



Bank Polski

## REPORT

# "EVALUATION OF THE RATIONALITY OF SPONSORSHIP AND CHARITY POLICY CARRIED OUT BY PKO BANK POLSKI S.A. IN 2017"

In accordance with the principle contained in point II.Z.10.4. of Good Practices of Companies listed on the WSE in 2016, the Supervisory Board prepares for and presents to the annual general meeting an evaluation of the rationality of sponsorship and charity policy carried out by PKO Bank Polski S.A.

The Supervisory Board assesses that the sponsorship and charity activities are carried out in a rational manner, with care for social welfare. According to the evaluation of the Supervisory Board, the activities undertaken in 2017 as part of the sponsorship and charity policy, build a positive image of the Bank's brand and strengthen its good reputation, which in turn translates into satisfaction of the stakeholders: customers, partners, representatives of the state and local administration, as well as employees.

#### Information about sponsorship and charity policy conducted by PKO Bank Polski S.A. in 2017

The Bank's mission is to support the development of Poland and Poles through, for example, exerting a positive influence on people, companies and the environment, as well as consistently building the credibility of the brand. Treating these assumptions as a priority, PKO Bank Polski S.A. makes sure that all sponsoring and charity activities serve to build the Bank's image as a leader in the financial market, an institution that is trustworthy, socially engaged, innovative and open to the development and needs of clients. In accordance with the slogan of the current strategy of the Bank for the years 2016-2020 "We support the development of Poland and Poles", PKO Bank Polski S.A. develops relations with the environment, conducting active measures for the benefit of the society and with its participation. It supports educational, civic and cultural events and projects.

The direction of sponsorship and charity policy in the field of disseminating the national history and tradition is part of the Bank's mission statement, declaring maintenance and promotion of its Polish character.

The Bank's sponsorship activities are conducted by the units of the Marketing and Communication Division based on the annual marketing plan, which is updated on a quarterly basis. In 2017, the Bank implemented 321 sponsorship projects of various scale: from nationwide - communicated in the media and supported by promotional activities, to smaller ones - dedicated to local communities. The dominating share in the sponsorship budget of the Bank were expenditures on the support of culture and business projects as well as the implementation of the original sports project "PKO Biegajmy razem".

The sponsorship activities of the Bank were conducted in 2017 in the areas listed below. In each of these areas, the Bank also tried to distinguish and promote patriotic and historical values as well as appreciate the potential to promote Polishness.

- CULTURE AND ART - protection of the national heritage in the field of culture and art, and cultivating tradition;
- EDUCATION - promotion of science (mainly computer science, mathematics and economics), support for educational projects aimed at developing entrepreneurship and promoting innovation;
- SPORT - encouraging activity, supporting mass sport, including races often combined with charity events and commemorating important events in the history of our country;
- BUSINESS - strengthening the Bank's position on the financial market, supporting Polish entrepreneurs, maintaining and building business relations;
- EVENTS RELEVANT TO LOCAL COMMUNITIES - promoting the Bank's image as an important and active partner of business environments, local governments and cultural centers.

When deciding on 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, the Marketing and Communication Division cooperates with business units. An important element of the sponsored projects is the care for 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 sponsoring policy is governed by the "Principles of conducting marketing activities by PKO Bank Polski S.A.", adopted by Resolution No. 294/C/2015 of the Management Board of April 21, 2015 (as amended) and a several-step process of issuing opinions on sponsorship applications. The Committee for the Sponsorship, appointed by resolution No. 516/C/2012 of the Management Board on October 9, 2012, watches over the rationality of sponsorship policy. The process of considering sponsorship offers is insightful and rational. The first stage is to assess the equivalence of the application, made in terms of such indicators as:

- the rank of the venture,
- business and/or image potential,
- the organizer's credibility and high level of implementation,
- business environment in which the Bank acts as a sponsor,
- the equivalence of sponsorship benefits to the budget involved by the Bank.

After assessing equivalence, positively considered offers are presented at the meeting of the Committee for Sponsorship, which includes representatives of retail, corporate and market divisions as well as marketing and PR, which ensures comprehensive verification of each project. In this process, the opinion of business representatives is particularly important, identifying the potential of promoting banking products and services and building customer relations.

The sponsored projects are constantly monitored, analyzed and evaluated in terms of proper involvement of the Bank's employees. Each project closes a detailed report on the implementation of the sponsorship agreement.

Charitable activities are carried out for the Bank's brand by the PKO Bank Polski Foundation. The scope of the Foundation's activity is specified in the Foundation's statute, while the principles of cooperation between the Bank and the Foundation are governed by the agreement concluded on May 22, 2015. The main source of funding for the Foundation's statutory objectives in 2017 were subsidies 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 Inteligo customers, associated with an affinity card: Dobro procentuje (launched in 2013).

The aim of the activities carried out by the Foundation in 2017 was to support institutions and citizens involved in the 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 activities were carried out in seven program areas:

- EDUCATION - supporting science, education and alternative forms of education in Poland;
- TRADITION - cultivating tradition, protecting historical heritage and educating in the spirit of patriotism;
- HOPE - social assistance, addressed to people threatened with exclusion, in particular those who are disadvantaged or disabled;
- HEALTH - protection of life and health and health prophylaxis;
- CULTURE - protection of the national heritage in the areas of culture and art and supporting artistic creativity of young Polish artists, made available on the pro bono basis;
- ECOLOGY - undertaking social initiatives aimed at disseminating knowledge in the field of environmental protection, especially water reservoirs;
- SPORT - encouraging physical activity, in particular of children and adolescents, as well as promoting physical activity among people with disabilities.

In 2017, the Foundation received 1176 applications for a monetary donation for the implementation of social projects. 513 projects were positively evaluated. The decision-making process consists in considering each application at the meeting of the Foundation's team. In the case of applying for subsidies exceeding PLN 20,000, the application is additionally subject to the opinion of the members of the Foundation Program Council, responsible for the rationality of the charity policy.

The Foundation also transfers in-kind donations to non-governmental organizations, in the form of IT equipment and furniture withdrawn from use at bank branches.

The financial statements and reports of the Management Board on the Foundation's activities after each financial year are subject to review by a statutory auditor. In accordance with the principle of transparency, the reports on the Foundation's activities, presenting completed tasks, are published on the Foundation's website.

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