems (§17 sect. 2 of the Articles of Association).

2.10. The Supervisory Board shall exercise supervision directly and by means of committees (§18 sect. 1 of the Articles of Association). Permanent committees of the Supervisory Board are: Audit Committee, Personnel Committee, Strategic Committee and Committee for Risk Matters (§18 sect. 2 of the Articles of Association). The Committees operate on the basis of bylaws adopted by them, approved by the Supervisory Board (§6 sect. 3<sup>1</sup> of the Bylaws of the Supervisory Board).

2.11. According to §12. sect. 1 of the Articles of Association: *“The Supervisory Board comprises at least five members. At least half of the members of the Supervisory Board, including its Chairman, should be Polish citizens. At least two members of the Supervisory Board should be independent members. The number of members of the Supervisory Board shall be determined by the General Meeting Of Shareholders”*.

2.12. **[Regulations on the basis of which the Supervisory Board operates]** The Supervisory Board operates on the basis of generally applicable laws, in accordance with the Articles of Association, the Bylaws of the Supervisory Board and other Regulations.

- 2.13. The Bank has in place internal regulations defining the functioning of mechanisms in the Bank for making appropriate verifications/assessments regarding the state of internal regulations and the Bank's operations ("Documentation management in Bank Millennium S.A. Principles and guidelines", "Instruction on the issuance of normative acts in Bank Millennium S.A.", "Communique on the determination of the rules of conduct of the employees of the Legal Department in the field of informing organisational units of Bank Millennium S.A. on amendments of legal regulations as well as decisions of the President of the Office of Competition and Consumer Protection concerning abusive clauses or the protection of collective consumer interests and abusive clauses entered in the Register of Prohibited Clauses maintained by the Office for Competition and Consumer Protection", "Bylaws of Legal Services in Bank Millennium S.A.").
- 2.14. After the analysis, we have found that the Regulations on the basis of which the Supervisory Board operates are comprehensive and duly reflect the specificity of the Bank's operations, as well as its size and organisational structure.
- 2.15. **[Supervisory Board meetings, decision-making process and independence of judgment of Supervisory Board members]** Meetings of the Supervisory Board are held as necessary, but at least once in each quarter of the financial year (§16 of the Articles of Association and §9 sect. 4 of the Supervisory Board Bylaws).
- 2.16. A written notice convening a meeting of the Supervisory Board, together with the proposed agenda of the meeting, should be delivered to all its Members at least 7 days before the date of the meeting (§10 sect. 1 and 3 of the Supervisory Board Bylaws). In justified cases the Chairman of the Supervisory Board may shorten this period (§10 sect. 1 of the Supervisory Board Bylaws). Convening a meeting of the Supervisory Board without observing the above-mentioned manner and deadline for notification is possible only in urgent cases (§10 sect. 2 of the Supervisory Board Bylaws). Information materials concerning the matters included in the agenda are delivered to the members of the Supervisory Board in advance (§10 sect. 3 of the Supervisory Board Bylaws). Any motions submitted to the Supervisory Board for consideration must meet the requirements for the requested case, be complete, clear and contain up-to-date information (§10 sect. 5 of the Supervisory Board Bylaws).
- 2.17. In accordance with the Supervisory Board Bylaws, the Chairman of the Supervisory Board, and in his absence the Deputy Chairman or the Secretary, supervises the course of the meeting, in particular is responsible for the efficiency of the meeting and its compliance with the relevant regulatory requirements (§10 sect. 4 of the Supervisory Board Bylaws). The Chairman of the Supervisory Board, or in his absence, the Deputy Chairman or the Secretary, also organises the work of the Supervisory Board in a way that enables the expression and discussion of different views as part of a discussion based on a thorough understanding of the situation (§9 sect. 6 of the Supervisory Board Bylaws). The description of the course of the discussion is reflected in the minutes (§14 sect. 1 of the Supervisory Board Bylaws).

- 2.18. Members of the Supervisory Board are obliged to perform their function in an active manner, demonstrating the necessary level of commitment to the work of the Supervisory Board (§8<sup>1</sup> sect. 2 of the Supervisory Board Bylaws). Members of the Supervisory Board shall also have skills allowing them to present their views and influence the decision making process within the framework of the Supervisory Board (item III(4.4) of the Policy).
- 2.19. The Bylaws of the Supervisory Board provide also for the Supervisory Board members to have the opportunity to submit dissenting opinions together with their possible justification, and may also submit motions and objections (§14 sect. 1 and 2 of the Bylaws of the Supervisory Board). Comments that have not been taken into account, together with an indication of the reasons for not taking them into account, are recorded in the minutes (§14 sect. 1 of the Bylaws of the Supervisory Board).
- 2.20. In accordance with the Supervisory Board Bylaws, members of the Supervisory Board should be guided by objective assessment and judgment in the performance of their duties (§2 sect. 2 of the Supervisory Board Bylaws).
- 2.21. Independence of judgement of the members of the Supervisory Board, understood as the possession of appropriate character traits, is also the subject of analysis as part of the assessment of the suitability of members of the Supervisory Board carried out in accordance with the Policy (pt. III(4.8 a) of the Policy and Attachment No. 1 to the Policy).
- 2.22. The Supervisory Board may appoint an advisor to the Supervisory Board within the meaning of Article 382<sup>1</sup> of the Code of Commercial Companies, as well as request the Bank's Management Board to appoint a selected external entity to conduct specific analyses or consult it on specific matters, if it is necessary to exercise proper and effective supervision (§5 sect. 2 of the Supervisory Board Bylaws). The said right of the Supervisory Board corresponds to the obligation on the part of the Bank's Management Board to implement the Bank's Supervisory Board's request to appoint a selected external entity in order to conduct specific analyses or seek its opinion on specific matters (§5 sect. 2 of the Bank Millennium S.A. Management Board Operational Bylaws).
- 2.23. To recapitulate, the Regulations provide Supervisory Board members with the opportunity to actively participate in Supervisory Board meetings and regulate the obligation for Supervisory Board members to devote adequate time to prepare for meetings.
- 2.24. The Chairman of the Supervisory Board has competences allowing the ensuring that decisions of the Supervisory Board are taken in a proper way, in compliance with rules and regulations and also on the basis of information, which is adequate, up-to-date, accurate, full and understandable for all members of the Supervisory Board, presented in a way enabling familiarising with such information.

- 2.25. Regulations provide for Members of the Supervisory Board to have an opportunity to express and discuss different opinions within the debate and opportunity to submit dissenting opinions or comments. Thus, Members of the Supervisory Board have an opportunity to act in an objective manner and on the basis of their own, independent judgment.
- 2.26. **[Vacancies]** In the event of an incomplete composition of the Supervisory Board, the Supervisory Board is obliged to reorganise in order to ensure the effectiveness of its operation (§6 sect. 1 of the Supervisory Board Bylaws). In addition, the Policy sets out the rules of conduct in the event of sudden and unexpected events (item **III** (8) of the Policy).
- 2.27. In the event of a permanent vacancy, new members of the Supervisory Board shall be elected in accordance with the Articles of Association and the Bylaws of the Bank's General Meeting. Nomination of a candidate for a member of the Supervisory Board requires demonstration of their competences enabling the proper performance of duties and presentation of the CV of such a person and information enabling the assessment of the candidate, in particular the statement and documents referred to in Article 22aa of the Banking Law (§24 sect. 2 of the Bylaws of the Bank's General Meeting). Preliminary assessment of suitability of candidates and issuing recommendation for approval by the General Meeting is made by the Personnel Committee (§2 sect. 1 pt. 2) of the Personnel Committee Bylaws).
- 2.28. The Bank applies a good practice according to which candidates for members of the Supervisory Board should be submitted within a time limit enabling the shareholders present at the General Meeting to make a decision with due discernment, but no later than 3 days before the General Meeting (rule 4.9.1 of the Best Practice for WSE Listed Companies 2021).
- 2.29. To recapitulate, Regulations ensure proper manner of conduct in case of vacancies in the Supervisory Board.
- 2.30. **[Competences of members of the Supervisory Board]** In accordance with the Bylaws of the Supervisory Board, members of the Supervisory Board should have knowledge, skills and experience appropriate to the function performed and the duties entrusted to them and give a guarantee of their proper performance, having the reputation assumed in the financial community as required to perform such a function (§8<sup>1</sup> sect. 1 of the Bylaws of the Supervisory Board).
- 2.31. Furthermore, in accordance with the Policy, members of the Supervisory Board should have a good reputation and have qualifications appropriate to: (i) the profile of the function performed, (ii) the scope and nature of the tasks performed, (iii) membership in committees of the Supervisory Board (item I(2) of the Policy).
- 2.32. The Policy is also designed to ensure that the Supervisory Board individually and collectively has an appropriate combined level of competences (item I(3) of the Policy).
- 2.33. In addition, in accordance with the Training Rules introduced in the Bank, the Bank

conducts training courses aimed at among others helping the newly appointed Supervisory Board members to understand the Bank's structure, business model, strategy, risk profile and management arrangements and concerning their role (§1 sect. 2 item 1 of the Training Rules).

- 2.34. To recapitulate, Regulations stipulate that Members of the Supervisory Board should have up-to-date knowledge adequate to the scope of their duties and adequate knowledge on other areas for which the Supervisory Board is responsible.
- 2.35. Regulations ensure that Members of the Supervisory Board, collectively, fully understand the nature of Bank's activities and risk connected therewith and have appropriate specialist knowledge and experience in each important area of operations, which the Bank performs and intends to perform.
- 2.36. **[No conflict of interest]** In our opinion, a "conflict of interest" under Recommendation 8 in Recommendation Z should be understood as the possibility of allocating adequate time resources to the performance of tasks and duties by members of the Supervisory Board, in particular in the context of combining the functions performed in the Bank with functions performed in other entities.
- 2.37. The Supervisory Board Bylaws provide that members of the Supervisory Board should devote time to the performance of their duties to the extent that allows them to perform them properly (§8<sup>1</sup> sect. 2 of the Supervisory Board Bylaws). On the other hand, the other professional activity of a Supervisory Board member, apart from performing the function of a member of the Supervisory Board at the Bank, may not be to the detriment of the quality and effectiveness of supervision at the Bank (§8<sup>1</sup> sec. 2 of the Supervisory Board Bylaws).
- 2.38. Among others, the following criteria are assessed in the suitability assessment process: (i) devoting the time necessary to perform the tasks of the position, (ii) combining positions and functions (item III(4.7) of the Policy). In addition, in accordance with the Policy, the Bank documents records of all external professional and political positions held by members of the Supervisory Board, and the members of the Supervisory Board are obliged to inform the Bank of any new positions undertaken (item III(4.8) of the Policy). The number and nature of functions and posts which Members of the Supervisory Board may hold concurrently with the function held at the Bank are specified in the Policy (item III(4.8) of the Policy and Attachment No. 3 to the Policy).
- 2.39. In keeping with the Policy, the Bank also specifies the minimum amount of time commitment of Supervisory Board members.
- 2.40. Information on the turnout of Supervisory Board members at meetings is presented in the annual Reports of the Supervisory Board.



- 2.41. In conclusion, Members of the Supervisory Board should focus on the core business of the Bank and functions they perform in other entities must not be in collision with their professional activities in the Bank.
- 2.42. Members of the Supervisory Board should have time resources proportional to the scope of tasks and duties connected with functions performed by them and, at the same time, in line with the minimum time to be committed as specified by the Bank.

### **III. Disclaimer**

- 3.1. This opinion has been prepared for the purposes of the Supervisory Board's self-assessment and the Bank's General Meeting's assessment of the Bank's internal regulations concerning the functioning of the Supervisory Board in terms of their adequacy within the meaning of Recommendation Z. We have not analysed the Regulations from any other angle and to the extent beyond the functioning of the Supervisory Board. The subject matter of this opinion is also not an assessment of the effectiveness of the Supervisory Board's activities, and thus an assessment of the actual functioning of the Supervisory Board.
- 3.2. This opinion has been prepared on the basis of the documents listed in item 1.1 (i)-(xi), as well as additional information and explanations provided by the Bank in response to our questions. We did not verify the veracity of the documents, information, explanations provided to us and assumed that they were true, complete and up-to-date.
- 3.3. In the course of our review of the Regulations, we have identified certain issues of a technical nature which, in our view, would require redrafting or updating (with the Bank reportedly intending to revise the Regulations in question, in our recommended direction). However, these issues do not affect the assessments and conclusions presented in this opinion.
- 3.4. This opinion has been prepared solely on the basis of selected provisions of the Polish law in force at the date of this opinion, i.e. as indicated in the introduction to this opinion. Due to the fact that the analysis and conclusions contained in this opinion are based on the wording of the legal provisions in force at the date of preparation hereof, the validity of this analysis and conclusions may not be maintained in the event of a subsequent change in the legal situation, including a modification of these provisions.
- 3.5. This opinion presents views resulting from the authors' own analysis of the existing legal situation and does not contain a binding interpretation of the legal provisions covered by this analysis. Therefore, it cannot be ruled out that in this respect other persons or entities, including courts and administrative bodies (in particular the Polish Financial Supervision Authority), may take a different interpretative stance, with all the consequences for the Bank, including members of the Bank's governing bodies.

- 3.6. The Bank may make this opinion available to the General Meeting, the Polish Financial Supervision Authority and other public administration bodies supervising the Bank's operations.

  
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