



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 2020

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 by the Bank in 2020 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, as a result, translates into the satisfaction of its stakeholders: customers, co-operators, 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 S.A. in 2020**

PKO Bank Polski as a leader in the Polish banking sector, a socially engaged organization, a company with a State Treasury shareholding plays an important role in the social and economic system of Poland. The Bank is constantly undertaking activities which translate into building the image of a trustworthy institution. In 2020, guided by social responsibility, it participated pro-actively in the measures supporting the protection of the lives and health of Poles and mitigating the negative effects of the COVID-19 pandemic on the economy.

Since the beginning of the pandemic the Bank, in cooperation with the Foundation and the other companies in the Bank’s Group (the “BG”), committed itself to supporting health care and society. In cooperating with the government institutions, it responded promptly to current social needs by making cash and in-kind donations to medical facilities or sanitary services, and it also participated in working on digital solutions for government institutions, enterprises and all citizens, including people with disabilities.

The Bank’s employees committed themselves to providing systemic assistance by, among other things, supporting the work of the call centre of the Chief Sanitary Inspectorate or the call centre of the Ministry of Development dedicated to the Anti-Crisis Shield. An equally important role in combating the effects of the pandemic was played by bank volunteers who helped medics, local nursing homes and lonely people all over Poland by organizing fund-raising events and providing assistance in kind. They responded to the situation without any hesitation, demonstrating ingenuity, solidarity and empathy.

Apart from the support provided to Poles, assistance was also rendered to communities in Ukraine, Kazakhstan and Uzbekistan.

Information concerning the support provided by the BG for combating COVID-19 is published in the PKO Bank Polski S.A. Group Directors’ Report for 2020.

In the surveys carried out in the second half of 2020, more than a half of Poles gave a positive assessment of the attitude of the companies with a State Treasury shareholding in the situation that was critical to their country and the level of their commitment to combating the pandemic (a survey by IBRiS, conducted in July 2020).

The Bank received several awards and distinctions for combating the COVID-19 pandemic, supporting the Polish healthcare and economy, as well as other pro-social activities undertaken in 2020:

- a distinction in the 4th edition of the Economic Awards of the Polish Radio in the “Polish Philanthropist” category for the Bank’s pro-social attitude and commitment to combating COVID-19;
- a distinction in the **“Finance” category in the “Poland’s Most Important Companies” ranking by the *Rzeczpospolita*, among other things, for commitment to combating the COVID-19 epidemic;**
- 2nd place in the “Socially Sensitive Bank” category in the “Golden Banker 2020” ranking for involvement in charity campaigns;
- the Gold “BohaterOn 2020” Audience Award and the Silver “BohaterOn 2020” in the “Company” category in the “BohaterOny 2020” for the entire body of pro-social activities, historical education and the “PKO for the Heroes” campaign carried out by the Bank’s employees for Warsaw Uprising Insurgents;
- the “White Leaf” in the 9th edition of the CSR Leaves ranking by *Polityka* for doing business in a responsible manner, supporting sustainable development and social involvement (the ranking is prepared in cooperation with the consulting firm Deloitte and the Responsible Business Forum);
- a distinction in the 5th edition of the “Institution of the Year” ranking organized on the initiative of the [mojebankowanie.pl](http://mojebankowanie.pl) website for a social project “PKO for the Heroes”, involving PKO Bank Polski’s employees in helping Warsaw Uprising Insurgents;
- two silver awards for the Game “Battle of the Net” in the IAB Awards Europe 2020 competition in the non-profit/corporate social responsibility and social media categories;
- “Corporate Social Responsibility Laurels” awarded by the Chamber of Industry and Commerce in Tarnowskie Góry for activities in compliance with the principles of fairness and trust in business, building the image and good relationships with the environment in a responsible manner, and educational activities both for the youngest and the elderly, particularly vulnerable to financial fraud;
- presentation of the Bank’s pro-social projects in the “Responsible business in Poland. Good practices” report issued in 2020 – the jury appreciated both the Bank’s new initiatives and those continued for many years, such as running campaigns “I run for...”, “PKO Charity Run” and the “Banking Honourable Blood Donation”;

- a special award in the 85th Plebiscite of the *Przegląd Sportowy* for supporting Polish football, including young football players, business and marketing activations, numerous promotional campaigns targeted at football fans and football clubs;
- a special award by the editorial team of the *Piłka Nożna* weekly for the marketing and business activities undertaken by the Bank in connection with the agreement with the Ekstraklasa, in particular launching a Partnership Programme and carrying out projects promoting the play of young football players.

In 2020, the Bank faced the need to verify and eliminate some of the sponsorship projects planned for 2020 due to the need to redirect refunds for financing the activities carried out in order to combat the pandemic. Moreover, many of the scheduled events (congresses, conferences, events in the open air) were cancelled or carried out on a smaller scale (online), in compliance with the sanitary regime implemented.

Despite many restrictions, the Bank received 474 new sponsorship applications in 2020. Financial support was provided for 175 sponsorship projects (apart from 134 new projects, the implementation of 41 projects initiated in the previous years was continued).

In 2020, the Bank's sponsorship activities were carried out in the areas listed below:

- BUSINESS – strengthening the Bank's leading position in the financial market, consolidating its position as technological leader in the Polish banking sector, supporting Polish entrepreneurs, cooperating with local authorities and state administration;
- SPORT, including the programmes: “PKO Ekstraklasa” and “PKO Let's Run Together” – encouraging activity, supporting recreational sports.
- CULTURE – supporting the development of cultural institutions, protecting the national heritage, promoting young talents.
- EDUCATION – cooperation with universities, supporting educational projects promoting the development of entrepreneurship, innovation and new technologies.

Information concerning the Bank's sponsorship activities in each subject area is published in the PKO Bank Polski S.A. Group Directors' Report for 2020.

The Bank carried out its sponsorship activities based on the Rules for conducting marketing activities and public relations (PR) and social communication at PKO Bank Polski, in force since 17 December 2019 and based on the regulations issued on 23 January 2020, governing the operations of the Sponsorship Committee whose task is to give an opinion on sponsorship applications.

According to the Bank's Articles of Association, the conclusion of sponsorship agreements with one counterparty 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 Let's Run Together” and “PKO Ekstraklasa”) are presented to the Supervisory Board for prior evaluation and decision.

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 profits, as well. In order to identify and optimize them properly, the Marketing and Communication Division cooperates with the business units. An important element of the sponsorship projects being implemented is taking care of the active participation of the Bank's representatives in panel discussions, presentations and award ceremonies.

After an initial expert assessment, the selected offers are presented at the meeting of the Sponsorship Committee which includes representatives of the organizational Divisions operating within the Bank: Retail Sales, Corporate Customer Relationships, Treasury, and Marketing and Communication, which ensures comprehensive verification of each application. In this process, the opinion of business representatives, who identify the promotional potential of banking products and services and the conditions for initiating, strengthening and developing customer relationships, is particularly important.

The sponsorship projects accepted for implementation 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 performance of the sponsorship agreement.

In order to monitor the effectiveness of its sponsorship activities, the Bank uses marketing research. Additionally, the Bank has an online panel by means of which the media equivalence of the key projects is verified, but it also uses ready-made syndicated research on the recognisability of sponsors.

In 2020, the Foundation's charity activities were focused on combating the pandemic, therefore, projects protecting society from its effects and preventing the virus from spreading had priority. As a result, the opportunities for engaging in customary and regular charity activities were significantly limited.

The aim 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 in the agreement concluded on 14 December 2017. The main source of funding for the Foundation's statutory objectives in 2020 were donations made by the Bank based on the resolutions of the Management Board. The conclusion of a donation agreement by and between the Bank and the Foundation requires the consent of the Bank's Supervisory Board.

The Foundation obtains additional funds from Inteligo customers who make non-cash transactions using the Inteligo Visa PayWave card "Dobro procentuje" ("Doing Good Pays Off") launched in 2013.

The process of assessment of applications for a donation 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 in excess of PLN 20 thousand, an application is additionally subject to the opinion of the members of the Foundation's Programme Council which is responsible for the rationality of the charity policy. A donation is made on the basis of an agreement concluded by and between the Foundation and a beneficiary.

The Foundation also makes in-kind donations to non-governmental organizations, in the form of IT equipment and furniture withdrawn from use at various bank units. In 2020, in-kind donations in the form of furniture and IT equipment went to 54 organizations.

The aim of the activities carried out by the Foundation in 2020 was to support the citizens and institutions committed to pursuing the public interests in the areas of: education, upbringing, social welfare, protection and promotion of health, culture and art, environmental protection, including support for the development of local and other communities. An important aspect was the promotion of social goals in the banking environment and the promotion of the idea of volunteering.

Despite the restrictions resulting from the pandemic, from among 561 applications for a cash donation for carrying out social tasks which the Foundation received in 2020, 143 projects received a positive opinion.

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 with regard to 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.

Information concerning the Foundation's activity in 2020 is published in the PKO Bank Polski S.A. Group Directors' Report for 2020.

Moreover, the Bank's Supervisory Board receives quarterly information about the utilization of the funds transferred by the Bank by the Foundation.

After each financial year, the financial statements and Management reports on the Foundation's activities are evaluated by a statutory auditor. In accordance with the principle of transparency, the reports on the Foundation's activities, presenting the tasks completed, are published on the Foundation's website.

In 2020, the sponsorship and charity activities had a positive effect on the Bank's image. Taking care of the rationality of the sponsorship and charity policy being pursued is also achieved

through the synergy of activities. At the Foundation, this is the responsibility of the Programme Council which consists of the Bank's representatives.