



Bank Polski

REPORT

The assessment of the rationality of the sponsorship and charity policy or a similar policy carried out by PKO Bank Polski S.A. in 2019

In accordance with the principle contained in point II.Z.10.4. of Good Practices of Companies listed on the WSE in 2016, adopted for application by Resolution No. 44/2015 of the Supervisory Board of 28 December 2015 on the adoption of “Good Practices of Companies listed on the WSE in 2016” for application, the Supervisory Board prepares an evaluation of the rationality of the sponsorship, charity or similar policy carried out by PKO Bank Polski S.A. and presents it to the Annual General Meeting.

The Supervisory Board has assessed that the sponsorship, charity or similar activities are carried out in a rational manner, with care for social welfare. In the opinion of the Supervisory Board, the activities undertaken in 2019 as part of the sponsorship and charity or a similar policy build a positive image of the Bank’s brand and strengthen its good reputation, which, in turn, translates into the satisfaction of its stakeholders: customers, partners, shareholders, representatives of the state and local administration, as well as its employees.

Information about the sponsorship and charity or a similar policy carried out by PKO Bank Polski SA in 2019

The Bank’s mission is to support the development of Poland and Poles through, among other things, exerting a positive influence on people, companies and the environment, as well as building brand credibility in a consistent manner. In treating these assumptions as a priority, the Bank makes sure that all sponsorship and charity activities are designed to build the Bank’s image as a leader in the financial market and technological changes in Polish banking and an institution that is trustworthy, socially engaged, innovative and open to the development and needs of its customers. In accordance with the Bank’s strategy pursued under the slogan “We support the development of Poland and Poles”, the Bank develops its relations with the environment by taking active measures for the benefit of society and with its participation. It supports business, industry-specific, cultural, educational, sports and charity events.

The direction of the sponsorship and charity policy also forms part of the direction of the activities used to popularize national history and tradition, in line with the Bank’s mission statement, safeguarding what is of Polish origin and the national heritage.

The sponsorship and charity projects undertaken in 2019 contributed to strengthening the position of PKO Bank Polski as the most valuable brand in the domestic financial sector.

The Bank received several awards and distinctions for its activities in these areas in 2019, including:

- the title of “Benefactor of the Year” in the 22nd edition of the competition, in the “Corporate foundation” category for the PKO Bank Polski Foundation; by awarding this title, the Jury of the Academy for the Development of Philanthropy in Poland appreciated the Foundation’s cooperation with the Association for Assistance to Disabled Drivers (SPiNKa);
- White Leaf in the 8th edition of the ranking “CSR Leaves of the Politics” for PKO Bank Polski for doing business in a responsible manner and for its social engagement; the ranking is prepared by the Responsible Business Forum in cooperation with the consulting firm Deloitte;
- the Strategic Patron of the Year 2018 statuette for PKO Bank Polski, awarded by the National Philharmonic in Warsaw; the Bank was honoured for its involvement in staging top musical events and for supporting the artistic activities of the institution;
- the Golden Camera of the wPolsce.pl Television Station for the Office of the Ekstraklasa and Gaming at PKO Bank Polski; the award was made for an innovative approach to sports marketing; the use

of modern Internet solutions in effectively communicating a message to young people to encourage them to take up sports activities was particularly praised.

The Bank's sponsorship activities are conducted on the basis of an annual marketing plan which is updated quarterly. In total, in 2019 financial support was provided to 317 sponsorship projects (including 270 new projects and 47 projects being the continuation of activities from the previous years). The Bank carried out sponsorship projects on a nationwide scale – large ones, widely communicated in the media and supported by promotional activities, as well as on a regional, district and municipal scale – smaller ones, dedicated to local communities. The dominant share of the Bank's sponsorship budget was expenditure on projects supporting the development of the Polish economy and the Bank's business objectives, the implementation of original sports projects such as "PKO Biegajmy razem" and "PKO Ekstraklasa", and support for culture.

According to the Bank's Articles of Association, the conclusion of sponsorship agreements with a value in excess of PLN 500 000 (net) a year requires obtaining the consent of the Supervisory Board, therefore, the leading sponsorship projects (especially those carried out under the programmes "PKO Biegajmy razem" and "PKO Ekstraklasa") are presented to the Board for evaluation and decision. In 2019, the Bank's sponsorship activities were conducted in the areas listed below. In each of them, the Bank tried to distinguish and promote the values relating to its mission statement.

- BUSINESS – strengthening the Bank's leading position on the financial market, consolidating its position as technological leader in the Polish banking sector, supporting Polish entrepreneurs, maintaining and building business relations, cooperating with local authorities and state administration.
- SPORT, including the programmes: "PKO Ekstraklasa" and "PKO Biegajmy razem" as well as other sports projects – encouraging activity, supporting mass sport, including football and races, combined with charity events and commemorating important events in the history of our country.
- CULTURE – supporting the development of cultural institutions, protecting the national heritage – achievements in the field of culture and art, cultivating the Polish tradition, strengthening patriotic values and civic society.
- EDUCATION – promotion of the exact sciences (mainly mathematics and computer science), support for educational projects aimed at developing entrepreneurship, encouraging innovation and the pursuit of interests.
- LOCAL EVENTS – supporting events which are significant to local communities – promoting the Bank's image as an important and active partner for business communities, local authorities and regional cultural centres.

In considering applications for the implementation of a sponsorship project, the Bank takes into account – in addition to the image benefits, such as the value of brand exposure – business and relational benefits, as well. In order to identify and optimize them, the Marketing and Communication Division cooperates with business units. An important element of the sponsored projects is care for the active participation of the Bank's representatives in panel discussions, presentations and award ceremonies. Through the substantive activity of its representatives, the Bank strengthens its position as an expert in the area of finance.

The Bank's sponsorship policy is governed by the "Principles of the marketing activities and public relations (PR) and social communication conducted by PKO Bank Polski SA" and the process of issuing opinions on and accepting incoming applications, which consists of several stages. An important stage is an expert evaluation made according to the following parameters:

- the rank of the project;
- business and/or image potential;
- the organizer's credibility – which ensures an appropriate level of implementation;
- the business environment in which the Bank acts as a sponsor;
- the available funds.

After the evaluation, the positively assessed offers are presented at the meeting of the Committee for Sponsorship which includes representatives of the retail, corporate customer relations, treasury as well as marketing and PR divisions, which ensures a comprehensive verification of each application. In this process, the opinion of business representatives, who identify the promotion potential of banking products and services and the conditions for building and developing customer relations, is particularly important.

The sponsored projects are monitored, analysed and evaluated on a current basis in terms of the proper involvement of the Bank's employees. Each project ends with a report on the implementation of the sponsorship agreement.

In order to monitor the effectiveness of its sponsorship activities, the Bank uses marketing research. The Bank has a dedicated online panel by means of which the media equivalence of the most important projects is verified, but it also uses ready-made syndicated research regarding the recognizability of sponsors.

Charitable activities are carried out for the Bank's brand by the PKO Bank Polski Foundation. The range of the Foundation's activities is specified in the Foundation's Articles of Association, whereas the principles of cooperation between the Bank and the Foundation are governed by the agreement (the current agreement concluded on 14 December 2017). The main source of funding for the Foundation's statutory objectives in 2019 were donations granted by the Bank based on the resolutions of the Management Board.

Additional funds were transferred to the Foundation on the basis of long-term contracts and came from the profit generated during non-cash transactions made by the Bank's customers, the holders of the Inteligo Visa payWave card "Dobro procentuje" (launched in 2013).

The aim of the activities carried out by the Foundation in 2019 was to support institutions and citizens involved in public welfare in the areas of education, upbringing, social welfare, protection and promotion of health, culture and art, environmental protection, including support for the development of communities and local communities. An important aspect was the promotion of social goals in the banking environment and the promotion of the idea of volunteering by organizing employee volunteering. The programme areas in which the activities were carried out are presented below.

- EDUCATION – supporting science, education and alternative forms of education in Poland.
- TRADITION – cultivating tradition, protecting the historical heritage and educating in the spirit of patriotism.
- HOPE – social assistance for people at risk of exclusion, in particular those who are disadvantaged or disabled.
- HEALTH – protection of life and health and preventive healthcare.
- CULTURE – protection of the national heritage in the areas of culture and art and supporting the artistic work of young Polish artists, made available on a pro bono basis.

- ECOLOGY – undertaking social initiatives aimed at popularizing knowledge in the field of protection of the natural environment, especially water reservoirs.
- SPORT – encouraging physical activity, in particular among children and adolescents, as well as promoting physical activity among people with disabilities.

In 2019, the Foundation received 1 141 applications for a monetary donation for the implementation of social projects. 592 projects were positively evaluated. The application assessment process consists of analysing each application at the meeting of the Foundation's team in order to agree on recommendations. In the case of applying for subsidies exceeding PLN 20 thousand, an application is additionally subject to the opinion of the members of the Foundation Programme Council which is responsible for the rationality of the charity policy.

The Foundation also makes in-kind donations to non-governmental organizations, in the form of IT equipment and furniture withdrawn from use at bank branches. After each financial year, the financial statements and reports of the Management Board on the Foundation's activities are subject to a review by a statutory auditor. In accordance with the principle of transparency, the reports on the Foundation's activities, presenting the completed tasks, are published on the Foundation's website.

In the most important image-related areas, such as culture, tradition, education and sport, the Bank and the Foundation implement projects jointly, paying attention to the synergy of the activities.