

The Capital Adequacy Information Policy of Erste Securities Polska S.A.

(valid from 30th of June 2023)

Warsaw, June 2023

I. General

This Information Policy of the Brokerage House of Erste Securities Polska S.A. (hereinafter: „**the Company**”, „**Brokerage House**” or „**ESP**”) pertaining to public disclosure of capital adequacy related information, hereinafter referred to as „**Information Policy**”, defines the following:

- the scope of information subject to public disclosure;
- the frequency of public disclosures of information;
- the form and place of public disclosures of information;
- the principles of approval and verification of publicly disclosed information;
- the principles of verification of the Information Policy;

pursuant to the provisions of:

- Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (hereinafter: „**IFR Regulation**” or „**IFR**”);
- Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (hereinafter: „**IFD Directive**” or „**IFD**”);
- Commission Implementing Regulation (EU) 2021/2284 of 10 December 2021 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 of the European Parliament and of the Council with regard to supervisory reporting and disclosures of investment firms (hereinafter: „**Implementing Regulation**”);
- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (hereinafter: „**CRR**”);
- Act of 29 July 2005 on Trading in Financial Instruments (hereinafter: the „**Act**”);
- Regulation of the Minister of Finance of 8 December 2021 on internal capital and liquid assets, the risk management system, the supervisory review and evaluation, and the remuneration policy of a brokerage house and a small brokerage house (hereinafter: the „**Regulation**”);
- Chapter 6 of the “Corporate Governance Principles for Supervised Institutions” adopted by resolution of the Polish Financial Supervision Authority of 22 July 2014 (hereinafter: „**ZŁK**”).

ESP has no subsidiaries, and therefore discloses information related to capital adequacy on the basis of financial data on a stand-alone basis.

The Company is a subsidiary of Erste Group Bank AG as referred to in Article 4(1)(16) of the CRR.

II. Scope of publicly disclosed information

1. The scope of the information to be disclosed is detailed in Article 110w (4) of the Act, Part Six of the IFR Regulation and Chapter 6 of ZŁK.
2. In particular, ESP shall disclose the following information:
 - a) its risk management objectives and strategies separately for each risk category in Parts Three, Four and Five of the IFR Regulation;
 - b) a summary of the risk management strategies and processes referred to in letter a);
 - c) a concise risk statement approved by the Company's governing body, succinctly describing the Company's overall risk profile linked to the business strategy;
 - d) regarding internal management principles, including:
 - the number of directorships held by members of the management body;

- the diversity policy applied in the selection of members of the management body, the objectives of the policy and any relevant assumptions of the policy, and the extent to which these objectives and assumptions have been met;
- the fact that the Company has (or has not) established a separate risk committee and the number of committee meetings held during the year.
- e) information on own funds, including:
 - a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items, as well as applicable filters and deductions applied to ESP's own funds and balance sheet in the Company's audited financial statements;
 - a description of the main features of Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by ESP;
 - a description of all limitations applied in the calculation of own funds in accordance with the IFR Regulation and the instruments and deductions to which these limitations apply.
- f) own funds requirements, including:
 - a summary of the method used by the ESP to assess the adequacy of its internal capital to support current and future operations;
 - at the request of the competent authority, the results of the process for assessing the adequacy of the ESP's internal capital, including the composition of the additional own funds determined on the basis of the supervisory review process referred to in Article 39(2)(a) of the IFD Directive;
 - K-factor-based requirements calculated, in accordance with Article 15 of the IFR Regulation, in aggregate form for RtM, RtF and RtC, based on the sum of the applicable K-factors; and
 - the requirement for fixed indirect costs determined in accordance with Article 13 of the IFR;
- g) remuneration policy and practices, in accordance with Article 51 of the IFR Regulation, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on investment firm's risk profile, in accordance with Article 46 of the IFR, including:
 - the most important design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, payout in instruments policy, deferral policy and vesting criteria;
 - the ratios between fixed and variable remuneration set in accordance with Article 30(2) of the IFD;
 - aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm, indicating the following:
 - i. the amounts of remuneration awarded in the financial year, split into fixed remuneration, including a description of the fixed components, and variable remuneration, and the number of beneficiaries;
 - ii. the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and for the deferred part;
 - iii. the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;
 - iv. the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments;
 - v. the guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards;
 - vi. the severance payments awarded in previous periods, that have been paid out during the financial year;
 - vii. the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and the highest payment that has been awarded to a single person;
 - information whether ESP benefits from a derogation laid down in Article 32(4) of the IFD; in case of use of such a derogation, it should be indicated whether that derogation was granted on the basis of point (a) or point (b) of Article 32(4) of the IFD, or both. The remuneration principles to which the Company applies the derogation(s), the number of staff members who benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration should also be indicated;
- h) investment policies, in accordance with Article 52 of the IFR;

- i) information on environmental, social and corporate governance risks, in accordance with Article 53 of the IFR.
- j) information on the compliance of members of the Brokerage House's bodies with the requirements set forth in Article 103 (1-1h) of the Act;
- k) information on the appointment of the Remuneration Committee referred to in Article 110v (8) of the Act;
- l) information referred to in Article 110zy of the Act.

3. The principles of this Information Policy are also subject to public disclosure.

III. The frequency of public disclosures of information

- 1. Capital adequacy information is disclosed at least on an annual basis. The date of annual publication of disclosed information is the same as the date of publication of financial statements.
- 2. The Brokerage House may disclose selected capital adequacy information more frequently than annually if such information is material given the scale of operations of the Brokerage House, the scope of its activities outside the Republic of Poland, its involvement in different financial sectors, and participation in international financial markets and payment, settlement and clearing systems; this applies in particular to information affecting the level and structure of capitals, observance of the capital requirements on account of individual risk types, as well as information about risk exposure and other items prone to rapid change.

IV. Place of information disclosure

- 1. The Brokerage House discloses this Information Policy and information disclosed hereunder on its Internet site www.esp.pl.
- 2. The information is disclosed in Polish.
- 3. If not all information that is subject to disclosure is actually published on the Brokerage House's site, the Brokerage House puts up a note on that site, stating that fact and other places where such information is disclosed.

V. The principles of approval and verification of publicly disclosed information

- 1. Verification of disclosed information that is not subject to review by a certified auditor is performed by the Brokerage House's internal unit within its internal audit mechanisms. The Management Board of the Brokerage House may decide that information should be verified by an external entity.
- 2. Before publication, the disclosed information is approved by the Management Board of Erste Securities Polska S.A.

VI. The principles of Information Policy

- 1. This Information Policy is subject to annual verification.
- 2. The verification is carried out by an internal supervision unit within internal controls.
- 3. The verification covers all elements of the Information Policy and pertains to their compliance with the law and the Brokerage House's current profile and scale of operations. The above notwithstanding, the Information Policy is verified on each occasion of material changes in the process it governs.

VII. The final provisions

- 1. This Information Policy is subject to approval by the Management Board of Erste Securities Polska S.A.
- 2. This document and the rules set forth herein do not apply to information that Erste Securities Polska S.A. publishes under other regulations.