

DIVERSITY POLICY

Principles of equal treatment, anti-discrimination and respect for human rights.

Diversity initiatives

Diversity in the composition of the Management and Supervisory Boards

Promoting diversity is present in many aspects of the Bank's and the Group's activities. It assumes, among other things, respect for others, equal treatment and using the potential of employees. Diversity means that people are important irrespective of any differences between them, such as their gender, age, health, sexual orientation, religion, marital status or country of origin. As we build teams, we understand that diversity is an asset to both innovation and smooth operations.

We aim to ensure, promote and disseminate diversity in the Bank and the entire Bank's Group. We take care that diversity as a value, but also as a practice, is present in our organizational culture, initiatives and actions taken, as well as in the Bank's relevant policies, regulations and processes.

1. PRINCIPLES OF EQUAL TREATMENT, ANTI-DISCRIMINATION AND RESPECT FOR HUMAN RIGHTS

OBJECTIVES AND COMMITMENTS

The obligation of equal treatment in employment is a fundamental principle at the level of policies, regulations and processes developed in the Bank. Therefore, in the Bank's internal acts adopted at the level of the Management Board there are crucial commitments pertaining to:

- counteracting discrimination in employment and non-discrimination of employees, in particular due to gender, age, disability, race, religion, nationality, political views, trade union membership, ethnic origin, denomination or sexual orientation or due to employment for a fixed or indefinite period or on a full-time or part-time basis.
- basing the principles applied in the Bank on objective criteria, ensuring transparent rules for employees, e.g. in recruitment processes, employee development, access to training and access to employee benefits;
- guaranteeing equal treatment of employees performing the same kind of work or work of equal value,
- applying objective and fair criteria of performance appraisal.

The above commitments are based i.a. on Conventions of the International Labour Organization (Conventions No. 100 and 111).

METHODS OF IMPLEMENTING THE OBJECTIVES AND COMMITMENTS

The Bank introduced internal regulations, including the Bank's Code of Ethics, in which it indicates and promotes the desirable values. In particular, the Bank:

- identified the important values, as well as the behavioural attitudes promoted in relations with employees, with Customers, in business activities and in relations with the Bank's environment;
- clearly and precisely defined powers and ways of proceeding in the area of counteracting discrimination and bullying at work, including ways of reporting violations;
- created mechanisms for reporting, including anonymous reporting and explaining any irregularities noticed by employees in the workplace
- monitored and regularly reports (also to the relevant Member of the Bank's Management Board) instances of violating the adopted values and principles.

Additionally, the Bank:

- supports employees in integration in the company and facilitates the creation of interest groups;
- ensures freedom of speech by organizing publicly available forums, provided that ethical principles and culture of speech are properly respected, and by organizing chats with key managers of the Bank;
- takes educational initiatives to promote the Bank's values (also among companies of the Bank's Group and cooperating entities), as well as to counteract discrimination and bullying, among other things, by organizing training sessions, workshops and information campaigns, and by establishing the institution of Ethics Ambassadors;
- periodically initiates training courses for managers on effective communication and feedback, including the diversity aspect.

In order to guarantee equal treatment of employees performing the same kind of work or work of equal value, the Bank applies:

- objective principles of jobs evaluation based on an international methodology, with the participation of independent consulting companies and related guarantees of remuneration levels included in the Company Collective Labour Agreement;
- monitoring remuneration in specific professional groups, including a breakdown by gender, the results of which are reported to the Bank's management;
- cyclical remuneration reviews aimed at diagnosing and counteracting differences in remuneration resulting from other than objective criteria.

POLICY ON BULLYING AND DISCRIMINATION

The Bank is strongly opposing any forms of discrimination and intolerance that contrast with the organization's values, and promotes attitudes based on mutual trust among the employees. Any conduct that can suggest the presence of bullying is unacceptable.

The Bank's policy regarding bullying and discrimination is regulated in the internal rules:

- the Bank's Work Rules;
- the Principles for counteracting bullying and discrimination and the procedure for handling complaints concerning violation of employee rights.

The Bank's Code of Ethics also contains significant provisions concerning the attitudes and values promoted among the employees.

The Bank has internal regulations in place for counteracting bullying and discrimination. These principles guarantee counteracting undesirable phenomena in the employee relations and specify how to react to situations of interpersonal conflicts. Based on these principles, the Bank's employee may without worrying about the consequences report a complaint about any breach of employee rights defined in the legal acts or internal regulations. Moreover, an employee is entitled to additional support in the process of clarifying the complaint. He/she can indicate a representative of a trade union organization or an employee representative appointed by the internal regulations of the Bank – who will participate in meetings with the employee or submit opinions on the validity of the claim. Ongoing support to the employees is offered by the HR Contact Centre. Thanks to that the employees may obtain up to date information about the way to report complaints and anonymous notifications of breaches of employee rights.

Complaints concerning widely defined breaches of employee rights are reviewed individually, therefore, optimal review deadlines are set for them separately, which enables formulating appropriate conclusions and recommendations or taking appropriate additional action or HR-related decisions. In the course of verifying the complaints various methods are applied (for example, anonymous surveys, detailed interviews with employees, verification of fluctuation ratios and other HR data). Each time, when deciding what measures should be taken, the Bank takes into account care for ensuring the highest possible impartiality of the review. Therefore, many times representatives of different entities participate in the process of clarifying the matter, in line with the Bank's organizational structure.

Other entities belonging to the Bank's Group also have the necessary solutions in their internal regulations guaranteeing compliance with the law regarding the prevention of bullying and discrimination. These solutions operate in separate regulations or as appropriate provisions in the work rules, ethics codes and other regulations applicable to a given entity.

TRAINING ON THE SUBJECT OF DIVERSITY

Appropriate diversity management increases team work efficiency, improves the atmosphere at work, helps retain valuable and experienced employees, improves innovation and creativity. For these reasons, such training is organized at the Bank. Managers acquire knowledge and skills in the management of diverse teams, which makes it possible to eliminate undesirable behaviour and situations and support valuable and positive behaviour.

In 2020, due to the epidemic, diversity training was conducted in the first quarter of the year. From April 2020 webinars were mostly dedicated to the topics of remote work organization, team communication, or emotion and stress management. For managers, training sessions were prepared on managing a dispersed team, working with people in change, or effective communication of the boss in remote working mode.

2. DIVERSITY INITIATIVES

The diversity policy is also composed of various initiatives undertaken at the Bank, including strategic projects aimed at creating a friendly work environment and cooperation with external entities to support diversity in the workforce.

STRATEGIC PROJECTS

Friendly work environment The strategy of creating a friendly environment includes such aspects as a functional workplace, implementation of a remote work model, or the digitization and simplification of processes. Creating a standardized, modern workplace, equipped with tools, equipment and properly arranged space, facilitate both individual and team work. Remote work allows for a flexible approach to completion of tasks. All these facilities allow both managers and employees to select a set of tools or use such a range of information that will meet their needs related to professional goals – individual and team ones.

#CzasNaFeedback (#TimeForFeedback) A new process has been implemented in the Bank, where cyclical summaries are performed of work results, competences, achievements, feedback or development goals of employees. They are aimed at supporting the employee in individual professional development. Expected attitudes and behaviours towards employees are included in a competence model based on the Bank's values. This model is universal, applies to all employees and promotes, among other things, communication and cooperation, which have an impact on building harmonious, diverse teams. As part of the solution introduced, employees also get feedback from their co-workers, thanks to which they can easily and quickly communicate mutual needs and expectations and opinions. This enables building a friendly work environment and understanding of the diversity aspect of employees.

Working in Agile methodology In the Bank, within the Digital Transformation structures, teams with very diverse skills and competences have been created. Participants focus on each other, on interactions and cooperation; they efficiently react to changes, flexibly approach changes in the project. These assumptions allow employees to openly express their opinions, efficiently deliver work results and ensure task team integration.

COLLABORATION WITH EXTERNAL ENTITIES

Collaboration with external entities that supports diversity in the workforce includes:

- internship and training programmes being an opportunity for pupils, students and graduates of secondary schools and universities with various profiles;
- professional development programmes for people with disabilities in cooperation with external institutions, including the provision of workstations adapted to the needs of such people (principles for the implementation of occupational health and safety tasks, as well as technology and technical solution standards require taking the steps necessary to adjust workstations to the needs of persons with disabilities);
- cooperation with universities and high schools, under which workshops are organized at selected universities in Poland and at the Bank, during which students have an opportunity to learn about selected areas of the Bank's operations.

Due to the pandemic and related restrictions (including the organization of remote work), cooperation programmes with external entities have been temporarily limited in 2020.

OTHER INITIATIVES SUPPORTING DIVERSITY AT THE BANK

The Bank organizes integration programs and supports employee initiatives to strengthen the integration of employees from different areas of operation and representing different social groups. These include sports initiatives and activities and charitable activities of employees as volunteers. These initiatives help create a friendly organizational culture and build relationships based on the diversity of employees' interests.

Due to the pandemic and related restrictions (including the organization of remote work), the above programs were temporarily reduced in 2020.

3. DIVERSITY IN THE COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS OF THE BANK

DIVERSITY POLICY IMPLEMENTED

The diversity policy for the Members of the Bank's Management and Supervisory Boards is an important part of the Bank's suitability assessment policies, i.e.:

- The policy on the suitability of Members of the Management Board and persons performing the most important functions in the Bank and the suitability assessment in the companies belonging to the Bank's Group;
- The policy on assessing the suitability of candidates for members of the Bank's Supervisory Board and Supervisory Board members.

The provisions introduced at the Bank set the directions for selecting, appointing and planning succession, including staff resources and assessing the appropriateness of the Management Board Members and persons holding the key functions at the Bank. These persons are assessed in terms of their competences, knowledge and skills, experience adequate to the position and reputation understood as sufficiently unblemished opinion, honesty and ethical behaviour. Based on the regulations implemented, the Supervisory Board makes decisions on the selection and assessment of the Management Board Members and the Management Board Members make decisions on the selection and assessment of the MRT (Material Risk Takers). The Bank's Supervisory Board monitors the effectiveness of the policy applied and, if appropriate, makes changes taking into account the recommendations of the Committee for the Supervisory Board Nominations and Remuneration.

DIVERSITY POLICY ASSUMPTIONS

- The policies for assessing the suitability of candidates and Members of the Bank's Management Board and candidates and members of the Bank's Supervisory Board include the Bank's/General Shareholders' Meeting's commitment to take into account the principles of diversity in selecting candidates for members of the aforementioned authorities.
- The principle of diversity in selecting the Bank's Supervisory Board members is based on objective substantive criteria in terms of education and professional experience.
- The policies contain the commitment to monitor the effectiveness of application, including in terms of diversity objectives.
- The suitability assessment policy contains an obligation for the Bank's subsidiaries to introduce regulations regarding the principles of suitability - it is assumed that the regulations will be implemented in 2021.

STRUCTURE OF THE COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BODIES AND KEY MANAGERS

Table 1. Diversity by gender, age and experience – statistics as at 31 December 2020 [GRI 405-1]

| Gender | Women | Men | | | | |
|------------------------------|---------------|-------------|-------------|----------------|----------------|--|
| Supervisory Board | 1 | 9 | | | | |
| Management Board | - | 9 | | | | |
| Key management | 111 | 180 | | | | |
| Age | 30-41 years | 41-51 years | 51-60 years | above 60 years | | |
| Supervisory Board | 2 | 3 | 2 | 3 | | |
| Management Board | - | 5 | 3 | 1 | | |
| Key management | 49 | 167 | 67 | 8 | | |
| Years of service at the Bank | up to 5 years | 5-10 years | 10-15 years | 15-20 years | above 20 years | |
| Supervisory Board | 10 | - | - | - | - | |
| Management Board | 6 | 1 | 2 | - | - | |
| Key management | 3 | 3 | 35 | 66 | 184 | |

Key managers: directors in KOC and SJO, i.e. directors of divisions/ departments/ offices/ formations, directors of centers, deputy directors (if they are in organizational structures), offices in departments/ centers, advisers to the President.

Years of service at the Bank: for members of the Management Board and Supervisory Board there are years at the position in the Management Board and Supervisory Board.

DIVERSITY OBJECTIVES FOR THE COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

- The purpose of applying the diversity principle is to ensure that Members of the Management Board or the Supervisory Board are appropriately selected to obtain a broad range of competences, knowledge and skills that are adequate for the position to ensure that the Members of the Management Board and Supervisory Board, individually and as a body, issue top quality independent opinions and decisions on the whole range of the Bank's activities.
- In assessing suitability, the General Shareholders' Meeting and the Bank's Supervisory Board seek to achieve a balance in gender representation in the composition of the Bank's Supervisory Board and Management Board, respectively.
- The objectives of diversity in the composition of the Bank's Supervisory Board and Management Board shall be taken into account in the selection of the members of the bodies only to the extent that this will not adversely affect the functioning and suitability of these bodies.