



Bank Polski

REPORT

“ASSESSMENT OF RATIONALITY OF THE SPONSORSHIP AND CHARITY POLICY OF PKO BANK POLSKI S.A. IN 2016”

The Bank's mission is to support the development of Poland and Poles by, inter alia, exerting a positive influence on people, businesses and the environment, and by consistently developing brand credibility. PKO Bank Polski S.A., for which these assumptions are a priority, ensures that all sponsorship and charitable activities serve the creation of the Bank's image as a trustworthy financial institution that is socially engaged, innovative and open to development and customer needs. The Bank takes steps to build and deepen the relationships with the business environment and to ensure a positive public perception of its brand. The sponsorship and charity policy's direction to promote the history and national tradition is consistent with the Bank's mission, which declares the maintenance and promotion of the Bank's Polish character.

The Bank's sponsorship activities are carried out by the organisational units of the Marketing and Communications Division on the basis of an annual marketing plan, which is updated on a quarterly basis. In 2016, the Bank conducted 348 sponsorship projects of various scale: from nationwide projects, which were communicated in the media and supported by promotional campaigns, to smaller projects, which were dedicated to local communities. The expenditures supporting culture and business projects and the implementation of the in-house sports project "PKO Let's run together" ("PKO biegajmy razem") were items with the biggest share of the Bank's sponsorship budget.

In 2016, the sponsorship activities of the Bank were conducted in the areas listed below. In each of the said areas, the Bank also strived to stand out and promote patriotic and historical values, and to recognise the potential to promote the Polish identity.

- CULTURE AND ARTS – protection of the national cultural and artistic heritage, cultivation of tradition;
- EDUCATION – promotion of exact sciences (mainly IT, mathematics and economics), support for educational projects aimed at developing entrepreneurship and promoting innovation;
- SPORT – encouraging people to lead an active lifestyle, supporting grassroots sports, including runs often combined with charity campaigns and campaigns commemorating important events in the history of our country;
- BUSINESS – strengthening the Bank's position in the financial market, supporting Polish entrepreneurs, maintaining and building business relationships;
- EVENTS SIGNIFICANT FOR LOCAL COMMUNITIES – promoting the image of the Bank as an important and active partner of the business community, local governments and community centres.

When deciding on the implementation of a sponsorship project, the Bank takes into consideration, in addition to corporate image benefits such as the value of the brand exposure, business and relationship benefits. In order to identify and optimize such benefits, the Marketing and Communications Division cooperates with business units. An important element of sponsorship projects is to care for an active participation of the Bank's representatives in panel discussions, presentations and awards ceremonies. Through the substantive activities of its representatives, the Bank strengthens its position as an expert in finance.

The Bank's sponsorship policy is governed by the "Principles of Marketing Activities Conducted by PKO Bank Polski S.A." adopted by Resolution No 294/C/2015 of the Management Board (as amended) and a multi-stage project approval process. The rationality of the sponsorship policy is supervised by the Sponsorship Committee established by Resolution No 516/C/2012 of the Management Board. The process of examining sponsorship offers is thorough and rational. In the first phase, the equivalence of the application is assessed taking into account such indicators as:

- project significance,
- business and/or image potential,
- the organiser's reliability and high performance level,
- the business landscape in which the Bank functions as a sponsor, and
- the equivalence of sponsorship benefits in comparison to the budget allocated by the Bank.

Following the equivalence assessment, the offers that have been given a positive opinion are presented to the Sponsorship Committee, which is composed of representatives of retail sales, corporate and markets as well as marketing and PR divisions, which ensures a comprehensive review of each project. In this

process, the opinion of business representatives, who identify the potential for promoting bank products and services and building customer relationships, is of particular importance. The implemented sponsorship projects are monitored on an ongoing basis, analysed and assessed in terms of appropriate involvement of the Bank's employees. Each project is closed with a detailed report on the implementation of the sponsorship agreement.

Charitable activities are carried out for the benefit of the Bank's brand through the PKO Bank Polski Foundation. The scope of the Foundation's activities is specified in its Articles of Association, whereas the rules of cooperation between the Bank and the Foundation are governed by the agreement concluded on 22 May 2015. The main source used to fund the Foundation's objectives under the Articles of Association in 2016 were grants awarded by the Bank under resolutions of the Management Board. Additional funds were transferred to the Foundation under long-term agreements and come from the profit earned on non-cash transactions associated with the affinity-type card: "Dobro procentuje" (Good deeds pay off) (the card was launched in 2013), as made by Inteligo clients.

The purpose of the activities carried out by the Foundation in 2016 was to support institutions and citizens engaged in actions for the common good in the following areas: education, welfare work, health protection and promotion, culture and arts, environmental protection, including supporting the development of local communities.

The important aspects included the promotion of social objectives in the banking environment and the promotion of the idea of voluntary services by organizing corporate volunteering at the Bank and other Bank Group companies.

The activities were carried out within seven strategic areas:

- EDUCATION – support for science, education and alternative forms of education in Poland;
- TRADITION – cultivating tradition, protecting the historical heritage and educating in a patriotic way,
- HOPE – welfare work addressed to the persons at risk of social exclusion, notably the harmed and disabled persons,
- HEALTH – health and life protection as well as preventive healthcare,
- CULTURE – protection of the national cultural and artistic heritage and support for artistic works of young Polish artists, made available pro bono,
- ECOLOGY – taking social initiatives to promote knowledge of natural environment protection and protection of water reservoirs in particular, and
- SPORT – encouraging especially children and youth as well as disabled persons to do exercises.

In 2016, the Foundation received 753 applications for cash donations to perform social tasks. 402 projects received positive opinions. The decision-making process involves considering each application received electronically at a meeting of the Foundation team. When an application for a donation of over PLN 20,000 is received, the application is additionally examined by the members of the Foundation Program Board, which is responsible for the rationality of the charity policy.

Through the agency of the Foundation, donations in kind are made to non-governmental organisations, in the form of IT equipment and furniture decommissioned at Bank branches.

The financial statements and the Management Board's report on the activities of the Foundation are audited after each financial year by chartered statutory auditors. In accordance with the principle of transparency, the reports on the activities of the Foundation, which present the completed tasks, are published on the Foundation's website.

In the areas that are crucial in terms of the Bank's image, such as culture, tradition, education and sport, the Bank and the Foundation carry out joint projects caring for the synergy of measures.

In the assessment of the Supervisory Board, the Bank's and the Foundation's sponsorship and charitable activities are carried out in a rational manner and with care for the public interest. According to the assessment of the Supervisory Board, the measures taken in 2016 within the sponsorship and charity policy contribute to building a positive image of the Bank's brand and to strengthening its good reputation, which in turn translates into the satisfaction of stakeholders, namely customers, co-operators, shareholders, representatives of state and local government administration, and also the employees of PKO Bank Polski SA and the Bank Group.