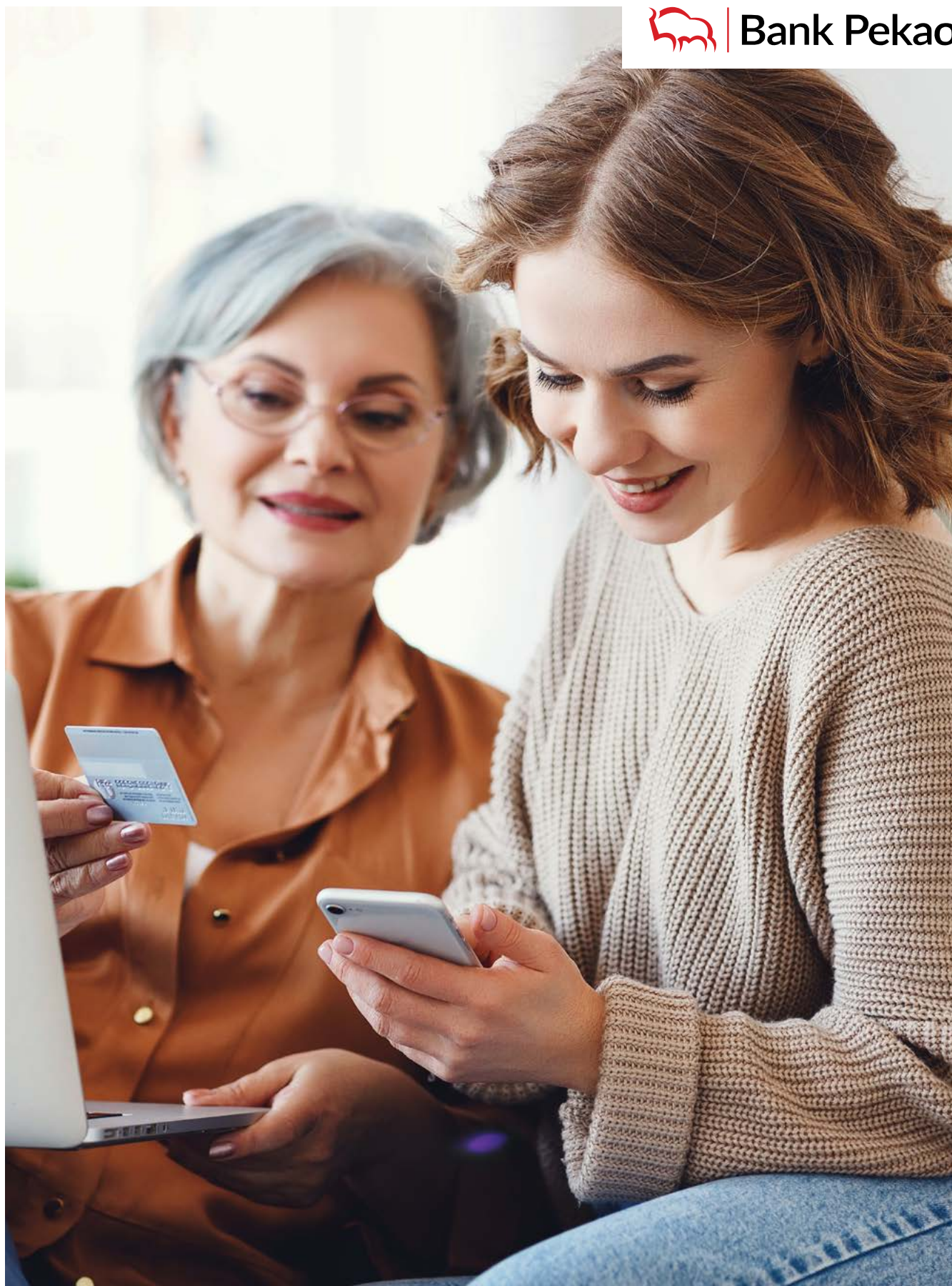




ESG Report 2022

June 2023

Table of contents

About Bank Pekao.....3

General information 4

Business model 5

Financial results..... 6

Bank Pekao S.A. Capital Group..... 6

Business profile..... 7

Organizational and management structure..... 8

Strategic approach to ESG issues..... 11

Sustainable development strategy 12

Changes in the regulatory environment
for sustainable finance..... 14

Climate and environment.....15

Green and sustainable products..... 17

Climate risks and opportunities..... 18

ESG risks in the credit business..... 19

Reduction of the consumption of raw materials and resources..... 20

Pekao Group carbon footprint calculation 21

Social commitment.....23

Mission, values and corporate culture..... 24

Bank’s response to armed conflict in Ukraine..... 25

Employee Volunteer Work Program 26

Community service, charity and sponsorship 29

Responsible sales, quality management 33

Caring for good customer experience 34

Complaint process..... 35

Principles for the fair design and sale of financial products
and services 36

Responsible marketing 37

Bank’s image..... 38

Consumer protection..... 40

Customer safe online 40

Development of innovation in business operations 42

Human capital.....43

Information on employment structure..... 44

Core employment regulations 47

Bank as an employer 51

Recruitment, internship and apprenticeship programs..... 55

Employer branding activities..... 56

Inclusive organization 57

Health and safety.....63

OHS issues 64

Medical care and health-promoting activities..... 66

Business ethics and corporate governance 67

Preventing corruption 70

Whistleblowing Policy 71

Conflict of Interest Management..... 73

Counteracting crime and countering money laundering and terrorist
financing 74

Control and repair mechanisms..... 75

Compliance culture 76

Approach to risk management..... 76

Observance of human and worker rights, responsibility
in the supply chain.....77

Regulations reflecting 10 Principles of the UN Global Compact 78

Prevention of mobbing and discrimination..... 79

Relations with the public 80

Responsible procurement process 81

Mandatory disclosures under
the Taxonomy Regulation.....83

Disclosure of information to the extent specified by the Principle
Adverse Impacts in accordance with the SFDR for the Pekao
Group as an investee.....86

Non-financial reporting process 91

Communication with stakeholders..... 92

Information about the report..... 94

Materiality of topics..... 95

Bank’s position in ESG ratings and indices 96

Reporting indicators index..... 97

Table of compliance with the Accounting Act.....102



About Bank Pekao

General information

GRI 2-1: Organizational details

Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter: the “Bank”, “Bank Pekao”) is a bank organized in the form of a joint stock company, operating on the basis of applicable laws, in particular the Banking Law and the provisions of the Commercial Companies Code and the provisions of the Articles of Association of Bank Polska Opieki Pekao Spółka Akcyjna (hereinafter: “Articles of Association of Bank Pekao” - consolidated text available at <https://www.pekao.com.pl/About Bank / Corporate Governance>).

The Bank operates in the territory of the Republic of Poland. The registered office is located in Warsaw, at ul. Grzybowska 53/57 (postal code 00-950). The additional registered office is located at ul. Żwirki i Wigury 31 in Warsaw (postal code 02-091). The Bank’s offices are scheduled to move to a new location in Warsaw at ul. Burakowska 14 (postal code 01-066) in 2023.

The activities of Bank Pekao are supervised by the Polish Financial Supervision Authority (hereinafter: “PFSa”). Since 1998, Bank Pekao is listed on the Warsaw Stock Exchange. Since 2017, Bank Pekao S.A. has been a member of the PZU S.A. Capital Group (hereinafter: “PZU Group”), the largest financial institution in Central and Eastern Europe.

Shareholding structure as of the date of the 2022 Report

SHAREHOLDER'S NAME	NUMBER OF SHARES	PARTICIPATION IN THE SHARE CAPITAL
Powszechny Zakład Ubezpieczeń S.A.	52,494,007	20.00%
Polski Fundusz Rozwoju S.A.	33,596,166	12.80%
Funds managed by Nationale - Nederlanden Powszechne Towarzystwo Emerytalne S.A.	16,800,000	6.40%
Funds managed by Powszechne Towarzystwo Emerytalne Allianz Polska S.A.	15,500,051	5.91%
Subsidiaries managed by BlackRock, Inc.	13,231,421	5.04%
Other shareholders (under 5%)	130,848,389	49.85%
Total	262,470,034	100.00%

The Bank offers customers a wide network of branches and ATMs with convenient access throughout the country, as well as a professional call center and an online and mobile banking platform for individual, corporate, and small and micro business customers. In 2022, Bank

Pekao had 597 establishments (515 branches of its own retail network and 82 partner branches), as well as 1,328 ATMs located in all voivodeships.

SCALE OF OPERATIONS (31.12.2022)	PEKAO GROUP [PLN million]	Bank Pekao [PLN million]
Net interest income	8,244	8,010
Net fee and commission income	2,807	2,456
Balance sheet total	281,139	209,802
Equity	22,754	22,168
Amounts due to customers	209,596	209,802



515

number of own outlets



82

partner branches



1,328

total number of own ATMs

Business model

The Bank’s business model is based on customer segmentation where the following areas are distinguished:



RETAIL AND PRIVATE BANKING – servicing individual customers, including affluent private banking customers and micro-enterprises. Private banking customers are offered investment advice through private banking centers and remote channels, whereas all individual customers and micro-enterprises are serviced by means of a wide own network of branches and partner establishments supported by leading remote service channels on the market, including digital channels.



BUSINESS BANKING – providing financial services to customers in the small and medium-sized business sector, who are serviced by advisors with the support of product specialists. The service is provided in specialized Business Customer Centres, Corporate Centres and universal retail branches. Customers are offered products and services tailored to their individual needs, based on solutions proven in corporate banking and adjusted to the enterprise segment,



CORPORATE AND INVESTMENT BANKING – providing financial services to large corporate customers, public sector entities, financial institutions, and entities from the commercial real estate funding sector. Corporate and investment banking customers are serviced by consultants with the support of product specialists.

 For more information on the business model and sales network, see “Report on the activities of Bank Pekao S.A. Group for the year 2022” in subchapter 7.4.

Financial results

GRI 201-1 Direct economic value generated and distributed

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED [PLN million]	PEKAO GROUP	PEKAO BANK
Operating revenues	10,761	10,417
Operating cost (including to contributions to the BFG cost and fee paid for the Protection Schemes)	(4,832)	(4,502)
Cost / income (including to contributions to the BFG cost and fee paid for the Protection Schemes)	44.9%	43.2%
Net allowances for expected credit losses	(2,016)	(1,879)
Tax on certain financial institutions	(866)	(866)
Corporate income tax	(1,163)	(1,114)
Customer financing	167,510	155,477
Amounts due to customers	209,596	209,802
Net result	1,720	1,898
Dividend		1,129

(*) Retained economic value is not reportable in accordance with GRI Standards, because the Bank recognizes required items differently, such as payments to the state, social investments, and has other items generating costs that are not included in the GRI standard, such as risk costs.

Bank Pekao S.A. Capital Group

The Bank Pekao S.A. Capital Group (hereinafter: "Pekao Group") comprises Bank Pekao as the parent company as well as subsidiaries and indirect subsidiaries: financial institutions operating in the banking, asset management, brokerage services, transaction consulting, leasing and

factoring markets. In addition, the Bank holds shares in affiliates, as well as minority interests.

In 2022, the Pekao Group included Bank Pekao and the following subsidiaries:

NAME	REGISTERED OFFICE	SCOPE OF ACTIVITY
Pekao Bank Hipoteczny S.A.	Warsaw	Banking
Centrum Kart S.A.	Warsaw	Auxiliary financial services
Pekao Direct Sp. z o.o.	Kraków	Call center services
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services
Pekao Financial Services Sp. z o.o.	Warsaw	Transfer agent
Pekao Investment Banking S.A.	Warsaw	Brokerage services
Pekao Investment Management S.A., including:	Warsaw	Holding activity
Pekao TFI S.A.	Warsaw	Asset management
Pekao Leasing Sp. z o.o., including:	Warsaw	Lease services
PEUF Sp. z o.o.	Warsaw	Insurance services

Business profile

GRI 2-6: Activities, value chain and other business relationships

GRI 2-28: Membership associations

Bank Polska Kasa Opieki S.A., established in 1929, is one of the largest financial institutions in the Central and Eastern European region and the second largest universal bank in Poland with over PLN 200 billion in assets. The Bank conducts operations both in Polish zlotys and foreign currencies and actively participates in trading on domestic and foreign financial markets. It offers a full range of banking services to retail and institutional customers. As a corporate bank, Bank Pekao services every second corporation in Poland. The Bank is well established as a market leader in private banking, asset management and brokerage activities. The diversified business profile of Bank Pekao is supported by a strong capital and liquidity position, while maintaining the highest risk management standards. The Bank offers products and services that are highly competitive on the Polish market. It also guarantees a high level of customer service and owns a well-developed distribution. The Bank's broad product portfolio, innovative solutions and individual customer approach ensure comprehensive financial services, while its integrated service model provides top-quality services to customers and ensures optimal adaptation to changing needs. The Bank is steadily strengthening its market position in strategic business areas. A detailed list of activities performed in domestic and foreign trade is included in section 6 of the Bank's Articles of Association.

Bank Pekao is active in trade associations and organizations. The Bank's involvement in this area can be broken down into four main fields:

- Polish Bank Association along with Committees and Councils, including: the Banking Cybersecurity Centre Committee, Real Estate Funding Committee, Payment Card Processor Committee, Bank Card Issuer Council, Electronic Banking Council,
- International associations and organizations, including: International Swaps and Derivatives Association (ISDA), International Project Finance Association (IPFA), United Nations Global Compact,
- Nationwide associations and organizations, including: Stowarzyszenie Emitentów Giełdowych [Exchange Issuer Association], Izba Domów Maklerskich [Brokerage House Chamber], Polskie Stowarzyszenie Zarządzania Kadrami [Polish Staff Management Association], Stowarzyszenie Dealerów Bankowych ACI Polska [ACI Poland Bank Dealer Association], Polskie Stowarzyszenie Inwestorów Kapitałowych [Polish Capital Investor Association],
- Local associations and organizations: Lublin Business Club, Podkarpacie Business Club.

ACTIVITY OF THE BANK IN TRADE ASSOCIATIONS AND ORGANIZATIONS IN THE RELEVANT YEAR (NUMBER OF MEMBERSHIPS)	2022	2021	2020
Polish Bank Association as well as Committees and Councils associated therewith	14	14	14
International associations and organizations	14	14	14
Nationwide associations and organizations	6	6	6
Local associations and organizations	2	2	2



Organizational and management structure

GRI 2-9: Governance structure and composition
GRI 2-10: Nomination and selection of the highest governance body
GRI 2-11: Chair of the highest governance body

Bank Pekao and entities of the Pekao Group have an organizational structure adapted to the size and specificity of their activities. The scope of powers of the companies’ bodies is defined in the provisions of law, and in particular the Commercial Companies Code, the Banking Law Act, in supervisory recommendations of the supervisory bodies and in the Articles of Association of Bank Pekao, and in the Articles of Association/Partnership of companies and partnerships and internal regulations of entities of the Pekao Group.

General Meeting of Shareholders

The highest authority of Bank Pekao is the General Meeting which operates on the basis of the Commercial Companies Code and the Articles of Association of Bank Pekao. The scope of powers of the General Meeting is specified by the provisions of law, in particular the Commercial Companies Code and the Banking Law Act, in supervisory recommendations of the supervisory bodies and in the Articles of Association of Bank Pekao. Resolutions are adopted by an absolute majority of votes, subject to the provisions of the Commercial Companies Code and the Articles of Association of Bank Pekao.

Supervisory Board

The Supervisory Board exercises continuous supervision over the Bank’s activities. The Supervisory Board consists of between seven and nine members appointed by the General Meeting for a common term of office of 3 years. The organization and operation of the Supervisory Board are defined in the Rules of Procedure of the Supervisory Board of Bank Polska Kasa Opieki Pekao Spółka Akcyjna.

Management Board of the Bank

The Management Board of Bank Pekao manages the Bank’s affairs and represents the Bank. Any issues that are not reserved – under legal regulations or the Articles of Association of Bank Pekao – for other governing bodies of the Bank, fall under the purview of the Bank’s Management Board. The Management Board is composed of between five and nine members appointed for a common term of office of three years.

The Supervisory Board of the Bank, acting pursuant to the Article 368 § 4 and in connection with the Article 369 § 1 of the Code of Commercial Companies and taking into account the assessment of compliance with the suitability requirements, unanimously appointed on 14 June 2022 members of the Bank’s Management Board for the new three-year joint term of office, effective as of the day following holding of the Ordinary General Meeting approving the financial statements of Bank for the financial year 2021.

The following persons were appointed to the Management Board of the Bank for the next three-year joint term of the office starting on the date indicated above:

- Leszek Skiba for the President of the Bank’s Management Board,
- Marcin Gadomski or the Vice-President of the Bank’s Management Board supervising the risk management significant in the Bank’s operation,
- Jarosław Fuchs for the Vice-President of the Bank’s Management Board,
- Jerzy Kwieciński for the Vice-President of the Bank’s Management Board,
- Paweł Strączyński for the Vice-President of the Bank’s Management Board,
- Błażej Szczeci for the Vice-President of the Bank’s Management Board,
- Wojciech Werochowski for the Vice-President of the Bank’s Management Board,
- Piotr Zborowski for the Vice-President of the Bank’s Management Board,
- Magdalena Zmitrowicz for the Vice-President of the Bank’s Management Board.

As a result of the assessments performed, the Supervisory Board of the Bank concluded that all members of the Bank’s Management Board and the Bank’s Management Board as a whole meet the requirements referred to in Art. 22aa The Act of 29 August 1997 - Banking Law and the suitability requirements referred to in the Policy of selecting candidates for the position of a Management Board member and the Key Function and assessment of the suitability of proposed and appointed members of the management board, supervisory board and key functions at the Bank.

According to the submitted statement, none of the persons appointed to the Management Board of the Bank, do not conduct any business competitive to that of the Bank and they are not involved in a competitive business as a shareholder or partner

in a civil law company or partnership or a member of a corporate body of a competitive corporation or legal person. None of these persons is entered in the Register of Insolvent Debtors kept pursuant to the provisions of the KRS (National Court Register) Act of 20 August 1997.

The composition of the Bank’s Supervisory Board was as follows:

AS OF THE DATE OF THE 2022 REPORT	31.12.2022
Leszek Skiba President of the Management Board of the Bank	Leszek Skiba Prezident of the Management Board of the Bank
Jarosław Fuchs Vice President of the Management Board of the Bank	Jarosław Fuchs Vice President of the Management Board of the Bank
Marcin Gadomski Vice President of the Management Board of the Bank	Marcin Gadomski Vice President of the Management Board of the Bank
Jerzy Kwieciński Vice President of the Management Board of the Bank	Jerzy Kwieciński Vice President of the Management Board of the Bank
Paweł Strączyński Vice President of the Management Board of the Bank	Paweł Strączyński Vice President of the Management Board of the Bank
Błażej Szczeci Vice President of the Management Board of the Bank	Błażej Szczeci Vice President of the Management Board of the Bank
Wojciech Werochowski Vice President of the Management Board of the Bank	Wojciech Werochowski Vice President of the Management Board of the Bank
Piotr Zborowski Vice President of the Management Board of the Bank	Piotr Zborowski Vice President of the Management Board of the Bank
Magdalena Zmitrowicz Vice President of the Management Board of the Bank	Magdalena Zmitrowicz Vice President of the Management Board of the Bank

The composition of the Bank’s Supervisory Board was as follows:

AS OF THE DATE OF THE 2022 REPORT	31.12.2022
Beata Kozłowska-Chyła Chairperson of the Supervisory Board	Beata Kozłowska-Chyła Chairperson of the Supervisory Board
Joanna Dynysiuk Vice-Chairperson of the Supervisory Board	Joanna Dynysiuk Vice-Chairperson of the Supervisory Board
Małgorzata Sadurska Vice-Chairperson of the Supervisory Board	Małgorzata Sadurska Vice-Chairperson of the Supervisory Board
Stanisław Ryszard Kaczoruk Secretary of the Supervisory Board (independent member)	Stanisław Ryszard Kaczoruk Secretary of the Supervisory Board (independent member)
Sabina Bigos-Jaworowska Member of the Supervisory Board (independent member)	Sabina Bigos-Jaworowska Member of the Supervisory Board (independent member)
Justyna Głębkowska-Michalak Member of the Supervisory Board (independent member)	Justyna Głębkowska-Michalak Member of the Supervisory Board (independent member)
Michał Kaszyński Member of the Supervisory Board (independent member)	Michał Kaszyński Member of the Supervisory Board (independent member)
Marian Majcher Member of the Supervisory Board (independent member)	Marian Majcher Member of the Supervisory Board (independent member)
Marcin Izdebski Member of the Supervisory Board	Marcin Izdebski Member of the Supervisory Board

The Supervisory Board performs its collective duties, however, in order to perform specific activities or to streamline the work, it may appoint committees and teams from among its members. In addition, the Supervisory Board may delegate one or more of its members to independently perform supervision within the scope specified thereby. The following Committees operate within the structures of the Supervisory Board of Bank Pekao: Audit Committee, Nomination and Remuneration Committee, and Risk Committee. The committees appointed by the Supervisory Board submit annual reports on their activities to the Supervisory Board.

As at December 31, 2022, the division of competencies between members of the Management Board of the Bank looked as follows:

- President of the Management Board of the Bank Mr. Leszek Skiba convenes and chairs the meetings of the Management Board of the Bank, presents the position of the Management Board of the Bank to the Bank's bodies and in external relations, in particular to public authorities. President of the Management Board of the Bank coordinates the work of Members of the Management Board of the Bank, issues dispositions in accordance with the provisions laid down in internal regulations in force at the Bank. President of the Management Board of the Bank oversees the following areas of the Bank's operations: internal audit, compliance risk, corporate communications, investor relations, security, legal risk, strategic projects, human resources management, and macroeconomic analysis and digital transformation. President of the Management Board of the Bank is appointed as the Member of the Management Board responsible for implementing the obligations set forth in the Law on Prevention of Money Laundering and Financing of Terrorism.
- Vice President of the Management Board of the Bank Marcin Gadoski supervises the activities of the Risk Management Division and is responsible for overseeing the risk management process of the bancassurance business.
- Mr. Paweł Strączyński, Vice President of the Management Board of the Bank, supervises the operations of the Financial Division and was appointed as a Member of the Management Board to whom infringements will be reported and who will be responsible for the on-going functioning of the Whistleblowing procedure.
- Mr. Jerzy Kwieciński, Vice President of the Management Board of the Bank, supervises the operations of the Corporate Banking, Markets and Investment Banking Division.
- Mr. Wojciech Werochowski, Vice President of the Management Board of the Bank, supervises the operations of the Retail Banking Division.
- Mrs. Magdalena Zmitrowicz, Vice President of the Management Board of the Bank, supervises the operations of the Business Banking Division.
- Mr. Jarosław Fuchs, Vice President of the Management Board of the Bank, supervises the operations of the Private Banking and Investment Products Division.

- Mr. Piotr Zborowski, Vice President of the Management Board of the Bank, supervises the operations of the Strategy Division.
- Mr. Błażej Szczeciński, Vice President of the Management Board of the Bank, supervises the activities of the Technology and Operations Division and coordinates activities aimed at proper management of the risk related to the security of the ICT environment.



For more information on the Bank's organizational and management structure, see "Report on the activities of Bank Pekao S.A. Group for the year 2022" in subchapter 5.2.

GRI 2-18: Evaluation of the performance of the highest governance body

The Bank applies the Policy of Selecting Candidates for the Function of a Member of the Management Board and Key Functions and Assessing the Suitability of Proposed and Appointed Members of the Management Board, the Supervisory Board, and Persons Performing Key Functions at Bank Polska Kasa Opieki Spółka Akcyjna approved by the Supervisory Board of the Bank on December 30, 2020, the aim of which is to ensure the optimal and uniform process of selecting candidates for the function of a member of the Management Board and Key Functions at the Bank, so as to ensure the performance of tasks related to the implementation of the Bank's business plans and strategy by persons with the necessary knowledge, experience and skills, as well as with good reputation.

The Selection and Suitability Assessment Policy also specifies the criteria for assessing the individual and collective suitability of candidates and members of the Management Board, the Supervisory Board, and key function Holders at the stage of appointment and in the course of performance of the function, as well as events resulting in the need to assess the suitability, the course of the suitability assessment process, including roles and tasks in the process and the effects of the assessment, including corrective measures applicable to ensure compliance with the suitability requirements.

In 2022, a re-assessment of the individual and collective suitability of the members of the Supervisory Board of the Bank and a re-assessment of the individual and collective suitability of the members of the Management Board of the Bank were carried out, as well as suitability assessments resulting from changes in the additional functions performed by members of the Bank's governing bodies.

Subsidiaries have implemented Suitability Assessment Policies in accordance with applicable laws and regulations.

Strategic approach to ESG issues

GRI 2-12: Role of the highest governance body in overseeing the management of impacts

The Bank defines the issue of responsibility for the environment, social environment and principles within the organization in the ESG Strategy "Responsible Bank supporting sustainable development", which is an extension of the fourth pillar of the Bank's Business Strategy called "Responsibility". The ESG Strategy announced on June 25, 2021 was adopted by a resolution of the Management Board of the Bank and was presented to the Supervisory Board of the Bank for approval.



GRI 2-13 Delegation of responsibility for managing impacts

In the process of managing the topics of environment, society and corporate governance, it is crucial that ESG is properly positioned in the organizational structure. In order to coordinate issues related to this topic as efficiently as possible, in December 2020, Bank Pekao S.A. established the ESG Council, an advisory body to the Management Board of the Bank that meets at least quarterly. The main task of the Council is to recommend to the Management Board of the Bank the necessary activities in the field of ESG. At the same time, the Council is to consult on a broad range of strategic topics relating to ESG, taking into account the commercial perspective. The Council included members of the Management Board and representatives of the Bank's key units (both business and support) for ESG topics. With their input, and the full support of the Management Board of the Bank and the Supervisory Board of the Bank, the ESG Strategy 2021-2024 "Responsible Bank Supporting Sustainable Development" was developed. During the development of the Strategy's assumptions, a top-down approach was adopted using workshops and consultations with the units involved in the process. The Bank's ESG Team, which combines expertise in environmental, social and corporate governance topics, is responsible for ongoing monitoring of the strategy.

The ESG Strategy monitoring process includes:

- periodic monitoring of the realization of the achieved levels of KPIs of individual business areas and the progress of the implementation of Initiatives, conducted on a semi-annual basis,
- ongoing monitoring in terms of regulatory developments, trends and market practices in the ESG area.

In 2022, the ESG Council consisted of four members of the Bank's Management Board and 14 high-level directors representing key units of the Bank (with voting rights).

The Bank aims to integrate ESG into all key processes of Pekao's operations, including lending, investment and advisory, purchasing, and the incentive system. The Bank also recognizes the potential inherent in ESG product offerings and is taking steps to increase its "green" portfolio across all business segments. Transparency of ESG policies and non-financial reporting remains a priority, especially in the context

of recent regulations that require banks to increase non-financial disclosures in terms of, among other things, reporting of greenhouse gas emissions or labeling of industries and customer transactions in terms of sustainable investments consistent with the so-called Taxonomy Regulation. The integration of ESG goals at the Bank is fostered by the regular participation of Bank representatives in sustainable development initiatives, including the United Nations Global Compact Poland, the work of committees and working groups of the Polish Bank Association and other industry organizations.

Objectives connected to the ESG Strategy have been included in the incentive systems of all members of the Management Board and all material risk takers. Moreover, 163 managers covered by the MBO system had ESG issues addressed for qualitative purposes.

GRI 2-17 Collective knowledge of the highest governing body

In its daily communication with employees, the Management Board of Bank Pekao emphasizes the role of ESG in building a sustainable organization by maintaining high standards of corporate governance, ethical approach to business, social and environmental activities, support and involvement and development of human capital. Official statements by key Bank representatives emphasize the role of financial institutions in the energy transition and financing of green projects. Similarly, the Bank views its role in expanding its ESG-linked product and service offerings, as well as ecology education. The Bank's strategy includes responsibility to customers and counterparties. In addition to numerous statements to the media, appearances in expert debates and activity on social media profiles in 2022, management representatives took part in important events thematically related to environmental, social and corporate aspects of the organization. These included: World Economic Forum in Davos, European Economic Congress in Katowice, Economic Forum in Karpacz, All-Poland Economic Summit Lublin, Idea - Business - Climate conference, Euro POWER & RES POWER; Congress 590, or Corporate and Investment Banking Congress.

* Material risk takers (MRT) – employees whose professional activities have a significant impact on the risk profile of investment institutions or the assets they manage.



Sustainable development strategy

GRI 2-22 Statement on sustainable development strategy

Bank Pekao’s goals and ambitions related to the environment, social engagement and corporate governance are defined by the ESG Strategy “Responsible Bank supporting sustainable development.”

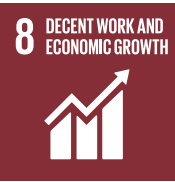
The Strategy’s first pillar - “Environment” is about increasing funding for sustainable projects, supporting the energy transition and the transition to a low-carbon economy, and striving to achieve our own climate neutrality by 2030. The second one - “Commitment” - focuses

on helping, equalizing opportunities and preventing social exclusion, including through charitable activities and employee volunteering. The third pillar - “Corporate Governance” - refers to an ethical approach to business that takes into account ESG issues, as well as to the development, diversity and equality of employees.

Bank’s efforts to implement the Sustainable Development Agenda

Bank Pekao actively supports the implementation of the 2030 Agenda for Sustainable Development. The activities included in the ESG Strategy undertaken by the Bank are in line with most of the 17 Goals of the initiative.

UN GOAL	ACTIONS TAKEN BY THE BANK
	- Activities for the benefit of local communities within the framework of employee Volunteering aimed at helping the needy, equalizing opportunities, preventing exclusion and education, health promotion - Cooperation with non-governmental organizations, including the Polish Red Cross, Noble Parcel (Szlachetna Paczka), SOS Children Villages Association
	- Loans for medical studies - Bank Pekao S.A. Foundation activities.. - Voluntary blood donation campaigns - Health promotion campaigns among Bank employees and externally, among others “MiLOVE running with Bison - helping by running”, “Take Health by the Horns
	ESG Strategy - Pillar 2 - Bank Pekao S.A. Foundation activities. - Financial Education for Youth “BAKCYL - Bankers for Youth Financial Education.” - Financial education for the elderly “SeniorON” - Employee volunteering - educational campaigns - PeoPay Kids – education about finances for the youngest
	ESG Strategy - Pillar 3. - Equality and diversity policy - Reduction of Gender Pay Gap - Maintaining equal number of men and women in managerial positions, succession plans “Sugar-Free” program for women
	Strategia ESG – Filar 1. - Supporting the transformation of Poland’s energy and coal regions; offering green products, supporting the development of a low-carbon economy - Purchase of green energy to reduce carbon footprint (guarantees of origin)

	The Bank’s Business Strategy: Pillar of Responsibility - Supporting Economic Development - Commercial and operational activities even more based on sustainability factors - Effective human resources management - Developing employees’ competencies, aspiring to be an employer of first choice
	Developing employees’ competencies, aspiring to be an employer of first choice - Support for the development of innovation of Polish companies - Digitization and digitalization - A wide range of corporate loans to support real economy entities, including industry and construction
	ESG Strategy - Pillar 3. - Employee volunteer work program - charity policy, Bank Pekao S.A. Foundation activities - Pekao without Barriers program - Activities in the area of respect for human rights, high standards of ethics and corporate governance
	Activities in the area of respect for human rights, high standards of ethics and corporate governance - Comprehensive services for the public finance sector - Financing of public sector and municipal projects - Public-Private Partnership Activities - Supporting the issuance of customer social bonds
	ESG Strategy - Pillar 1. - Reduction of the consumption of raw and other materials - Modernization of vehicle fleet, energy conservation, reduction of paper consumption, - Calculating own emissions and aiming for reductions of CO₂
	ESG Strategy - Pillar 1. - Supporting the development of a low-carbon economy - Financing of sustainable projects - Supporting the issuance of customer ESG bonds - Systematic reduction of balance sheet exposure to high-carbon activities - Calculation of financed emissions and reduction targets
	ESG Strategy - Pillar 2. - Environmental education of employees - Bee and bison conservation programs - Employee volunteer work program “Ekologia na BANK” (Ecology at the Bank) program
	- Support for citizens and companies from Ukraine - special solutions for individual and corporate customers, including free account maintenance, free transfers to and from Ukrainian banks - Policy not to fund controversial weapons
	- Membership in the United Nations Global Compact - Membership in the “Climate Positive” United Nations Global Compact Poland program - Cooperation with the UNEP/GRID Center - Warsaw, Poland - Membership in the Polish Bank Association - active participation in the creation of good market practices for sustainable development in the banking sector

Changes in the regulatory environment for sustainable finance

GRI 3-3 Management of material topics



In response to the rapidly changing regulatory and business environment in the areas of sustainable development and sustainable finance, the Bank has established a comprehensive “Bank Green Transformation Program” (hereinafter: the “Program”).

As of October 2022, a project team has been established within the Bank’s structures, operating in nine work streams and involving some 40 departments from divisions:

- Corporate Banking, Markets and Investment Banking,
- Business Banking,
- Retail Banking,
- Finance,
- Risk Management,
- Human Resources,
- Technology and Operations,
- and from outside the Bank’s functional divisions.

The project team aims to develop a target process-system architecture for data collection and analysis methods and further use in processes and reporting based on the following regulations and guidelines:

- EP and Council Regulation EU 2020/852 on Taxonomy,
- EBA/ITS/2022/01 guidelines,
- PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions (Scope 3, Subcategory 15),
- Corporate Sustainability Reporting Directive (CSRD),
- EBA/REP/2021/18 guidelines,
- EP and Council Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector (SFDR).

In addition, project work is focused in the area of the ESG consulting model for the Bank’s customers. A Transformation Management Office has also been established as part of the project, which is responsible for change management and support in changes to the competency model.

The decision-making body of the Project is the Steering Committee and the Sponsors, i.e., five members of the Bank’s Management Board and four high-level directors.



Climate and environment

In line with its 2021 strategic statement, the Bank continues to pursue sustainable financing activities including green and social projects and supports the issuance of ESG bonds of its customers. The Bank's main intention is to significantly reduce the financing of carbon-intensive projects in its loan portfolio. Individual goals from the first Pillar of the ESG Strategy are systematically monitored and reported to the Bank's ESG Council.

GRI 3-3 Management of material topics
GRI 2-23 Policy commitments
Own indicators in the "Environment" area

1. PILLAR - ENVIRONMENT	IMPLEMENTATION 2020	IMPLEMENTATION 2021	IMPLEMENTATION 2022	TARGET FOR 2024
Financing sustainable projects	n/a	929	4,278	> 8,000
Supporting the issuance of customer ESG bonds	n/a	5,934	7,970	> 22,000
Share of green financing	3.2%	4.1%	4.6%	> 4.0%
Share of high-carbon financing	1.3%	1.2%	1.4%	< 1.0%

In 2022, within the realization of the Bank's ESG Strategy, the share of green financing of the balance sheet portfolio reached 4.6%, exceeding the target set for 2024.

In light of the energy crisis in Poland and Europe, there was a temporary change in the Bank's Credit Policy to allow financing of coal trade. The change was a response to customer expectations and the Polish economy. With regard to the ESG Strategy, the Bank has not changed its approach to financing carbon trading, which is permitted under the Strategy as high-carbon financing. The Bank aims to achieve less than 1 percent exposure in carbon-intensive sectors as a proportion of its total financing portfolio by the end of 2024.

The energy crisis resulting from Russian aggression in Ukraine, including the ban on imports of coal and coking coal from Russia and Belarus to Poland, caused concerns among the Bank's clients regarding energy resources, their availability and high prices. Many of them were making requests to provide short-term financing for coal. The decision to allow financing of coal trading has ensured the supply of energy and heat in the Polish economy during the current heating season. Its purpose was to secure district heating companies, combined heat and power (CHP) plants, heating plants in connection with the need to purchase coal.

Entities that had been provided with the financing for coal, are both large companies and small, local heating plants, for which the lack of financing could mean limiting or discontinuing operations.

Regarding to supporting the issuance of customer ESG bonds, the Bank arranged nearly PLN 8 billion of bond issues in 2021 and 2022. The increase by approx. PLN 2.0 billion between 2022 and 2021 resulted from the additional qualification of some agreements from 2021 to 2022 (in the amount of PLN 1.6 billion), and new contracts from 2022 (in the amount of PLN 400 million). The low value of new agreements for arranging the issuance resulted from the limited activity of the debt market (as a result of warfare, increased risk and interest rates).

The methodology of disclosure of ESG indicators in the 1st pillar of the ESG Strategy was based on the following assumptions:

- Financing sustainable projects means financing in the form of loans and green or social leases on the basis of contracts concluded in a given reporting year (cumulative indicator),
- Supporting the issuance of customer ESG bonds are funded green bonds and social bonds for new contracts entered into during the reporting year (cumulative indicator),
- The share of green financing is the share of green loans, leasing and covered bond issues as at 31/12/2022 in the Bank's gross financing,
- The share of high-carbon financing is the share of high-carbon loans, leases and bond issues covered as of the end of the reporting year (31/12/2022) in the Bank's gross financing,

Green and sustainable products

In 2022, Bank Pekao's Express Loan was available to Bank Pekao's customers for the purchase or installation of: renewable energy sources (solar panels, photovoltaic panels/cells); central heating boilers (excluding coal and eco-pea boilers), heat pumps and the use of geothermal heating, eco-pea), heat pumps and geothermal heating; roofs, windows, doors and home insulation materials; electric or hybrid cars, electric motorcycles and scooters, electric bicycles; domestic bio-treatment plants; ventilation with heat recovery, domestic water treatment plants from own intakes; rainwater recovery system.

Supportive for the environmentally friendly solutions was the ECO Housing Loan. Under its framework, credit was available for a property from the primary or secondary market, which must be equipped with solar panels, panels or photovoltaic cells or heat pumps.

Pekao TFI offers the Pekao Green sub-fund, aimed at supporting sustainable investments. Companies from environmentally friendly and pro-environmental sectors (renewable energy, electromobility, energy efficiency, recycling and waste management) were selected for its portfolio. In analyzing their selection, in addition to financial factors, ESG issues, i.e. environmental, social and corporate governance aspects, were equally important.

Under the National Fund of Environmental Protection and Water Management's (NFOŚiGW) "My Electric" program, which supports the leasing of new zero-emission vehicles, Pekao Leasing is offering the purchase of an electric car with lease financing with a subsidized initial payment. Subsidies for leasing zero-emission cars (including electric cars) are provided by Bank Ochrony Środowiska S.A. with funds entrusted by the National Fund of Environmental Protection and Water Management, thanks to an agreement concluded on September 8, 2021.

In 2022, Bank Pekao was involved in a number of projects aimed at improving the energy efficiency of business customers, implementing green projects, financing renewable energy sources (such as wind farms, photovoltaic installations or low-emission urban transportation) and social projects.

Major projects financed by the Bank in this area in 2022 include:

- consortium financing for the construction of photovoltaic farms in the amount of PLN 779 million,
- financing of the construction of the largest photovoltaic farm in Poland with a target capacity of 285.6 MW, financing amount of PLN 763 million,
- financing of transactions for the acquisition and revitalization of warehouse parks in the amount of PLN 450 million,
- consortium financing for the construction of more than a hundred photovoltaic farms in the amount of PLN 428 million,
- financing of the Bank Pekao Group company, in cooperation with the European Investment Bank (hereinafter: EIB) in the amount of EUR 132 million and the Council of Europe Development Bank in the amount of EUR 200 million. In both transactions, Bank Pekao acts as arranger and guarantor of the financing,

- financing of the acquisition of a foreign company in the renewable economy sector, financing amount of EUR 131 million. The Bank acted as a bridge lender (MLA),
- financing of the leader of the Polish energy industry, as one of the original lenders. The amount of the loan was PLN 4 billion,
- financing, as part of a syndicated investment loan, for a leading manufacturer and distributor of photovoltaic solutions in the amount of PLN 330 million,

Moreover:

- The Bank was the arranger and agent for a PLN 65 million bond issue for Gdańsk Buses and Trams,
- The Bank was the arranger and agent for a PLN 34 million bond issue for the Łódź Agglomeration Railway,
- The Bank was the arranger and agent for a PLN 65 million bond issue for the Kraków Development Agency,
- The Bank was the agent for a PLN 103 million bond issuance program for Stadion w Zabrzu Sp. z o.o., for the expansion of sports infrastructure.

The Bank also signed 19 new issuance agreements, of which the most noteworthy are:

- an agreement to issue sustainability linked bonds with a multimedia company for up to PLN 4 billion;
- an agreement on a green bond issuance program with a company belonging to an international development group for EUR 150 million.



Climate risks and opportunities

Bank Pekao has identified climate risk as part of its identification of environmental, social and corporate governance risks (ESG risk).

In 2022, for the first time, the Bank analyzed its financing portfolio to identify exposures exposed to physical risk. The analysis considered climate-related risks by chronic (drought) and acute (flood, heat waves, landslides) risks and used ThinkHazard database data*. Disclosure in this regard is available in the Bank Pekao S.A. Group's Capital Adequacy Information as of December 31, 2022. In terms of transformational risks, the Bank has identified sectors that are particularly vulnerable to the transition to a low-carbon economy.

In 2022, the Bank also introduced a climate stress testing methodology for market risk and reports on a monthly basis the change in the result in the Bank's portion of the book to the Asset Liability and Market Risk Committee (ALCO). The analysis scenario assumes a change in credit spreads for individual sectors of debt issuers as a result of the materialization of climate risk (physical and transition risk).

In addition to the risks, the Bank conducted an analysis of business opportunities related to climate change in 2022, determining the potential of the lending market for green and transformational projects in the run up to 2030 in Poland. In order to determine the potential, the costs of the energy transition in Poland were estimated by energy-intensive industry, power generation and households, as well as the amount of potential public funding (including revenue from the European Emissions Trading System, ETS).

* thinkhazard.org

ESG risks in the credit business

Bank Pekao supports environmentally-friendly projects and takes into consideration ESG issues in the process of analyzing credit risk connected with transactions being executed and in the process of monitoring those transactions.

Bank Pekao supports environmentally-friendly projects and takes into consideration ESG issues in the process of analyzing credit risk connected with transactions being executed and in the process of monitoring those transactions.

The Bank supports customers and green projects aimed at mitigating climate change, reducing environmental pollution and projects supporting sustainable social development. In view of the above, the Bank supports a gradual and orderly transition to a low-carbon economy, by reducing the financing of coal mining and fossil fuel energy production, in order to increase the financing of energy from renewable sources. The Bank considers infrastructure investments that are characterized by low CO₂ emissions and resistant to climate change and disasters to be desirable.

The Bank, together with the assessment of creditworthiness and credit risk in the strict sense, carefully assesses the specific risk of transactions, in particular legal, reputation, political, environmental risks, the risk of customer's failure to comply with the principles of corporate social responsibility, money laundering and terrorist financing (e.g. conflict of interest, transparency, companies operating in tax havens).

In the ESG risk assessment, the Bank takes into account climate, environmental and social risks. It takes particular care of the risks arising, i.a., from the transition to an economy that is low-carbon and "resilient" to climate change, and threats arising from the so-called risks of physical climate change.

In its day-to-day operations, Bank Pekao has a special commitment to environmental protection issues. The assessment of the ESG risks is one of the integral elements of the assessment of credit transactions made with business entities. Its aim is to promote informed credit decision-making and appropriate relationship management with customers who operate in areas that significantly affect the environment in which we live. Wherever possible, negative environmental, social and climate impacts should be avoided. If avoidance is not possible, negative impacts should be reduced, mitigated or compensated accordingly. Should environmental hazards connected with the type of business activities carried out by borrowers occur, the Bank cooperates with customers in order to mitigate potential consequences of environmental risks. The purpose of such cooperation is to identify, assess and mitigate environmental, social, and climate risk and takes place during the assessment of credit risk and is based on methodologies and relevant trade guidelines of the European Bank for Reconstruction

and Development and the European Banking Authority (hereinafter: EBA).

If the customer is found incapable of mitigating the ESG risks, the Bank defines conditions for particular environmental actions during the transaction and may activate environmental clauses in the credit facility agreement, among other possible solutions.

As regards environmental issues, the Bank does not finance some types of activities, inter alia:

- new coal and lignite mining projects, and new energy projects based on coal and lignite, excluding projects supporting the transformation of the Polish energy sector
- activities generating a material threat to the natural environment, i.e., inter alia:
 - activities declared illegal, phased out, or prohibited (e.g. production or trade of products containing polychlorinated biphenyls (PCBs), hazardous chemicals, psychoactive substances, ozone-depleting substances, persistent organic pollutants, wildlife and products thereof),
 - cross-border shipments of waste,
 - keeping animals for the primary purpose of fur production or any fur production activity,
 - the manufacture, placing on the market, and use of asbestos fibers, articles and mixtures containing these fibers intentionally added,
 - export of mercury and mercury compounds and the production, export, and import of a wide range of products containing mercury,
 - activities prohibited by the legislation of the host country or international conventions on the conservation of biological diversity resources or cultural heritage,
 - sea drift fishing with the use of nets exceeding 2.5 km in length,
 - forced evictions.

The Bank is in the process of analyzing options for supporting the nuclear energy transition.

Reduction of the consumption of raw materials and resources

GRI 3-3 Management of material topics

In its day-to-day operations, Bank Pekao is guided by a desire to reduce its negative impact on the climate and a pro-environmental attitude. This is served by technical solutions that are being introduced successively in the network of establishments and HQ facilities.

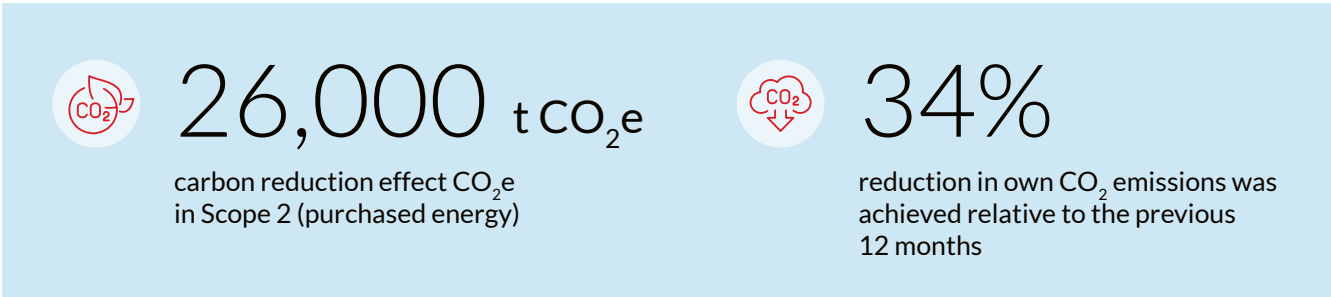
In 2022, the Bank entered into a one-year contract for the purchase of 35 GWh of electricity with the simultaneous purchase of guarantees of origin (100% of the volume of green energy). The Bank thus achieved a carbon reduction effect of 26,000 t CO₂e in Scope 2 (purchased energy) according to the methodology of the international Greenhouse Gas Protocol (hereinafter: GHG Protocol) standard. This means that in 2022, a 34% reduction in own CO₂ emissions was achieved relative to the previous 12 months. In addition, also for 2023, a contract for the purchase of guarantees of origin has been concluded, according to the period in which the energy was generated, in the amount of: 16.5 GWh.

In 2022, implementation of green solutions continued with special attention to those reducing electricity consumption and reducing negative environmental impacts. These included, inter alia:

- implementation of LED technologies;
- optimization of power consumption (reduction of so-called ordered capacity),

- replacement of technologically obsolete UPS devices (auxiliary power supplies) with new ones with higher maximum efficiency,
- liquidation of unnecessary backup power supplies,
- installation of air-conditioning systems with increasingly better indicators, with particular emphasis on solutions in the highest energy efficiency classes,
- replacement of air-conditioning equipment using environmentally harmful refrigerants with equipment based on the blending of organic gases,
- analyses aimed at installing reactive power compensation devices* (and consequently eliminating unnecessary energy expenditure),
- switching electrical devices at night to "standby mode";

The comprehensive modernization of the properties owned by the Bank used modern solutions, e.g. energy-saving LED lighting systems or sanitary faucets with aerators, which reduce water consumption.



Car fleet

The Bank's fleet is successively replaced with models characterized by lower emissions. In 2022, the Bank replaced part of its fleet with new cars that meet the Euro 6DG emissions standard (as of December 31, 2022, 87% of the cars out of 1,271 total in service had been replaced), and purchased its first electric and hybrid cars. In addition to the introduction of 1,020 new low-emission cars with convenient consumption configurations, the Bank also purchased 4 new electric cars and 50 electric cars. This is the result of ongoing conceptual work on the possibility of replacing conventionally powered (internal combustion) cars with electric cars.

* Effective elimination of uncompensated reactive power of electricity consumers allows financial savings (from the reduction of charges for excessive reactive power consumption), and also contributes to the rational operation of electrical equipment.

GRI 302-1 Energy consumption in the organization

ENERGY CONSUMPTION GIGAWATT HOUR [Gwh]	PEKAO GROUP		Bank		Companies	
	2022	2021	2022	2021	2022	2021
Electricity purchased for consumption purposes	55.23	54.80	54.18	53.50	1.05	1.40
Electricity purchased while working remotely	0.84	1.20	0.59	0.80	0.25	0.40
Thermal energy generated by the organization (natural gas)	12.14	13.80	12.11	13.80	0.04	0.04
Thermal energy purchased for consumption purposes	60.21	78.90	59.95	77.80	0.26	1.10
Total energy consumption within the organization	128.42	148.70	126.82	145.90	1.60	2.90

Pekao Group carbon footprint calculation

GRI 3-3 Management of material topics

In 2022, Bank Pekao Group's greenhouse gas emissions were calculated for the second year in a row.

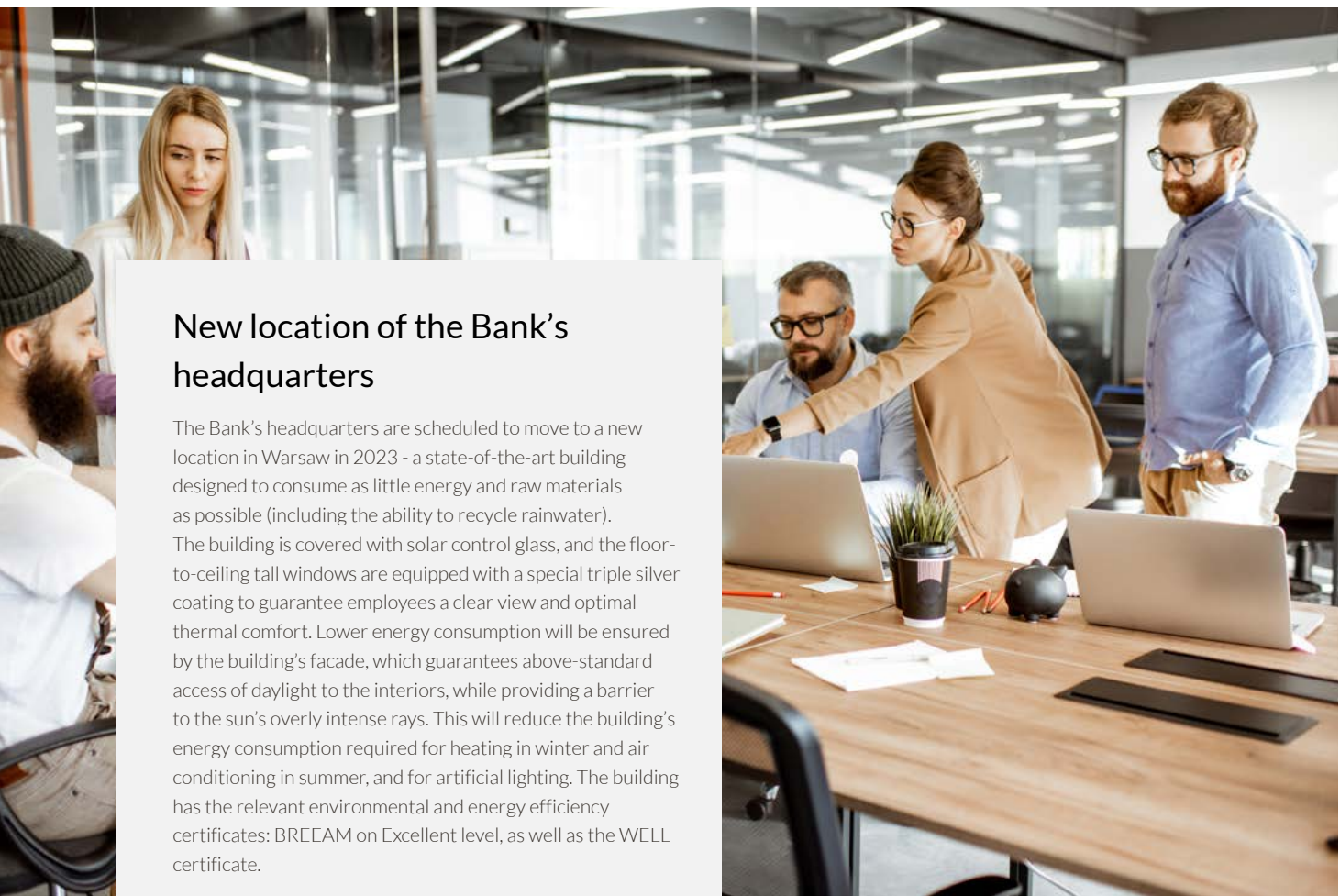
Calculations were performed in accordance with the GHG Protocol methodology for Scope 1, i.e., direct emissions generated at facilities owned or supervised by the Group, and Scope 2, i.e., indirect emissions from purchased electricity, steam, heat and cooling from third-party suppliers. The calculation of emissions in the value chain (GHG Protocol Scope 3) is planned to be carried out in 2023 in terms of the financing portfolio (subcategory 15). In the coming

years, the Bank intends to carry out emission reduction activities - the goal by 2024 is to reduce its own emissions compared to 2020, including by rationalizing business travel, environmental improvements at the Bank's locations (reducing face-to-face visits to customers in favor of remote contact, gradually replacing the vehicle fleet with models that emit less exhaust fumes into the atmosphere; changing the heating method of its facilities, optimizing processes to use less paper). The Bank will monitor the consumption of raw materials and materials and conduct activities to promote less waste. It also plans to engage in offset activities in the future.

GRI 305-1 Direct greenhouse gas emissions (Scope 1)

EMISSION SOURCE CATEGORY [t CO ₂ e]	PEKAO GROUP		Bank		Companies	
	2022	2021	2022	2021	2022	2021
VEHICLES						
Gasoline	5,321	4,211	4,229	3,586	1,092	625
Diesel	232	360	165	270	67	90
Liquefied Petroleum Gas (LPG)	6	1	0	0	6	1
TOTAL	5,558	4,572	4,394	3,856	1,164	715
% IN SCOPE 1	64%	56%	58%	52%	99%	99%
REAL ESTATE						
Natural gas for central heating and hot water	2,419	2,760	2,412	2,751	7	9
Heating oil for central heating and hot water	555	672	555	672	0	0
Diesel for emergency power	1	0	1	0	0	0
Refilling of refrigerants in own installations	155	101	155	101	0	0
TOTAL	3,129	3,533	3,122	3,524	0	9
% IN SCOPE 1	36%	44%	42%	48%	1%	1%
TOTAL SCOPE 1	8,687	8,104	7,515	7,380	1,172	724
% IN TOTAL SCOPE 1+2	18%	11%	17%	11%	51%	32%

EMISSION SOURCE CATEGORY [t CO ₂ e]	PEKAO GROUP		Bank		Companies	
	2022	2021	2022	2021	2022	2021
Total electricity consumption for real estate (*)	13,188	35,750	12,503	34,853	685	898
Total electricity consumption for powering vehicles	2	0	2	0	0	0
Total thermal energy consumption	24,951	27,407	24,654	27,024	297	384
Remote work	547	766	384	534	163	232
Replenishment of fuel used for emergency power supply of the generator	19	1	19	1	0	0
Replenishment of refrigerants in leased facilities	56	229	56	223	0	6
TOTAL SCOPE 2	38,762	64,153	37,617	62,634	1,144	1,520
% IN TOTAL SCOPE 1+2	82%	89%	83%	89%	49%	68%
TOTAL SCOPE 1+2	47,449	72,257	45,133	70,014	2,316	2,244



New location of the Bank's headquarters

The Bank's headquarters are scheduled to move to a new location in Warsaw in 2023 - a state-of-the-art building designed to consume as little energy and raw materials as possible (including the ability to recycle rainwater). The building is covered with solar control glass, and the floor-to-ceiling tall windows are equipped with a special triple silver coating to guarantee employees a clear view and optimal thermal comfort. Lower energy consumption will be ensured by the building's facade, which guarantees above-standard access of daylight to the interiors, while providing a barrier to the sun's overly intense rays. This will reduce the building's energy consumption required for heating in winter and air conditioning in summer, and for artificial lighting. The building has the relevant environmental and energy efficiency certificates: BREEAM on Excellent level, as well as the WELL certificate.

* According to the location-based method, the average indicator for Poland was adopted as the greenhouse gas emission indicator related to the generation of the electricity unit.



Social
commitment

As part of the second Pillar of the ESG Strategy, the Bank's goal is to engage in social activities to bring relief, equalize opportunities and prevent exclusion. The Strategy assumes that the amount allocated by the Bank for socio-environmental purposes will increase from year to year. In addition, the Bank increases employee involvement in social and environmental activities. It also focuses on educating

and raising public awareness of environmental issues through partnerships with community organizations and providing digital tools to customers. Green, easy and convenient access to banking services for customers is also an important intention. In addition, the Bank intends to participate even more extensively in programs that support the development and innovation of companies.

Mission, values and corporate culture

Bank Pekao, in adopting its Business Strategy for 2021-2024, has reformulated its mission statement, which reads "A simple and secure world of banking."

The Bank thus wants to set standards in the market, while being a responsible partner in the daily lives of millions of Poles. It understands its activities as positively influencing the development of the economy, building strong relationships with entrepreneurs and providing security for customers. The Bank's vision, encapsulated in the slogan "Let's be the best together", is the aspiration to be a leader on the Polish banking market, i.e. the fastest growing, modern bank with an offer that goes beyond traditional services. Bank Pekao wants to strengthen the power of domestic brands, as well as be an inspiring place to work.

Bank Pekao's organizational culture is a more than 90-year tradition of forming strong relationships among employees, employees with customers, and the Bank with local communities. The Bank is seen in the market as a responsible partner and a reliable financial institution. The Bank's organizational culture is shaped by values defined by the words **#straightforward, #together, #boldly and #responsibly**, which set the standards of conduct for the Bank's employees while building commitment around common goals in daily operations.

In 2022, initiatives have been implemented to better understand values and promote a work style based on the values adopted - so that they become the prevailing standard. An e-learning training course "Our Values" was made available to employees, with the aim of introducing defined values in practical terms,

using examples of situations that may occur during the performance of daily duties.

The values have also become an integral part of the Pekao Group Code of Conduct and are included in the Customer Service Standards. There was also another edition of the "Stars of Cooperation" competition to promote open-minded attitudes toward cooperation, and another "Let's Do It Easily Together" workshop on simplifying business processes was held. In addition, employees had the opportunity to co-create the banking edition of "INNaczej" magazine, whose theme was values in innovation.

The Bank aims to set a framework for a corporate culture that focuses on interpersonal relationships, understanding and fosters engagement. For this reason, in 2022, under the idea of "Together we create an engaging culture", the Bank launched a strategic initiative to find out what employees think about their work environment and monitor their level of engagement.



Bank's response to armed conflict in Ukraine

In the wake of Russian aggression against Ukraine, Bank Pekao has supported the Ukrainian people in every possible way. A special offer has been prepared for individual and corporate customers. Changes have been made to the rules of cooperation with entities that maintain business relations with sanctioned countries in connection with the aggression against Ukraine. The assistance provided by the Bank's volunteers to the victims of the aggression in Ukraine is discussed in chapter "Employee volunteer work program"

Business relations

In July 2022, in accordance with the Order of the Bank's President "Principles of Cooperation between Bank Polska Kasa Opieki Spółka Akcyjna and Entities Maintaining Business Relations with Sanctioned Countries in Connection with the Aggression against Ukraine", the "List of Sanctioned Countries in Connection with the Aggression against Ukraine" (hereinafter: "List of Countries"), which is updated monthly, was created. Within its framework, the Bank's units verify the entities invited to participate in the Bank's purchasing procedures, based on their classification (categories A, B, C, D, F) on the basis of the list of entities published and updated by the Yale School of Management University (hereinafter: "List of Entities")*. The Yale list currently includes 1,389 entities. The Bank has taken steps to terminate or reduce cooperation with the 2.19% of entities on the Yale List with which cooperation was established, but due to the ongoing aggression in Ukraine, it cannot be continued. Entities that do not withdraw their business relations from countries on the "List of Countries" (Category F) are not allowed to participate in purchasing procedures. In addition, the Bank's units are taking steps to terminate or suspend cooperation with entities with which the Bank has entered into current agreements, and which are not withdrawing their business relations with entities on the "List of Entities" - Category F.

A similar analysis was carried out in the credit process.

Offer for customers

In 2022, meeting the needs of customers from Ukraine, the Bank simplified to the maximum the procedure for opening an Advantage Account for citizens of that country - a single identifying document, such as a passport, was sufficient. The Helpful Account, on the other hand, was an option for those who did not have the documents needed to open an Advantage Account, namely an international passport or ID Cards. When opening it, the procedure was even simpler - documents other than a passport were also accepted, including, among others, an internal passport - a Grazhdan Ukrainian passport, a certificate of confirmation of legal residence in Ukraine for a citizen of another country, a Polish identity document for a foreigner or a temporary Polish travel document for a foreigner, a certificate issued by the Consulate, confirmation of the assignment of a PESEL number or the mCitizen application. Both accounts allow for the efficient execution of financial

needs - receipts from aid benefits received, making ongoing payments by cards or through electronic banking. It is important to note that Bank Pekao does not charge fees for operating them. The Bank has abolished - for Ukrainian citizens - both the fee for operating the account card and making cash withdrawals with it at ATMs in Poland and abroad. With an Advantage account there is also an additional possibility to have a sub-account in 4 different currencies (USD, EUR, CHF, GBP) and exchange currencies at favorable rates. The Bank also does not charge a foreign exchange commission/margin on account card transactions abroad. In addition, in conjunction with the Social Insurance Institution, the Bank made it possible to apply for 500+ and 300+ benefits using the PeoPay app and Pekao24 online banking. Both the PeoPay mobile application and Pekao24 online banking are available in Ukrainian. In addition, the Bank has provided service in Ukrainian by hotline consultants.

A wide-ranging offer for PLN 0 has been prepared for Ukrainian entrepreneurs. The Bank decided not to charge fees for business accounts, debit cards, and provided full and free cash service, as well as e-banking service. Facilitations have also been introduced in the process of establishing business relations for Ukrainian companies.

In the first days of January 2023, Bank Pekao extended a special offer aimed at citizens from across the Ukrainian border waiving fees for account maintenance, card processing, and withdrawals from all ATMs in Poland and abroad, including Ukraine, for another year. In addition, the Bank has extended in time the possibility of making free transfers from and to Ukraine for all individual customers of the Bank, including citizens of that country.

Helping Ukraine rebuild

In a 2022 report, "The Greatest Reconstruction in Modern Europe", Bank Pekao analysts estimated that for Poland, the total benefit to the economy from the reconstruction of Ukraine could be 3.6-3.8 percent. GDP and will be spread over at least a decade. According to the Bank's macroeconomists, Poland could count on one hand on direct benefits from the participation of domestic entities in the reconstruction of its eastern neighbor, and on the other hand on much greater indirect benefits related to Ukraine's return to its pre-war economic trajectory and the process of its integration into the European Union. Rebuilding Ukraine will require not only the restoration of damaged buildings, factories and infrastructure, but also the stabilization of the country's macroeconomic foundations and its reintegration into global supply chains, as well as the restoration of access to services. Representatives of Bank Pekao's Management Board, at official events and conferences, declared their readiness to act, arguing that Poland is a trustworthy partner for Ukraine, able to offer real help in bringing Ukraine back on the path of sustainable growth.

* The list is available at the address: som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain.

Employee Volunteer Work Program

GRI 3-3 Management of material topics

GRI 2-23 Policy commitments

GRI 413-1 Operations with local community engagement, impact assessments, and development programs

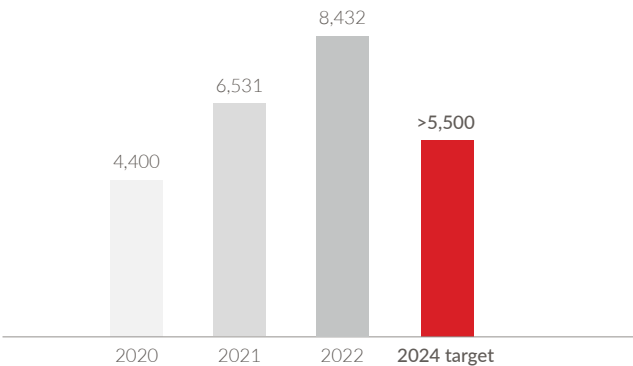
Own indicator in the "Commitment" area: Systematic increase in volunteer hours worked

Other non-financial indicators on volunteering and partnerships

The idea of helping those in need, involvement in numerous charitable, educational, sports or health-oriented campaigns has become a permanent part of Bank Pekao’s organizational culture. A comprehensive employee volunteer program is implemented in accordance with the Bank’s Strategy 2021-2024, where volunteer activities are in line with the 4th pillar of the Bank’s Strategy: “Responsibility”, including primarily the area of “Society”, and in accordance with the ESG Strategy, based on the goals indicated in the 2nd pillar of the ESG Strategy “Commitment”

2. PILLAR – COMMITMENT

Systematic increase in volunteer hours worked.



Participation of Bank Pekao employees in volunteering is governed by the Rules for Participation of Bank Pekao S.A. Employees in the Employee Volunteer Program. An employee of any unit (facility) of the Bank throughout the country, regardless of location and size, can participate in employee volunteer program. He/she has 16 hours available per year. The Office of Volunteer Services and Corporate Culture is responsible for managing volunteer activities at the central level. In each action, a volunteer action leader is appointed - responsible for the course and implementation of a particular action. Each volunteer action is documented - volunteer action leaders are required to provide the Bank with a factual report including, among other things, photos, video footage of the course and information on the number of members of the volunteer action team, the number of beneficiaries of the action, the number of hours spent by the team on the volunteer project. The Bank’s intranet features a “Volunteering” portal with information on relief actions and a calendar of actions. Volunteer leaders attend meetings to prepare for the role. They share their experience in an internal publication titled “Volunteer Aces” and in brochures summarizing volunteering for the year. Volunteer actions were promoted consecutively at all Bank locations in 2022 and were popular with employees

Volunteer activities in 2022 were aimed at education, relief, equalizing opportunities and preventing exclusion. In response to the emergency situation caused by the outbreak of war in Ukraine, employees engaged in nationwide and local crisis volunteering for refugees. An important element of the program were educational activities aimed at children, teenagers and seniors. The main forms of volunteering organized at the Bank are: volunteering with community partners, the “We are Close” grant competition and donation collections. Members of the Bank’s Management Board are also involved in volunteer actions. Information on key initiatives and profiles of volunteer leaders are presented in volunteer brochures available at the Bank’s official website.

Bank Pekao is eager to engage in partnerships in volunteer actions. The opportunity to learn about the knowledge and experience of experts from foundations, associations or NGOs is an additional motivation for volunteer workers, while at the same time guaranteeing the comprehensiveness, timeliness and relevance of the program to be implemented. In 2022, the Bank’s volunteer partners included the UNEP/GRID-Warsaw Center - Department of the National Foundation for Environmental Protection, the Apiterra Foundation, the Warsaw Institute of Banking Foundation, the Polish Red Cross, the SOS Children Villages Association, and the Polish Animal Welfare Society.

To express gratitude for the care and attention that volunteers give to those in need, an event was held to mark the International Volunteer Day. The community of volunteer leaders from across the country integrated during a day full of activities. A tour of Warsaw in the footsteps of volunteering, workshops on photography or beekeeping were activities prepared for the volunteers, who on this special day were able to get to know one another better and share the experience gained during the relief effort. The volunteers were thanked by representatives of the Bank’s Management Board.



Humanitarian aid for Ukraine

In response to the emergency situation of Ukraine and its citizens seeking safe haven in our country, the Bank enabled its employees to participate in nationwide and local volunteer work for Ukrainian refugees. In the first instance, assistance was provided to those who fled Ukraine, providing financial, material and non-material assistance (help with child and dependents’ care, assistance with job search, assistance with finding a place to live). Donation collections were organized, and employees helped at reception points. With support from the Bank Pekao S.A. Foundation (“We are close” grant competition) in Olkusz, volunteers organized a celebration of Ukrainian Mother’s Day, in Puszczykowo they equipped Ukrainian children with school kits and in Koszalin they organized a concert integrating refugees and the local community. 477 employees were involved in helping Ukraine, using 3,456 volunteer hours for this purpose*.

* Video report from the finale of the bank-wide donation collection: www.youtube.com/watch?v=LwqF0pV5yfM.

“We Are Close” Grant Competition

One of the forms of employee volunteering is the “We are close” competition, targeted at employees working for the benefit of local communities in their area, recognizing their needs. A distinguishing feature of this form of employee involvement in social activity is the variety of volunteer areas and ideas for helping. Direct beneficiaries of the competition are members of recipient organizations, wards of care and educational institutions, participants in workshops and thematic classes, patients in medical institutions, members of sports clubs, music centers, animals in shelters. In 2022, local support efforts were implemented in 65 localities. The beneficiaries of volunteering were 11,981 people, including: children and young people (1,125), people with disabilities (1,056), refugees from Ukraine (3,238), and people involved in sports (1,132). Measures in the area of health and life protection targeted 4,720 recipients.

Voluntary blood donations

In addition to the “We are close” grant competition, Bank Pekao has successfully engaged in numerous actions based on the idea of employee volunteering. An example is the long-running action of voluntary blood donation with the participation of employees. In 2022, 7 blood donation events were organized at the Bank’s facilities, with adequate preparation of the venue to accommodate non-employee blood donors. The events took place in Katowice, Opole, Elbląg and Warsaw. It was possible to collect 77 liters of blood from 175 blood donors.



Financial education

Volunteers from the Bank conducted classes for schoolchildren as part of the BAKCYL financial education program. A pilot project for younger children "ABC of Economics", implemented in cooperation with the Czepczyński Family Foundation, was launched. Volunteers also participated in the jury of a nationwide competition for high school students running businesses - Youth Mini-enterprise Produkcik.

The Bank is also committed to activating the elderly - they are the main partner of the SeniorON program which started in 2018. The goal of the program is to activate the elderly affiliated with PCK clubs. In 2022, 882 seniors participated in the program. Volunteers conducted activities titled "Safe Seniors in a Digital World" on using electronic banking, online shopping and the Trusted Profile. The meeting began with an anti-fraud lecture by representatives of the City Police Department. A partner in the initiative was the SeniorAPP Foundation, whose experts conducted a workshop under the theme "Get fond of your phone". The classes were attended by 180 seniors from Kraśnik, Sandomierz and Radzyń Podlaski.

As the main patron of the "EduActive" educational program, implemented by the Warsaw Institute of Banking Foundation, the Bank became involved in a project aimed at expanding the financial knowledge of young people. The goal of the initiative was to equip children and teachers with inspiring materials - based on the ideas in Janusz Korczak's book "Bankruptcy of Little Jack". Its author introduced children to basic commercial and economic concepts and showed them what skills and qualities are needed in entrepreneurial activity. The project was inaugurated with an online lesson "Where does money come from and why is it worth saving?" on October 13, 2022, with the participation of Leszek Skiba - President of the Bank's



Management Board, Waldemar Zbytek - President of the Warsaw Institute of Banking - and the Director of Macroregion South at Bank Pekao S.A. Attendance was 5,400 students and teachers from all over Poland.

There is also an entire section on the Bank's website with interestingly designed and age-appropriate materials to introduce children to the world of finance. There are downloadable videos, coloring pages, games and activities, as well as materials for parents on how to encourage their child to save money, teach entrepreneurship and resourcefulness*.

For those planning to take out a loan, a "Credit Guide" has been prepared on the Bank's website, which explains step-by-step the procedures involved in obtaining and holding a mortgage loan**.

Environmental education

The Bank has launched an environmental education project for employees EKOlogia na bank (ECOlogy at the bank). Cyclical publications prepared by experts of the UNEP/ GRID-Warsaw Center - Department of the National Environmental Foundation addressed issues of responsible consumption. Educational events on the topic of biodiversity and beekeeping were organized in conjunction with the Apiterra Foundation. Thanks to the support of the Bank Foundation, two eco-days were organized with the participation of volunteers, in Zator and in the Poleski National Park. During the rallies, Bank volunteers installed birdhouses and provided care and protection for mud turtles.

Helping kids

Children's aid campaigns are one of the most popular forms of volunteering chosen by employees. Renovations in care facilities, organization of cultural events or promotion of sports among young people are examples of local volunteer initiatives. In 2022, two campaigns were organized to prepare gifts for children under the care of the SOS Children's Villages Association. In this way, volunteers joined in Children's Day and Operation Santa Claus.

The Bank has taken patronage of the nationwide charity collection of 1, 2 and 5 penny coins titled "Gold Rush" conducted by the Polish Red Cross. Professional coin counters cooperating with the Bank helped count the coins, and the Bank Foundation made a donation to purchase additional coin counters.

Christmas aid for veterans

Volunteers from the Bank joined the campaign to help Polish veterans - former Home Army soldiers, insurgents and political prisoners of the Stalinist period. Packages with Christmas products for nearly 500 veterans from Mazovia were being prepared. The gifts were prepared by Bank volunteers, students from Elementary School No. 2 in Karczew, local shooting teams and volunteers from the Oder - Niemen Association and the Don't Forget About Us Foundation. The purchase of the products was financed by the Bank Pekao S.A. Foundation, among others.

Helping animals

Volunteers also helped man's four-legged friends, animals under the care of shelters and animal havens. They participated in cleaning and caring for animals at facilities of the Company for the Care of Animals in Poland in Bydgoszcz, Wrocław and Zabrze. The donation from the Bank Foundation supported a campaign to help animals evacuated from areas of Ukraine, which was run by the TOZ shelter in Celestynów, near Warsaw.



Community service, charity and sponsorship

[GRI 3-3 Management of material topics](#)

[GRI 415-1 Political contributions](#)

[Recommendation 1.5 GPW DPSN 2021](#)

Bank Pekao S.A. Foundation

Bank Pekao S.A.'s charitable activities are carried out mainly through the Bank Pekao S.A. Foundation. In addition to the activities carried out through it, the Bank directly cooperates with selected public benefit organizations, to which it makes donations to support their statutory activities. The key internal regulation of the Bank defining guidelines in this area are the *Rules for Donation and Sponsorship by Bank Polska Kasa Opieki Spółka Akcyjna*. The regulation included, among other things, the establishment of a Sponsorship and Donations Committee to support the Bank's Management Board in its decision-making process regarding the Bank's involvement in sponsorship projects or in the Bank's allocation of donations. In accordance with the *Policy of Counteracting Corruption in the Pekao Group*, a risk analysis (due diligence) is carried out before the donation or conclusion of the sponsorship agreement, which allows to minimize the risk of corruption and reputation risk.

Bank Pekao S.A. Foundation (hereinafter: "Foundation") was established by Bank Polska Kasa Opieki S.A. in 1997. Its activities are governed by the contents of the Articles of Association adopted in the same year. The Foundation's mission is to provide assistance to the needy in difficult situations, and its goal is to carry out public and socially useful activities for the benefit of:

- science, higher education, education, schooling and upbringing, especially in the field of economic education,
- economic development, including the development of entrepreneurship,

- the development of technology, invention and innovation, and the dissemination and implementation of new solutions in economic practice,
- culture, art, protection of cultural property and national heritage,
- sustaining and disseminating national tradition, cultivating Polishness and developing national, civic and cultural awareness,
- activities for veterans and repressed persons,
- charity and social welfare activities,
- promoting and organizing volunteer work,
- health protection and promotion,
- assisting victims of catastrophes, natural disasters, armed conflicts and wars at home and abroad,
- supporting and disseminating physical culture and sports,
- ecology and animal protection and protection of natural heritage.

The Management Board of the Pekao Foundation monitors incoming applications for funding and decides whether to support specific aid initiatives. In 2022, the Foundation implemented 93 donations. The areas covered by the requested projects were consistent with the Foundation's statutory goals.

* www.pekao.com.pl/info/edukids

** www.pekao.com.pl/poradnik-kredytowy.html

In response to the outbreak of war in Ukraine, the Bank Pekao Foundation joined in providing immediate aid to Poland's neighbors across the Ukrainian border. The focus was mainly on supporting initiatives related to providing aid to refugees from Ukraine and saving lives and health. Among other things, the donation was made to the Polish Red Cross for the purchase of dressing materials, first aid kits, food for border crossers, field beds, sleeping bags and other equipment for the injured. Support was also given to Caritas Poland for the ongoing needs of refugees under the organization's care.

The Foundation also provided support related to the maintenance and dissemination of national tradition, cultivation of Polishness and development of national, civic and cultural awareness. Book publications on historical topics were financed, in cooperation with the Warsaw Uprising Museum, among others. Dedicated donations were also made to associations and organizations carrying out activities for veterans and repressed persons.

Support was also given to projects in the area of health protection and promotion by retrofitting hospitals with specialized medical equipment.

The Bank Pekao Foundation also financially supports projects in the grant competition "We are close" which involve local communities and serve to promote education, culture, historical heritage, among others. As a result, it was possible to provide equipment and necessary materials to schools, childcare facilities and people with disabilities, local associations and homeless animal shelters. Volunteers helped children from childcare centers, senior citizens, and people with disabilities. They also supported animals under the care of shelters. They promoted reading, youth sports activities, as well as culture, including classical music and theatrical ventures, and Polish history. In addition, volunteer leaders carried out a number of pro-health campaigns and undertook activities to counteract the social exclusion of various groups of people at risk of functioning outside society.

The Bank Pekao Foundation also focuses on areas of activity: financial education and the promotion of volunteer work. To promote the idea of volunteering, the Foundation prepares brochures summarizing activities in bank volunteering. The publication presents good practices in the area of volunteering in the bank in connection with the values of **#straightforward**, **#together**, **#boldly** and **#responsibly**, as well as profiles of volunteer leaders.

The Foundation also provided financial support to non-profit organizations that invited volunteers from the Bank in 2022 to undertake volunteer work in the areas of economic education, charity and social welfare, ecology and environmental protection, animals and protection of natural heritage. Financial assistance was received from, among others: SOS Children's Villages Association of Poland, the Polish Red Cross, the Warsaw Institute of Banking Foundation, the Apiterro Foundation, the Company for the Care of Animals in Poland, the UNEP/GRID-Warsaw Center - Department of the National Foundation for Environmental Protection.

Sponsorship activities

The policy implemented by the Bank and the Pekao Group in the area of sponsorship and charitable activities is aimed at strengthening the image of the Bank and entities of the Pekao Group as open and modern institutions close to customers and communities in which the Bank and the Pekao Group operate. There is no single policy at the level of the Pekao Group in the charity and sponsoring area.

When selecting initiatives, the Bank departs from activities based on one-off donations and a reactive response to requests for support to the benefit of long-term social involvement based on partnership with respectful organizations with social trust. In particular, the Bank gets involved in projects in such areas like: responsible economic development, promotion of national brand and Polish values, support for culture, sport, aid to children in need, or environmental protection. The Bank provides its support at two levels: nation-wide, where the Bank sponsors events having a material impact on Polish culture, and locally to support initiatives dedicated to local communities.

In 2022 the Bank was engaged in a number of projects organized on a country-wide basis which have significantly maintained the continuity of multi-annual initiatives and have provided important support to the community during this full period of challenges related to Russia's invasion of Ukrainian territory and the resulting social unrest.

The Bank was once again the title sponsor of one of the largest tennis tournaments in Poland - the Pekao Szczecin Open. Cooperation with the Polish Basketball Association (PZKosz) and the Polish Basketball League S.A. (PLK) was also continued. Thanks to the cooperation, the Bank, as an official sponsor of Polish basketball, is present at all levels of games supervised by PZKosz and PLK. In addition, the Bank supported the Polish national team in its struggles during EuroBasket 2022. In addition, Bank Pekao S.A. has become involved in a major new sponsorship project - Pekao S.A. "Warszawska Dycha", which was organized in September 2022 on the occasion of the Warsaw Marathon, the largest running event in Poland, and was very popular among the running community in and around Warsaw.

Supporting significant economic initiatives was an important element of the Bank's activity as well. In 2022, the Bank was present at the 590 Congress, the Corporate and Investment Banking Congress, and the Economic Forum in Krynica, among others.

Virtual art gallery

Bank Pekao S.A., which since the beginning of its history not only cares about the finances of Poles, but also aims to promote Polish cultural heritage at home and abroad, made its art collection available to the general public in November 2021 through the virtual Art Gallery of Bank Pekao S.A.

The Bank's collection, which includes nearly 1,200 valuable artifacts, includes works by early artists such as Jan Matejko, Stanisław Wyspiański, Wojciech Kossak, Julian Fałat, Józef Mehoffer and Zygmunt Waliszewski, as well as works by contemporary artists, including Tadeusz Dominik, Jerzy Nowosielski, Jerzy Duda-Gracz, Franciszek Starowieyski and Bożena Biskupska. The Bank's collection also includes sculptures and furniture, lamps and clocks - from the 19th and 20th centuries.

The first stage of digitizing the artworks covered about 170 exhibits. In 2022, work continued in this area, so that another 350 works of art were recorded electronically so that they could be publicly accessible on the Gallery's virtual website the following year.

In addition, three publications related to the promotion of art were prepared and published in 2022. These are: "Bison on Wall Street" - an album documenting the poster competition in connection with the 25th anniversary of Bank Pekao's Private Banking, "Historic Tenements of Bank Pekao S.A." - an item documenting the architectural monuments where the Bank's branches are located, and an album "Between Art and Commercialism" on the Bank's archival advertising materials, whose authors were prominent Polish visual artists.

Bison protection

For many years Bank Pekao S.A. has also been involved in the protection of Polish bisons. The financial support provided by the Bank is earmarked, inter alia, for the diversification and development of the population, caring for herds and subsidizing scientific and educational undertakings promoting the protection of this exceptional and unique endangered species. Bank Pekao has supported the implementation of the statutory tasks of the Białowieża National Park for two decades, as a sponsor and partner of the park. The funds donated by the Bank cover part of the park's expenses for monitoring bisons in the wilderness, buying food for the winter and winter inventory. Thanks to Bank Pekao S.A.'s support, it was possible to modernize the Bison Show Reserve - the most visited tourist site in the Białowieża National Park - and retrofit the educational pavilion that is part of it. The Bank also supports the activities of other facilities that provide care for bison, including, among others, the Pszczyna Demonstration Bison Enclosure. Nature lessons are held at the facility, and there is a chance to learn about the bison family and other animal species during a walk.

Another place where the Bank directs financial assistance is the Warsaw Zoo. Pekao donates funds to the Panda Foundation, which operates at the facility and helps care for the Warsaw bison herd, which numbers nine individuals. Another entity supported by the Bank is the Bison Lovers Association, which promotes knowledge about the bison species and carries out a number of initiatives in this regard. In 2022, the Bank began cooperation with the VARIA Foundation for the Humanities of the University of Warsaw to support the foundation's publication titled "Protection of the European bison in Poland in the interwar period. Role of the National Natural History Museum". The purpose of the study is to collect scientific, popular science information and documents that contributed to the establishment of institutional protection of the bison in Poland and Europe. The book is also a contribution to the discussion of the need for a National Natural History Museum in Poland.



Bank Pekao and entities of the Pekao Group, as responsible organizations and active participants in social life, also comply with the guidelines included in "The Best Practice for GPW Listed Companies 2021" issued by the Warsaw Stock Exchange in 2021, including principle 1.5 to the extent of undertaken charitable and sponsorship activities. In 2022 Bank Pekao and entities from the Pekao

Group implemented a number of initiatives to support culture, sports, charitable institutions, media and social organizations. As a general rule, Bank Pekao and entities from the Pekao Group do not provide support in the form of sponsorship or charitable activity to trade unions and political parties. The list below shows expenditures borne in this respect in 2022 and mentions key initiatives.



- The expenditures of the Bank by areas included in recommendation 1.5 of the Best Practice for GPW Listed Companies in 2021 (gross):
- **Cultural support: PLN 1,092 thousand, including, among others**
 - sponsorship of the Royal Castle
 - sponsoring of ASP Warsaw
 - sponsoring of ASP Cracow
 - **Support for sports: PLN 5,031 thousand, including**
 - Sponsoring of the Polish Basketball League
 - Sponsoring the Polish Basketball Association
 - Sponsoring the Pekao Szczecin Open tennis tournament
 - Sponsoring of Pekao S.A. "Warszawska Dycha"
 - Sponsoring of volleyball, chess and handball tournaments
 - **Support for charitable institutions**
 - **Support for public benefit organizations**
 - **Support for community organizations: PLN 411 thousand, including, among others**
 - Support for the protection of the species of European bison
 - **Media support: PLN 760 thousand, including:**
 - A number of activities related to galas, contests and economic discussions, such as Gala ISBNNews, Polska 200-tka WPROST
 - **Support for trade unions – PLN 0.**

As a general rule, Bank Pekao does not provide support in the form of sponsorship or charitable activity political parties, politicians and similar institutions. The provisions of the *Principles for granting donations and sponsoring by Bank Polska Kasa Opieki Spółka Akcyjna* do not provide for involvement in events that raise ethical questions, are contrary to applicable law, harm human rights or are not

consistent with the activities carried out to enhance the Bank's image. The Bank does not make donations, or provide any funding, to political parties, does not sponsor their activities, and is not involved in any lobbying activities.

Total value of support for political parties, lobbying activities - 0 PLN.



Responsible sales, quality management

Caring for good customer experience

GRI 3-3 Management of material topics
Own indicator: NPS index calculated by internal survey method

Having due regard to the high quality of relations with customers, their satisfaction and loyalty are key to building lasting value for all Stakeholders of the Bank. Bank Pekao is open to all information from customers. Their insights and comments help develop solutions that improve the quality of service. Information from customers is reliably analyzed to find a solution to the problem as soon as possible. This approach responds to customer expectations and has a significant impact on customer satisfaction.

Customer service standards

In 2022, the Bank updated its guidelines for applying the highest standards of service to the retail customer segment, including people with special needs due to disabilities. The set of guidelines has been expanded to include the Bank’s new values: **#straightforward, #together, #boldly, #responsibly**. Changing market conditions, regulations and customer expectations were taken into account. More than 5,000 branch network employees participated in training workshops related to building positive customer experiences and gained ongoing access to important information on the topic. The efforts to improve service standards were complemented by an educational campaign, including e-learning, newsletter mailings, and gamification on customer service best practices. The Bank’s advisors benefit from ongoing support aimed at developing their skills in sales and information calls at the establishments.

The result of intensive work to improve the business customer experience, in turn, is an increase of two positions in the “Forbes” ranking (from 5th place in 2021 - to 3rd in 2022). The Bank also advanced to 6th place in the Golden Banker ranking.

Effectiveness of performance

The Bank strives to always have up-to-date information about the quality of its services. For this reason, the customer satisfaction survey is conducted on a continuous basis. The survey aims to:

- determine how satisfied customers are with the service, and how they rate the products offered,
- identify positive and negative factors that affect customer satisfaction and loyalty.
- get feedback - whether changes made to offerings and service standards increase customer satisfaction.

In 2022, as part of the satisfaction survey, customers who used the Bank’s services in branches and remote channels were interviewed. In addition, the consultants conducted a series of interviews as part of a relational survey with premium, business, SME and corporate customers. In addition to the quantitative survey, qualitative research was conducted on business-relevant customer service processes in various segments.

A “mystery shopper” service quality survey took place at Bank Pekao Direct branches and the company. Auditors conducting the survey visited Pekao’s own branches, franchise branches and contacted the hotline to assess compliance with service quality standards.

The Bank’s most important internal measure of customer satisfaction is the Net Promoter Score (NPS), which shows how much (on a scale of 1 to 10) customers are willing to recommend Bank Pekao.

NON-FINANCIAL PERFORMANCE RATIOS (BANK)	2020	2021	2022
NPS(*)	42	38	35

Culture of plain language

The Bank strives to make the language in which it communicates on a daily basis friendly and fully understandable to all customers. The main idea behind these measures is to reduce to a minimum the customer’s time required to understand the professional jargon.

In 2022 the Bank:

- introduced new simplified sample regulations and contracts. New simplified definitions of the terms of representative services have been implemented in communications with customers,
- appointed a special team of more than 40 plain language consultants to support employees daily in simplifying documents, letters, handouts and communications,
- trained 1,500 employees on the key principles of creating simple and correct texts,
- conducted dozens of outreach activities for all employees as part of its “Plain Polish” program.

In addition, the Bank’s representatives are active participants in the work of the working group on simple communication at the Polish Bank Association.

Complaint process

GRI 3-3 Management of material topics
GRI 2-16 Communication of critical concerns
GRI 2-25 Processes to remediate negative impacts
Own indicator: complaints handling

Pekao Group companies are systematically improving procedures and taking the necessary measures to respond to customer complaints promptly and handle them in a manner that takes maximum account of customers’ legitimate interests.

Complaints are handled in a reliable and objective manner, taking into account all information and documents related to the problem reported by the Customer and in accordance with the provisions of law and concluded agreements. The main regulation in this regard is the Order *Process of handling customer complaints of Bank Polska Kasa Opieki Spółka Akcyjna*. Pekao Group companies handle complaints in-house on the basis of implemented and executed procedures for receiving and handling customer complaints. These procedures have been defined in the form of internal regulations, included in the rules and regulations and contracts concluded with customers, or result from generally applicable laws.

Customers, in the course of resolving disputes that may arise in connection with the services offered, may seek the assistance of a Customer Ombudsman. The Ombudsman deals with the most difficult and non-standard matters that require an individual approach and additional legal opinions. Each Customer may contact the Ombudsman if they do not agree with the decision concerning the submitted complaint, they believe that the case is complicated and requires an individual approach or if they want to submit remarks as to the operation of the Bank. In addition, the Customer who is a consumer of the Bank may apply for out-of-court proceedings before the Bank Arbitrator operating at the Polish Bank Association or before the Financial Ombudsman.

As part of the structure responsible for handling complaints, a special unit has been set up to optimize complaints processes:

- proactive implementation of changes and improvements to the process and tools for managing and processing complaints,
- strengthening of analytical and optimization activities in the complaint management unit and other Bank units,
- updating and implementing necessary changes to internal regulations, including rules and regulations for customers, regarding the handling and management of complaints at the Bank.

The Bank’s units responsible for macro operational and product processes in quarterly cycles receive reports with summaries of the actions taken during the period and workshops to prevent complaints. Experts from the Complaints Management Department mandatorily participate in the review of the Bank’s internal regulations for implemented products and processes. This is intended to safeguard and mitigate the risk of complaints even before the product or service is implemented.

In 2022, the Bank continued its integrated customer satisfaction and loyalty survey program, which covered key processes and points of contact. The complaint process is included in this group.

The following elements are subject to examination:

- the effort the customer puts into the complaint process,
- satisfaction with the service channels,
- evaluation of the branch and hotline employee,
- waiting time for processing of complaints,
- legibility and clarity of the response received.



* Calculated according to an internal survey method based on a single question posed to customers over the phone, which reads: "Given your past cooperation with Bank Pekao, would you recommend its services to your friends and family? Please use a scale from 1 to 10, where 1 means you would definitely not recommend this bank, while 10 means you would definitely recommend this bank." The percentage of promoters was subtracted from the percentage of critics.

According to a survey conducted in Q2 2022, nearly 75% of customers who file a complaint through a branch or hotline rate the employee well. Compared to Q1 2022, satisfaction with the easy-to-understand way of providing information when filing a complaint has increased.

The results of the surveys are used to systematically improve the Bank's services.

The Bank's Management Board receives analyses of customer complaints at least once a year. The last material was submitted in February 2022 and included information and data for 2021.

The main aim of the Bank's complaint handling and management process is to:

- inform existing and potential customers in a transparent way about procedures for filing complaints as well as terms and conditions and time limits applicable to complaint handling,
- review complaints in an unbiased, diligent, objective, and timely manner,
- take improvement or remedial actions if any irregularities resulting in the complaint having been filed by the customer are identified.

The main causes of complaints include systemic irregularities, unclear contractual provisions, incorrect operations at the Bank's ATMs or incomprehensible rules of bank promotions. The Bank carefully analyzes each complaint and in the case of irregularities takes

appropriate remedial actions. Systematic analysis of complaints makes it possible to take appropriate measures to improve the processes and procedures applied at Bank Pekao or their elements, in order to:

- take action to eliminate irregularities,
- improve processes that generate customer complaints - including unfounded complaints

Own indicators regarding the claims process in 2022:

- 136.4 thousand complaints were registered (a year-on-year increase of 33.6 thousand - 32.7%), of which 8 thousand were submissions relating to Idea Bank acquired on 3.01.2021.
- The average complaint processing time was 21.9 days.
- 98.9% of the complaints were processed according to the deadlines set by regulators and lawmakers.
- 53% of the submissions were fully or partially acknowledged in favor of the customer.
- The total amount of complaints was PLN 247.5 million, of which recognitions in favor of customers totaled PLN 28.5 million - 2.8 million were deductions from income or expenses. The remaining amount was recovered through the complaints process.
- Number of interventions: Financial Ombudsman - 524, Bank Arbitrator - 53, PFSA - 58, Consumer Ombudsman - 40, Office of Competition and Consumer Protection - 1.

Principles for the fair design and sale of financial products and services

GRI 3-3 Management of material topics

GRI 417-2 Requirements for product and service information and labeling

In accordance with generally applicable laws and regulations, both Bank Pekao and the Bank Pekao Group companies engaged in the business of offering financial products and services have a number of regulations that define the standard of their operations, as well as establish rules of conduct to protect the interests of customers, minimize compliance and reputation risks in the sale of products and services to consumers. At Bank Pekao, this area is comprehensively regulated by the *New Product Implementation Process Policy at Bank Pekao S.A.* (hereinafter: New Product Implementation Policy) and the *Principles for Creating Marketing Communication of Bank Polska Kasa Opieki Spółka Akcyjna* (hereinafter: Principles for Creating Marketing Communication). The standards for offering and selling are further defined by: *Rules for the sale of credit and payment products to consumers at Bank Polska Kasa Opieki Spółka Akcyjna* and *Policy for the sale of investment products*. The risk of misleading the customer about the product designation is managed through ongoing verification, i.e. through the process of reviewing marketing materials by the Compliance Department, among others.

The process of reviewing marketing materials and business instructions is covered by the Bank's Internal Control System.

In 2022, the Bank had no cases of non-compliance with regulations on information and labelling of products and services, or cases of non-compliance resulting in a warning.



Responsible marketing

GRI 3-3 Management of material topics

GRI 417-3 Incidents of non-compliance concerning product and service information and labeling

In accordance with the applicable internal regulations, marketing and advertising activities conducted at the Bank and the Pekao Group take into account the generally applicable laws and guidelines of supervisory authorities, the principles of fair financial market trading, good practices and statements of intent of the customer concerning these activities.

In addition, they are carried out in compliance with the Bank's communication strategy, the Bank's visual identity and image, adopted internal regulations and in a way that maintains the intelligibility of the message being communicated. Bank Pekao complies with the principles of the Code of Banking Ethics of the Polish Bank Association and the Canon of Good Financial Market Practices adopted by the Polish Financial Supervision Authority. The Pekao Group Code of Conduct, meanwhile, emphasizes that each employee is an ambassador of products and services offered by both the Bank and other entities of the Pekao Group. Professional promotion of products and services strengthens customer confidence and helps build relationships based on mutual respect and trust.

Responsible promotion of the Bank is based on reliable and transparent knowledge of products, including possible risks arising from changing macroeconomic conditions or the activities of regulators. Marketing and advertising activities conducted in the Pekao Group take into account generally applicable laws and guidelines of supervisory authorities, principles of fair trading on the financial market, good practices and are conducted with respect for the customer's will concerning said actions. The key regulations relating to this area of compliance risk assessment are: the *New Product Implementation Policy* and the *Principles for Creating Marketing Communication*, which were drawn up in connection with the decision of the Management Board of the Bank to adopt the Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority. This regulation takes into account, i.a., basic requirements applicable to the content of marketing and advertising materials, including the nature and specification of the relevant product, including: consumer loans, mortgage loans, bank accounts (in particular savings accounts, savings and settlement accounts, or term deposit accounts), insurance products, as well as investment products.

Bank Pekao also has an *Order Principles of communication of Bank Polska Kasa Opieki Spółka Akcyjna in social media* relating comprehensively to communication, as well as promotional activities conducted with the Bank's stakeholders through social media. In 2021, a new regulation was introduced, the *Pekao Group Brand Architecture Management Policy*, addressed to all subsidiaries, which relates to the protection and promotion of the Bank's brand and includes a comprehensive Book of Visual Identification.

Bank Pekao makes every effort to ensure that advertising messages do not undermine public confidence in advertising activities, do not contain content or images that offend generally applicable customs, do not abuse customer confidence by taking advantage of their lack of experience or knowledge, do not take advantage of a sense of fear,

do not contain elements that could lead to or encourage acts of violence, and finally do not accept discrimination, in particular on grounds of race, religion or gender.

In 2022, in line with previous years covered by non-financial reporting at the Bank, there were no cases of non-compliance with regulations or non-compliance in the area of marketing communications.

Promotion through art

In 2022, Pekao, in a new project under the slogan "When art creates business", decided to return to the model of promoting the brand through art (art branding), including in the virtual space. The idea refers to a decades-old tradition, when promotional materials for the Bank were prepared by artists associated with the Polish School of Posters, including Waldemar Świerzy and Wiktor Górka. This approach became key to the creation of new compositions for advertising prints - a collage figure of a cyclist and the accompanying slogan "Have an easy ride downhill" appeared on display windows, flyers and in the online space. The new graphic line draws on the Bank's style from years ago in a modern way. At the same time, the reference to the poster and, above all, to the work of Wojciech Fangor makes the Bank move away from communication in which stock photos are the dominant image. In addition, in 2022 Bank Pekao became the first universal financial institution in the world to tokenize art. NFTs with elements of Rafał Bujnowski's painting composition are linked to 440 Unique payment cards introduced jointly with MasterCard. Each card will have a fragment of the "Studio Wall" painting printed on the front, with a non-exchangeable token associated with it. In the same year, Pekao unveiled the NFT project in the metaverse. Tokens with works by Kai Renkas, made for the 25th anniversary of Pekao S.A. Private Banking, will be on display in the PeoPay Gallery - a virtual space located in ESKA World - Poland's first metaverse environment. In addition to NFT, there will be animations and an interactive game there.

CYBERczujni (CYBERalert together)

Pekao S.A. also decided to show the dangers that exist online in an unconventional way and make customers aware of what to do to safeguard themselves from them and not lose money. As a result of these assumptions, the educational campaign "What's on the Net" was launched, which interestingly and creatively shows the methods of Internet thieves and teaches recipients safe behavior on the Internet. Shot out of the box, the informative material shows the real dangers of the following illegal procedures: fraud, phishing, scam, vishing, fake investments, "cop" scams and malware. Each description includes characteristics of criminal activity and practical tips on how to protect oneself against it*.

* www.pekao.com.pl/cyberczujni.html

Bank's image

Reputational risk is understood as the current or anticipated risk to revenue and capital resulting from a negative perception of a financial institution's image by customers, counterparties, shareholders/investors or regulatory authorities. Protection of reputation is crucial for the Bank due to the potential impact of this risk on the Bank's financial results and capital, but also due to the role of the Bank as a public trust institution.

In accordance with the guidelines of the *ICAAP Policy*, which identifies reputation risk as material, Bank Pekao implemented a separate regulation addressing this type of risk (*Principles of Reputation Risk Management at Bank Polska Kasa Opieki Spółka Akcyjna*), which was updated in December 2022, due to the need to adapt to changing standards and guidelines from regulators, as well as to account for new material risks affecting reputation, such as ESG issues.

Reputation is an assessment of the Bank's image, i.e. the perception of the Bank at any given time by the environment, which is the Stakeholders. The image is not only a marketing, but also a business issue. The acceptance of the Bank by market participants and resulting support for the sale of the Bank's products and services is dependent on the image. This consequently translates into the ability to earn adequate margins and supports the potential to expand our offerings to new markets and customer groups. Reputation is widely recognized as a fundamental asset of any financial institution, on which financial performance depends.

The reputation risk is strictly connected with other types of risk connected with the Bank's everyday activities, like credit, operational, market, liquidity, compliance risks, ESG. Actions with a potential impact on reputational risk have been defined for each of these risks. The most important of these actions include:

1. In terms of credit risk:

- financing enterprises in sensitive sectors of the economy,
- financing political organizations,
- financing activities generating a material threat to the natural environment,
- financing authoritarian states, states that violate international regulations, states with inadequate protection of human rights or states subject to embargo,
- financing sports clubs (companies or associations),

2. In terms of operational risk:

- internal and external frauds,
- non-compliance with employment and workplace safety rules,

- incidents connected with unequal treatment, discrimination, mobbing or employee disputes,
- irregularities in customer service, product construction and unfair operating practices,
- incorrect settlement of transactions, supplies and incorrect operating process management,
- occurrence of a cyber security incident that may lead to a breach of confidentiality, integrity and availability of information and information systems, including data leakage,
- disturbances in the activity and failures of systems that influence customer service.

3. In terms of compliance risk:

- applying business practices prohibited or inconsistent with the principles of good practices,
- Bank's operation that does not comply with legal regulations,
- incorrect implementation or failure to implement recommendations of control and supervision bodies,
- conflicts of interest,
- market abuse.

4. In terms of market risks:

- dominant positions and monopolistic practices,
- improper risk management resulting in significant losses for the Bank.

Given its nature, the reputation risk is classified as difficult to measure. In accordance with the *ICAAP Policy*, it is not subject to quantitative measurement. Ongoing management of the Bank's reputational risk is limited to the management of original types of risk, supported by qualitative assessment, monitoring, reporting, and reduction of reputational risk by the Bank.

Bank Pekao consistently reduces the risk of reputation loss, including by:

- applying an appropriate credit policy (including those sectors of the economy which the Bank does not involve itself in,
- implementing and applying best practices and ethical principles, among others, *Principles of Best Practices in Banking of the Polish Banks Association*, *Charter of Best Practices in the Financial Market*, *The Best Practice for GPW Listed Companies 2021*, *Principles of Corporate Governance for Supervised Institutions* issued by the Polish Financial Supervision Authority and the *Code of Conduct of the Pekao Group*, which provides for a set of key values and standards of conduct for the Bank's employees to ensure top standards of service and reputation protection,
- disseminating knowledge about regulations, ethical and corporate governance rules, as well as principles for their appropriate application among the Bank's employees, holding training on compliance risk,
- managing conflicts of interest,
- preventing corruption,
- counteracting the use of the Bank's operations for purposes connected with money laundering or terrorism financing,
- managing frauds (including in particular internal frauds) by preventing, discovering and fighting frauds, minimizing fraud consequences and taking actions aimed at discovering perpetrators, as well as, if justified, notifying law enforcement authorities,
- ensuring a relevant level of information security, in particular including personal data of customers, as well as providing access to such information solely to authorized entities,

- taking actions and initiatives aimed at increasing customer satisfaction level;
- managing the customer complaint handling process,
- managing through objectives (defining objectives for the Bank's employees in sales and managerial positions regarding the quality of service and customer satisfaction),
- analyzing new products and services, as well as marketing campaigns in terms of the reputation risk,
- managing the business continuity of critical processes carried out in the Bank, taking into account the reputational factor in assessing their criticality,
- managing processes,
- undertaking activities and initiatives to implement and disseminate the Bank's ESG Strategy, as well as monitoring and analyzing regulations in the ESG area,
- consulting actions that are important for the Bank's reputation with the Management Board of the Bank and the Supervisory Board.

The management of the Bank's reputation is a continuous process which is actively attended by all business units and employees. A special role in this process is played by statutory bodies of the Bank and organizational units directly responsible for the original types of risk, in accordance with competences arising from separate internal regulations of the Bank. Regular observation of Bank Pekao's brand indicators and the company's image profile, carried out on behalf of the Bank since 2020, indicates a stable position against the competition. Bank Pekao is among the top banking brands with the best spontaneous awareness; and its image profile defines it as a traditional, Polish and trust-inspiring bank. A study of the Bank's reputation was conducted in December 2022, with the participation of an external research institute, the results of which will be compiled and presented in Q1 2023.



Consumer protection

GRI 3-3 Management of material topics

GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

The Bank and its subsidiaries are bound by the Bank Pekao S.A. Group Policy on Counteracting Practices Restricting Competition and Practices Violating the Collective Interest of Consumers.

The policy defines the basic rules for the Bank's employees to act in accordance with antitrust and unfair market practice regulations and the main tasks of the Bank's organizational units in this regard. In 2022, the Bank did not pay penalties for violation of collective consumer rights and violation of free competition rules.

The companies that are part of the Pekao S.A. Group in 2022 also had their own regulations in this area, including: Pekao Direct's policy against restrictive practices and practices that violate the collective interests of consumers, Pekao Bank Hipoteczny S.A.'s policy against restrictive practices and practices that violate the collective interests

of consumers, Antitrust Procedure. Counteracting practices restricting competition and violating the collective interests of consumers (Pekao Leasing).

Legal risk issues related to CHF foreign currency mortgage loans are included in Bank Pekao S.A. Group's Consolidated Financial Statements for the year ended December 31, 2022, subchapter 5.5.2.

Customer safe online

GRI 3-3 Management of material topics

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

The Bank and entities of the Pekao Group comply with generally applicable laws and principles specified in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC - General Data Protection Regulation (hereinafter: GDPR).

Personal data are processed at Bank Pekao in accordance with the provisions of law and with due diligence in order to protect the interests of data subjects.

Bank Pekao is both a data controller and a processor within the meaning of the GDPR and bears full responsibility for compliance with personal data protection regulations, in particular taking into account the principles concerning the processing of personal data specified in GDPR, such as:

- The principle of lawfulness, fairness, transparency and accuracy of personal data processing in accordance with the law and reliably, fairly and in a transparent manner in relation to the data subject (Art. 5.1 (a) and (d) of the GDPR),
- The principle of purpose limitation by ensuring that the data is collected for specified, explicit, and legitimate purposes (Art. 5.1 (b) of the GDPR),
- The principle of data minimization by ensuring that the data are adequate, relevant, and limited to what is necessary in relation to the purposes for which they are processed (Art. 5.1 (c) of the GDPR),

- The principle of integrity and confidentiality by ensuring that the data controller uses appropriate technical and organizational measures to ensure the appropriate security of the data (Art. 5.1 (f) of the GDPR),

To warrant comprehensive actions in relation to personal data protection, the Bank implemented a project to prepare the organization to meeting the GDPR requirements. As a result of the project, the Bank's operations were analyzed in terms of their compliance with the GDPR requirements for IT systems, processes, internal regulations, operations and specimens of documents.



GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

BANK PEKAO	2022	2021
Complaints received from external parties and supported by the organization	0	0
Complaints from regulatory bodies in 2022	47 new complaints (without continuation)	61 new complaints (without continuation)
Total number of identified leaks, theft or loss of customer data	17	20

As a result of the analysis, the scope of actions that must be carried out by the Bank was defined and a number of internal regulations applicable to particular areas of the Bank's activities were adopted. These regulations include:

- *Information Security Policy with the Information Security Policy Documents,*
- *Methodology for managing the risk of violation of rights and freedoms of natural persons at Bank Pekao S.A. (PIA Methodology),*
- *The Principles for personal data protection and obtaining consents to take actions for direct marketing purposes at Bank Polska Kasa Opieki Spółka Akcyjna,*
- *The Register of processing activities and the Register of categories of processing activities kept by Bank Polska Kasa Opieki Spółka Akcyjna,*
- *The Principles for authorizing persons employed by the Bank to process personal data and access the Bank's information,*
- *The Procedure for handling requests made by data subjects under the GDPR at Bank Polska Kasa Opieki Spółka Akcyjna,*
- *The Personal data retention policy of Bank Polska Kasa Opieki Spółka Akcyjna,*
- *The Procedure for managing personal data breaches at Bank Pekao S.A.,*
- *The Principles and procedures to be adopted by Bank Polska Kasa Opieki Spółka Akcyjna in connection with the outsourcing of services involving the processing of personal data,*
- *Application security policy of Bank Polska Kasa Opieki Spółka Akcyjna,*
- *Principles for information protection and management at Bank Polska Kasa Opieki Spółka Akcyjna,*

- *Electronic Information Protection at Bank Polska Kasa Opieki S.A.*
- *Ochrona informacji elektronicznej w Banku Polska Kasa Opieki S.A.*

The heads of the Bank's business units and information owners are fully liable for the organization, security, and processing of personal data in their reporting units. In turn employees must process personal data in accordance with their authorization arising from their job description. To this end, Bank Pekao develops and implements mandatory training programs for employees on personal data protection, systematically monitoring the progress of completed training.

The personal data protection aspect is also taken into account in the current activities of the Data Protection Officer's Department (hereinafter: "DPO") when issuing opinions on new processes, designs and initiatives, as well as analyzing internal regulations or agreements concluded by the Bank in terms of personal data. The Data Protection Officer, the Data Protection Officer's Department, and the Bank Security Department verify new technological solutions in order to ensure compliance with requirements and principles set out in the GDPR and the highest possible level of security of processed personal data.

In addition, the Bank has decided to implement data protection principles for the application of technical and organizational measures to ensure the protection of processed data. An Operational Security Center (OSC) has been established, a unit watching over unauthorized access to data (including personal data), and (through systems in place at the Bank) preventing the leakage of such data.

Development of innovation in business operations

GRI 3-3 Management of material topics
Own indicator: digitization rate

The number of initiatives related to the digitization of organizations requires continuous monitoring of the innovation market, cooperation with fintechs and testing of solutions that are in the implementation phase.

Bank Pekao's Innovation Laboratory (hereinafter: Laboratory, LAB), established for these tasks, focuses on four areas:

- designing innovations,
- partnership in innovation,
- building an innovation culture,
- research and development.

The Innovation Lab also plays a key role in the manufacturing process of new features planned for implementation as part of the Bank's mobile application development strategy - PeoPay 3.0. In addition, the Innovation Lab will also cover the Business Banking Division and the Corporate Banking Division.

The community of banking innovators centered around the internal crowdsourcing platform IdeaCrowd grew in activity and size in 2022. On the Intranet platform implemented by the Innovation Lab, a total of 5,520 ideas and submissions have been collected since May 2021, including those developing projects and supporting innovative initiatives. In 2022, employees took part in 10 challenges with 1,836 ideas. The IdeaCrowd community grew by 965 employees - thus the ranking of active innovators was 3,863 people from various units of the Bank. Commitment can be seen among both the employees of the sales network and support units.

The process of implementing trends in the organization also continued. Within its framework, ideas and solutions are inspired by trends and based on thinking about how the future of banking will evolve. The Innovation Lab has a team that studies trends and signals of change. Trends, signals of change and inspiration are used in the processes of generating solutions as well as diagnosing and identifying challenges facing the Bank in specific business areas. The goal of the project is to build competitive advantages in areas that are not obvious in the financial sector, such as by creating new business models or customer segments, including in the ESG sector.

In 2022, the LAB launched tests of 15 startups in the Bank, including Sharebee, Alphamoon, nuDelta, and GetPin. The Lab collaborated with two accelerators: Space3ac and MIT EF CEE as part of the Poland Prize program, organized by the Polish Agency for Enterprise Development. An important activity for the LAB was to support Ukrainian startups in starting their expansion on the Polish market. A decision was made to pilot five projects from that region.

Additionally, in 2022, the Innovation Lab:

- implemented a system for managing startup submissions - SRM (Startup Relationship Manager),
- after accelerating and piloting Sharebee (a platform that engages company employees as brand ambassadors to increase sales), decided to commercially implement the solution,
- as a result of piloting startup Getpin (a platform that collects customer experience data in a single tool), increased traffic to the Bank's website,
- as a result of the implementation of an ESG study and scouting commissioned by the Bank's ESG Council, decided to implement pilots with two technology companies offering carbon footprint measurement technology,
- significantly increased the Bank's presence and visibility in the startup ecosystem, participating in key industry events and publishing press materials in the media,
- established a community of innovators in the Bank (business owners) and held regular meetings of Innovation Champions to share knowledge and experience in working with startups and implementing new technologies.

	2022	2021
 Financial outlays for innovation projects at Bank Pekao [PLN million]	2,352	2,231
 Digitization index (%)	69	57



Human capital

Nurturing the development of employees with respect for diversity and creating an attractive workplace will remain the cornerstone of Pekao Group's operations.

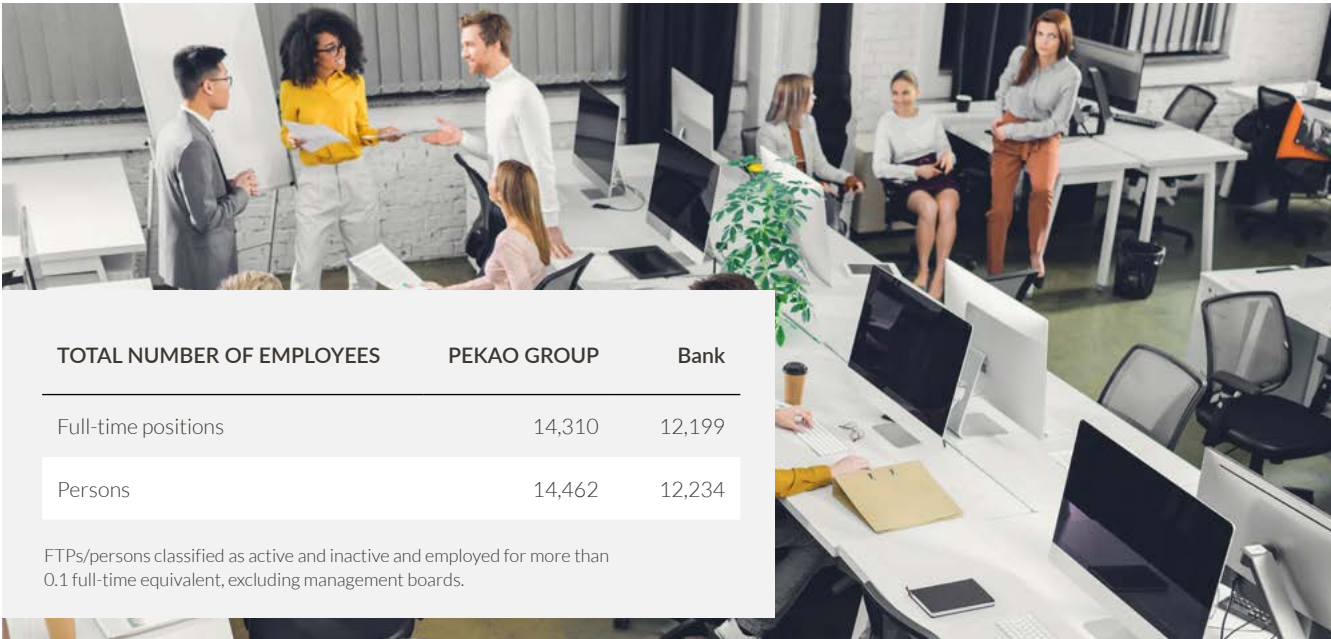
In April 2021, in parallel with the new business strategy, the Bank adopted the values developed jointly with employees: **#straightforward, #together, #boldly, #responsibly**. They are the pillars of the organizational culture, setting the course of action and

style of work. In parallel with the identification of the four new values, their definitions and the behaviors assigned to them, 10 principles for managers - the Value Principles of Team Management - were also created. They are guideposts for executives on how to work with their teams based on new values.

Information on employment structure

GRI 2-7 Employees
GRI 2-8 Workers who are not employees
GRI 3-3 Management of material topics
GRI 401-1 New employee hires and employee turnover

TOTAL NUMBER OF EMPLOYEES	PEKAO GROUP	Bank
Full-time positions	14,310	12,199
Persons	14,462	12,234
FTPs/persons classified as active and inactive and employed for more than 0.1 full-time equivalent, excluding management boards.		



NUMBER OF CONTRACTED EMPLOYEES BY PLACE OF EMPLOYMENT IN 2022	PEKAO GROUP			BANK		
	HEAD OFFICE	ESTABLISHMENTS	TOTAL	HEAD OFFICE	ESTABLISHMENTS	TOTAL
Full-time positions	8,339	5,965	14,304	6,398	5,834	12,199
Persons	8,484	5,969	14,453	6,398	5,836	12,234

NUMBER OF CONTRACTED EMPLOYEES (PER PERSON) BY FTPS AND GENDER IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Full-time	9,575	4,302	13,877	8,476	3,646	12,122
Part-time	375	210	585	70	42	112
Total	9,950	4,512	14,462	8,546	3,688	12,234

2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Number of contracted employees (per FTP) by duration of employment and gender						
Fixed period	1,171	690	1,861	779	445	1,224
Indefinite period	8,682	3,761	12,443	7,746	3,228	10,975
Total	9,853	4,451	14,304	8,525	3,673	12,199
Number of associates* (per person) by contract type and gender						
Employed on the basis of civil law contracts (contract for work and commission)	78	62	140	22	19	41
Employed on the basis of a trainee contract	0	0	0	0	0	0
Self-employed**	34	66	100	0	0	0
Total	121	124	232	22	19	41
Number of employees at the end of the reporting period by employment area and gender						
at the company's headquarters	4,953	3,386	8,339	3,689	2,675	6,364
at the company's establishments	4,909	1,056	5,965	4,836	998	5,834
Total	9,862	4,442	14,304	8,525	3,673	12,199
Number of employees at the end of the reporting period by age and gender						
<30	700	515	1,215	372	299	672
30-50	5,653	2,843	8,496	4,817	2,397	7,215
>50	3,507	1,085	4,592	3,336	977	4,312
Total	9,861	4,443	14,304	8,525	3,673	12,199
Number of employees newly hired in the reporting period by employment area and gender						
at the company's headquarters	911	791	1,702	422	458	880
at the company's establishments	354	169	523	343	156	499
Total	1,265	960	2,225	765	614	1,379
PERCENTAGE (%) OF NEWLY HIRED EMPLOYEES						
at the company's headquarters	18%	23%	20%	11%	17%	14%
at the company's establishments	7%	16%	9%	7%	16%	9%
Number of employees newly hired in the reporting period by age and gender						
<30	455	422	876	187	202	390
30-50	725	498	1,223	528	386	914
>50	85	41	126	50	26	76
Total	1,265	960	2,225	765	614	1,379
PERCENTAGE (%) OF NEWLY HIRED EMPLOYEES						
<30	65%	82%	72%	50%	68%	58%
30-50	13%	17%	14%	11%	16%	13%
>50	2%	4%	3%	1%	3%	2%

* Associates persons employed on the basis of contracts other than employment contracts
** Self-employed are cooperators (with an active contract at the end of the reported year) who run their own business.

2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Number of employees who terminated their relationship with the organization during the reporting period by employment area and gender*						
at the company's headquarters	682	608	1,290	300	319	619
at the company's establishments	778	175	953	771	169	940
Total	1,460	783	2,243	1,072	488	1,560
PERCENTAGE (%) OF EMPLOYEE DEPARTURES						
Employed on the basis of civil law contracts (contract for work and commission)	78	62	140	22	19	41
at the company's headquarters	14%	18%	15%	8%	12%	10%
at the company's establishments	16%	17%	16%	16%	17%	16%
Number of employees who terminated their relationship with the organization during the reporting period by age and gender*						
<30	292	257	549	94	96	191
30-50	709	422	1,131	553	302	854
>50	460	103	563	425	90	515
Total	1,460	783	2,243	1,072	488	1,560
PERCENTAGE (%) OF EMPLOYEE DEPARTURES						
<30	42%	50%	45%	25%	32%	28%
30-50	13%	15%	13%	11%	13%	12%
>50	13%	10%	12%	13%	9%	12%

SP3 - WSE'S EMPLOYMENT TURNOVER RATE	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Number of voluntary departures during the reporting period	1,045	574	1,618	725	330	1,054
Number of forced departures (**)	415	208	624	725	330	1,054
Total voluntary and forced departures	1,460	783	2,243	1,072	488	1,560
Voluntary employment turnover rate	11%	13%	11%	9%	9%	9%
Forced employment turnover rate	4%	5%	4%	4%	4%	4%
Total employment turnover rate	15%	18%	16%	13%	13%	13%

An average age of employees is 45.6. 75.5% of employees have university education (74.3% in 2021). Women constituted 69.3% of all employees.

* As a result of own resignation or termination by the employer as a result of planned layoffs, budget cuts, elimination of a position or non-renewal of a contract

** In case of termination of the contract by the employer as a result of planned layoffs, budget cuts, elimination of a position or non-renewal of a contract.

Core employment regulations



Work Regulations

Work Regulations of Bank Polska Kasa Opieki Spółka Akcyjna (hereinafter: "Work Regulations") set out the organization and structure of work at Bank Pekao as well as rights and obligations of the Bank and its employees. The Work Regulations apply to all employees of Bank Pekao S.A., regardless of the nature of their work, position or basis of employment relationship. In particular, the Work Regulations:

- precisely define basic obligations of employees and the Bank,
- describe the Bank's work time systems and work start and end time,
- set out principles for recording work time, monthly working schedules for settlement periods,
- establish the rules for the use of remote work by employees (immediately after the introduction of universal regulations on remote work, the Bank will enter into discussions with trade union organizations to agree on amendments to the Work Regulations in this regard),
- regulate the issue of OHS training, medical examination to be undergone by employees, informing employees about work hazards, rules for the allocation of workwear and personal protective equipment.

The Bank informs employees of the amount of annual leave to which they are entitled in their employment contracts and, with regard to parental leave, this information is provided to employees on an ongoing basis in accordance with current common law.

The Bank applies notice periods arising from the Labor Code or employment contracts, provided that they are not less favorable than those arising from labor law. Consultation concerning the termination of employment contracts are conducted at the Bank in accordance with Polish legal regulations. In 2022, the Bank mostly used one- or three-month notice periods.

In line with applicable regulations, the Pekao Group and the Bank must prevent discrimination in the process of entering into and terminating employment contracts, terms of employment, promotion and access to training to improve professional qualifications, including in particular discrimination against gender, age, disability, race, religion, nationality, political opinions, membership to trade unions, ethnic origin, faith, sexual orientation and employment for an unlimited, or limited time or full-time or part-time employment.

Collective Labor Agreement

[GRI 2-30 Collective bargaining agreements](#)

The *Collective Labor Agreement* (hereinafter: "CA") sets out terms and conditions of the Bank's HR and remuneration policy, including remuneration for the Bank's employees and principles for awarding other work-related benefits, in, inter alia:

- principles of the HR policy,
- working time,
- principles of the remuneration policy,
- principles for basic pay,
- bonus fund,
- incentive award fund,
- bonuses,
- pension and annuity severance fees,
- gratuities connected with termination of employment for reasons independent of employees.

The CA currently in force was concluded on December 15, 2005 between Bank Polska Kasa Opieki S.A. and company trade unions operating at the Bank. Amendments to the CA in the form of an Additional Protocol were concluded successively in 2007 and 2022. The amendment to the CA in 2022 concerned the agreement of new bonus rules for sales network employees in the Retail Banking Division. The protocol was registered by the State Labor Inspectorate on January 13, 2023. Thus, the said bonus rules became an integral part of the CA.

Bank Pekao does not use any additional pension schemes, apart from the universal ones. As an employer, the Bank fulfils all its obligations arising in relation to the universal pension scheme and is not in arrears with any contributions payable from employees' remuneration and the employer's contributions. On the basis of the CA, the Bank makes additional pension and retirement severance payments for employees entitled to such benefits under the universal pension and retirement insurance scheme.

In 2022 at Bank Pekao, similar to the previous 12 months, the percentage of employees covered by a collective labor agreement was at 77%. There are no collective labor agreements in Pekao Group companies.

In relation to employees excluded from the regulations of the CA, all provisions of the CA are applied with regard to remuneration and the granting of other work-related benefits, with the exception of bonus rules. Bonus rules for this group of employees derive directly from provisions of individual employment contracts (management contracts). The Bank plans to start negotiations with trade unions to include this group of employees in the CA.

Employment restructuring and group layoffs

The Bank, in the event of a decision to conduct collective layoffs, acts in accordance with the applicable provisions of generally applicable law and the Collective Labor Agreement. The Bank's decision is communicated to all employees, as well as to trade union organizations. In accordance with the law, the Bank consults its intention to carry out group layoffs with trade unions in accordance with the Act of March 13, 2003 on special rules for termination of employment relations with employees for reasons not related to employees. The Bank seeks to ensure that consultations of its intention to carry out group layoffs with the trade unions are concluded with the conclusion of a group layoff agreement. The following, among other things, are established in the concluded agreement:

- the number of employees with whom the employment contract will be terminated,
- criteria for selecting employees for dismissal, whose employment contracts will be terminated and whose terms and conditions of employment will be changed,
- the terms of severance payments and additional benefits, e.g., extended medical care, social assistance rules,

- the scope of the program to help laid-off workers, including financial assistance to acquire new skills or professional training opportunities if they find work in another area.

Pursuant to the CA, in the event of termination of employment contracts for reasons not related to employees, employees are entitled to cash severance payments of three times the amount to which they are entitled under generally applicable laws. The amount of severance pay may not exceed 36 times the minimum salary in effect on the date of termination of employment.

In addition, the Bank seeks to conclude an agreement with the Labor Office on labor activation of laid-off employees in each case.

In 2022, the Bank launched a Voluntary Redundancy Program (hereinafter: "VRP"). The employer established the VRP Regulations, communicating their provisions to employees. Employees volunteered for the VRP, and after the Bank accepted the application, the employee's employment contract was terminated and the employee received the severance payment specified in the VRP Regulations.

Benefits from the Company Social Benefits Fund

[GRI 3-3 Management of material topics](#)

[GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees](#)

The Bank's social activities are organized in accordance with generally applicable laws and ensure the social security of its employees. The Regulations of the Company Social Benefits Fund set out the rules and conditions for the use of services and benefits financed from the Fund, as well as the rules for the allocation of the Fund's resources for various purposes and types of social activities.

According to Polish legislation, the amount of the basic allowance per employee is 37.5% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary of that period was a higher amount. The Bank's Company Social Benefits Fund is created from an annual basic allowance, in accordance with the provisions of the Collective Labor Agreement - per employee the allowance is 50% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary of that period was a higher amount. The Bank does not charge the deduction for pensioners or retirees, however, it does take care of them.

Bank Pekao's social fund is earmarked for:

- subsidies for holiday leave of employees, children of employees under 17 years of age, as well as the Bank's pensioners and retirees,
- individual financial and material aid,
- housing loans,
- cultural, educational, sports, and recreational activities.

The expenditure plan of the Fund is agreed on an annual basis by trade unions under terms and conditions set out in the Regulations. Subsidies from the Company Social Benefits Fund cover the Bank's employees who are employed exclusively under an employment contract regardless of their full-time position. People with a minimum of two years of service with the Bank can apply for the housing loan benefit.

Most Pekao Group companies offer employees a variety of social benefits, including sports card and vacation leave subsidies, Christmas vouchers, financial support in difficult life situations, and a wide range of insurance. The companies, with few exceptions, provided the same access to benefits to all employees, regardless of the duration of employment.



Issues related to remuneration

[GRI 2-19 Remuneration policies](#)

[GRI 2-20 Process to determine remuneration](#)

The remuneration strategy developed in accordance with operating standards and values constituting the basis of the Bank's mission is reflected in internal regulations and makes it possible to develop and protect the Bank's reputation and create permanent values for all stakeholders. *The Remuneration Policy of Bank Polska Kasa Opieki Spółka Akcyjna* is a key regulation in this area. The policy reflects the Bank's mission and values in its approach to remuneration systems, in particular, it:

- defines remuneration pillars, the management of the Bank's structure as well as corporate and organizational processes;
- confirms requirements related to the compliance of remuneration systems with generally applicable laws,
- defines principles for monitoring market practices and the Bank's approach to remuneration systems ensuring the continuity of the Bank's operations.

In the remuneration structure, remuneration is directly connected with performance, which guarantees financial stability and variable remuneration adjusted to the Bank's financial capacity. The policy also provides for incentive systems including the minimum performance of the Bank below which a bonus is not paid. Variable remuneration includes all remuneration components which are dependent on performance and the payment of such remuneration is directly dependent on individual achievements and the Bank's results adjusted by risk.

Sustainable results contributing to long-term value creation for stakeholders refer to the actual results achieved and the way in which they are achieved, with a view to measuring results consistent with shareholders' interests and profitability principles based on a safe level of risk, sustainable risk management practices and multidimensional analysis of results and quality of activity.

To ensure that the remuneration structures are competitive and transparent and the remuneration system is effective and fair, the Bank monitors market trends in relation to remuneration forms and levels. Decisions concerning the remuneration system at the Bank are made taking into account the data on market trends in the area of fixed remuneration, as well as incentive systems. Such data are obtained from consultancy firms offering analyses of the financial sector. At the level of the Bank's organizational units, a comparative analysis is performed in order to ensure consistency of remuneration in individual areas.

In 2022, the analysis of consistency in salaries between men and women in identical positions continued, in order to make efforts to equalize the pay gap that exists in the Bank.

The Bank also has a Remuneration Policy for Members of the Bank's Supervisory Board and the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna, which sets forth framework principles and rules for establishing, monitoring and controlling the Bank's remuneration principles and practices for members of its Supervisory Board and Management Board.

The Remuneration Policy for Members of the Supervisory Board and the Management Board of Bank Polska Kasa Opieki Spółka Akcyjna supports proper and effective risk management and does not encourage excessive risk taking beyond the acceptable overall risk level approved by the Bank's Supervisory Board; implementation of the Bank management strategy and risk management strategy; mechanisms for managing and mitigating conflicts of interest in the Bank's activities; ensuring that remuneration and any associated terms and conditions of employment that affect remuneration, including conditions for awarding and paying remuneration, are gender-neutral, i.e. not differentiated in terms of gender.

Solutions adopted in this Policy contribute to the implementation of the business strategy, long-term interests and stability of the Bank as well as aim to support the sustainable growth of the Bank, including to ensure that the Policy is consistent with the strategy for the introduction of risks to sustainable growth in the investment decision-making process into the Bank's operations.

Due to the special function and generally applicable regulations governing relations between members of corporate bodies and the company, the Bank does not conclude employment contracts with Members of the Supervisory Board of the Bank and Members of the Management Board of the Bank, whereas it concludes Contracts for management services with Members of its Management.

Members of the Supervisory Board are entitled to remuneration in a fixed monthly amount and are not entitled to any variable remuneration.

The total remuneration of a Member of the Management Board consists of a fixed part constituting the basic monthly remuneration and a variable part, representing supplementary remuneration for the Bank's fiscal year. The variable remuneration of a Member of the Bank's Management Board depends on the level of achievement of the established management objectives (among other things, growth in the Bank's value and improvement of economic and financial indicators) and may not exceed 100% of the fixed remuneration of that Member of the Bank's Management Board in the previous fiscal year for which the calculation of the amount of the variable remuneration to be paid is made. Should the contract be dissolved or terminated by the Bank for reasons other than a breach of basic obligations, a Member of the Management Board may be awarded a severance pay in the amount not higher than three times the fixed remuneration, provided that they have discharged the office for at least twelve months prior to the termination of the contract. It is also possible to conclude a non-compete agreement with a member of the Bank's Management Board that is effective after the termination of his or her position.

Members of the Supervisory Board and members of the Bank's Management Board have the right to join Employee Capital Plans (ECPs) on the terms and conditions in force at the Bank.

Based on the remuneration system, employees are offered non-financial benefits that ensure just treatment and consistency of the remuneration system.

Every year, a report on the functioning of the remuneration policy of the Bank is prepared, while the Bank's Supervisory Board, taking into account the opinion of the Nomination and Remuneration Committee of the Bank's Supervisory Board, provides an assessment of the functioning of the Remuneration Policy at the General Meeting of Shareholders to assess whether the Bank's remuneration policy favors the development and safety of the Bank's operations.

Companies of the Capital Group of the Bank have remuneration policies adapted to the size and specificity of their activities and remuneration principles.

Incentive systems

The Bank has three main incentive systems in place: Variable Remuneration System for Management Staff, Management by Objective (MBO) System, and a system based on the Collective Agreement providing, in particular, for a quarterly bonus and an incentive award.

Top management is subject to the variable remuneration system dedicated to persons having a significant impact on the Bank's risk profile. The aim of the system is to support the implementation of the Bank's strategy and to reduce excessive risk and conflicts of interest. In this system, a participant may obtain variable remuneration based on the bonus pool concept. The system provides for a comprehensive measurement of performance by individuals, business units and the whole Bank, including the evaluation of the participant's compliance with law and the Bank's standards and risk assessment. In order to strengthen care for the construction of a durable value of the Bank in the long term under the system, at least 50% of the bonus is implemented in phantom shares based on the value of the Bank's shares and at least 40% of the bonus is deferred and paid after the end of the assessment period for which it is entitled.

The variable remuneration system is prepared by the HR Division with involvement and participation of other organizational units of the Bank. This is to ensure that the system complies with the Bank's regulations, articles of association, and ethical standards or other standards of conduct that apply to the Bank in a way that legal, compliance and reputation risks that are mostly connected with customer relationships are duly monitored and managed.

Variable remuneration systems implemented in the Bank's subsidiaries have similar schemes for the division of remuneration into cash and financial instruments, taking into account general provisions and guidelines of market regulators concerning sectors in which companies operate.

The MBO system is addressed to employees hired on the basis of a management contract, including in particular sales functions and management functions having a significant impact on the achievement of the Bank's planned commercial objectives. As part of the MBO system, employees receive individual objectives that result from the Bank's financial plan and key objectives adopted for a given year. The amount of the annual bonus depends on the level of performance of these tasks as well as the result achieved by the Bank. Sales employees periodically, each quarter, can receive an advance on their annual bonus when they meet targets.

The system based on the Collective Agreement applies to all employees subject to the Agreement. Pursuant to the Collective Agreement, the system is based on a quarterly discretionary bonus the amount of which is conditioned on the evaluation of an employee's performance and commitment and the Bank's results in a given year. It also provides for an incentive award which is granted for special professional achievements. In 2022, there were guidelines for variable compensation, i.e., quarterly bonuses for sales network employees covered by the CA, which take into account both performance targets and quality targets.

GRI 2-21 Annual total compensation ratio

2022	BANK
The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	21.4
The ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	2.59

Bank as an employer

Pekao Group is an employer of first choice. It acquires the best candidates and provides working conditions that favor the growth of employees' motivation, satisfaction and commitment. An important goal of the Bank's HR policy is to invest in the development of skills of all its employees.

The priority of the Bank's development program is to identify, review, verify and develop present and future leaders. The Pekao Group and the Bank create opportunities for individual professional development of employees by investing in training and improving competences and skills of employees. In creating a friendly working environment, the Bank conducts employee satisfaction and opinion surveys in order to continuously improve working conditions, communication, and employee relations. The Pekao Group and the Bank provide employees with equal treatment, personal and professional development, respect and deference for civil liberties.

The Bank's educational programs include local training and general development webinars, international training and programs, mentoring, internal and external coaching, certification training (CFA/ ACCA/ CIA). The main internal regulation in this area is the *Policy on the Training and Raising of Professional Qualifications of Employees of Bank Polska Kasa Opieki Spółka Akcyjna* adopted by the Bank's Management Board which also provides for procedures applicable to processes connected with employee participation in particular forms of raising professional qualifications, such as:

- procedure for group classroom-based training,
- procedure for domestic individual training,
- procedure for individual language courses,
- training needs survey,
- post-graduate education and MBA,
- e-learning group training procedure.

Training and professional development

GRI 3-3 Management of material topics
GRI 404-1 Average hours of training per year per employee

The Pekao Group and the Bank create educational opportunities and provide access to various forms of training for their employees.

NUMBER OF TRAINING HOURS PER EMPLOYEE IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Total number of training hours by gender	339,702	145,655	485,356	280,610	105,298	385,908
Average number of training hours per employee by gender	25	11	34	23	9	32

TOTAL NUMBER OF TRAINING HOURS BY CATEGORY OF EMPLOYEES N 2022	PEKAO GROUP	BANK
Members of the Management Board	936	526
Managers	71,828	68,180
Others	324,677	317,201
Total	397,442	385,908
AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE BY JOB LEVEL IN 2022	PEKAO GROUP	BANK
Members of the Management Board	33	58
Managers	44	48
Others	28	29
Total	34	32



Formation of competencies and skills

In 2022, the Bank's major training priorities were as follows:

- dissemination of specialist knowledge among the Bank's employees, including a strong emphasis on the development of future competencies,
- leadership development - training for managers,
- implementation of mandatory training programs arising from internal and external regulations.

The Bank thus continued to implement training projects connected with the enforcement of its business strategies. Training targeted at high-potential employees and induction training for new employees was held. In 2022, the Bank implemented more than 261,000 hours of synchronous training (classroom and virtual classrooms), in which nearly 11,000 employees participated. The courses and training in the e-learning formula were provided at the level of 293 thousand hours.

Key initiatives

The Bank has been investing in the development and education of its employees for years, enabling them to improve their competencies by offering participation in a wide range of educational programs. Key initiatives launched in 2022 include:

1. Academy of the Future - a comprehensive development project prepared by an experienced staff of experts who have specialized in the competencies of the future for many years. Each of the webinars and workshops provided a powerful injection of knowledge related to the key competencies of the future. The webinars provided insight into a concise compilation of key issues, and the workshops allowed for practical skills training. In addition, an Inspiration Library with materials to expand selected future competencies was prepared for the participants.
2. Banking School of Sales - including such training courses as SPIN® Selling - Understanding the Customer, PREMIUM Relational Selling Model, Advanced Business Negotiations, and Business Advisor Academy. The aim of the project is to support the implementation of proven and effective sales behaviors, improve competencies in the area of up-selling, reaching new customers, conducting meetings and dealing with difficult situations. The knowledge and skills acquired are perfected during practical workshops.
3. Omnicash - the purpose of the training is to acquire the ability to conduct customer cash service and cash handling at the cash register using the OmniCash system, in which it will be possible to handle customer cash transactions, as well as other cashing activities.
4. Moto Project - aimed at incorporating a motor insurance product into the Bank's offerings.
5. Recognizing the Authenticity of Money Marks - training addressed to Sales and Customer Service Specialists. During the training, employees have the opportunity to acquire, verify or deepen their knowledge of the possibility of recognizing the authenticity of Polish and foreign currency signs (PLN, EUR, GBP, USD or UAH). Employees will learn methods of securing Polish and foreign currencies and the current legal regulations on the circulation of means of payment.
6. Robotization Academy - the proprietary training program, developed by practitioners employed by the Bank in cooperation with a partner - the largest provider of automation solutions in the world - continued in 2022. A program through which employees were able to develop digital competencies and learn the basics of automation, including building robots for their own use.
7. Forge of Agility - a series of training courses to gain in-depth knowledge of Agile and Lean methodologies, confirmed by a certification process. The comprehensive program of training, exchange of practical knowledge and coaching is aimed both at people working in product teams and all employees, potential stakeholders of agile methods. As part of the Forge of Agility and its Agile Pathway, every employee has a chance to learn the necessary agile competencies, at every level of knowledge needed to change an organization toward Agility - greater transparency, performance measurement and a friendlier work environment. The Lean path includes a complete dose of knowledge, as well as the skills to bring out the potential and gain efficiency in a role related to process improvement and optimization.
8. Safe on the Web - a series of trainings aimed at increasing awareness in the area of Cyber Security, safe use of modern technologies. The program is carried out in cooperation with experienced market

specialists who discuss specific real-life examples and methods to counter various cyber security incidents.

The Bank also successfully implemented the first edition of TalentsUP, an innovative development program based on practical experience, which was aimed at all Bank Pekao employees, regardless of age, position or work experience. In the end, after a 3-stage recruitment process, the TalentsUp team consisted of 50 talents working in different areas of our organization, motivated to take on new challenges, but most importantly wanting to change both the bank and themselves. The TalentsUp program is designed to develop both the competencies needed by the organization and those derived from the Talents' individual needs. That's why the program's participants developed on two parallel paths: design and development.

During the project work, participants worked together in diverse, challenging teams and were supported by leaders and experts from within and outside our organization. They experienced the design process by implementing real business challenges. The project path involved learning different competencies, versatility and diversification of techniques and tools so that the development of Talents was multifaceted and the skills were useful in their professional development. Thus, program participants learned how to conduct user research, how to build prototypes and test them with users, analyze trends, create empathy maps, prepare a service implementation using service blueprint or design a professional sales pitch, among other things.

The development path also relied on a variety of forms and experiences. The Talents had the opportunity to work with improv theater actors, participate in an improv performance or take part in retro sessions, but they also prepared videos, worked with Gallup's Talent tool, organized consultations and gave each other feedback. The second year of the development path, on the other hand, was a whole range of development methods and tools from which Talents could choose, designing their individual development. The offerings included mastermind, Gallup CliftonStrengths survey, job crafting, project rotation and many other development activities.

The results of participation in the program include not only the knowledge and experience gained in conducting projects using agile methods (design thinking) and developed design competencies. Talents have also built a network of new and supportive contacts (networking). The project teams delivered added value to the business - they presented the results of the qualitative research and the developed solutions before the Management and Leadership Council. Some of the solutions are further developed by the business or used in ongoing projects. One of the solutions was implemented as a pilot and is currently being tested.



261 thousand

of training hours
(class room and virtual sessions)



11 thousand

of employees attended
to training



293 thousand

hours of e-learning courses
and trainings



Leadership development - training for managers

The Bank's priority is to continuously develop and expand the competencies of its executives so that they can meet the challenges of the changing reality, both in business and social terms. In 2022, the Bank continued and developed training and development programs like:

- Leadership Academy and Retail Manager's Academy - training programs designed for the Bank's managers, who play an important role in the organization's operations and have a direct impact on the effectiveness of business objectives, organizational culture, the Bank's market position and customer relations. The programs make it possible to acquire knowledge in a systematic way and translate it into concrete skills on an ongoing basis. The fifth edition of the programs was held in September 2022.
- Leader of change - the program aims to introduce managers to what it means to build a position as an inspiring leader of change in a VUCA (Volatile, Uncertain, Complex and Ambiguous) environment. The training program will make it possible to understand what authentic and natural leadership and management is and develop a practical, personal leadership and management style.

Development programs and initiatives

The priority of the Bank's development program is to identify, review, verify and develop present and future leaders. Employees can benefit from development initiatives aimed at supporting professional development, skills, knowledge and competencies, as well as take part in initiatives to strengthen commitment.

In 2022, the Bank continued development programs and initiatives for its employees to provide support in terms of interpersonal and management skill development.

- Succession Plans which are of fundamental importance to ensure the continuity of employment at strategic positions, the implementation of long-term projects and the minimization of operating risks,
- Annual evaluation system: the process of evaluating the Bank's employees, which includes the evaluation of competencies and potential as well as the planning of individual development and business goals,
- Assessment Centre/Development Centre sessions – an evaluation of professional potential; its results are used in decision-making processes related to employment, promotion, and employee development.
- Team Atmosphere Survey - the survey makes it possible to make an in-depth diagnosis of the factors affecting the atmosphere, cooperation and organization of work. The purpose of the survey is to learn about areas that still need to be strengthened and to plan activities that are appropriate to the specific challenges of a particular team.



Recruitment, internship and apprenticeship programs

Bank Pekao, as a reliable and responsible employer, treats all issues connected with both internal and external recruitment of employees in a comprehensive way and provides support in the systematic development of persons employed by the Bank.

The recruitment policy in the Pekao Group is aimed at acquiring the best external candidates, while promoting internal talents. Thanks to this, the Pekao Group employs people with various professional experiences and competences. The Bank conducts activities encouraging employees to participate in internal recruitment (throughout the Pekao Group) as part of professional development in other business areas.

The basic regulation in this regard is the *Procedure for External and Internal Recruitment*. The regulation guarantees optimal and uniform selection of persons to perform tasks in accordance with the HR policy and the Bank's business plans and strategy. The procedure provides for recruitment for positions covered by the Collective Agreement and the MBO system from level N-3, inclusive. Recruitment for positions above the N-3 level is carried out in accordance with separate procedures, including, in particular, the *Policy of selection of candidates for the function of a member of the Management Board and Key Function Holders and Assessment of the suitability of the proposed and appointed members of the Management Board, Supervisory Board and Key Function Holders at Bank Polska Kasa Opieki Spółka Akcyjna*.

The recruitment is always focused on the identification and verification of the best candidate that meets the job requirements and those defined in the recruitment demand, has a relevant approach and key skills from the point of view of the organization in accordance with the Bank's Competence Model.

One of the annual goals of the Bank is to attract a specific number of graduates from the best universities in Poland and abroad and offer them professional development opportunities within the organization: in branches or units of the Bank's Head Office. With this in mind, the Bank targeted three internship/trainee programs for university students and graduates in 2022. In 2022, another edition of the Summer Internship Program "Bison Academy" was held. In two months, 45 people participated in the program. Students had the opportunity to learn about the specifics of work in various business areas, such as corporate and SME banking, retail banking, risk management, IT, operations and services, finance. Each participant in the internship program was assigned a mentor, who oversaw the course of the cooperation and kept track of the assigned person's progress. The trainees had clearly outlined tasks in the teams they joined and a real impact on the course of ongoing projects. Cooperation with the Bank was based on a fixed-term employment contract.

In 2022, the Bank launched the Corporate Banking Champions internship, which hired 12 people (fifth-year students and graduates) who were given a first-hand look at working in the Corporate Banking Division for four months. Each of the interns had specific tasks or projects to complete, which they performed under the supervision of a mentor. Cooperation with the Bank was based on a fixed-term employment contract. The IT Banking Champions internship, on the other hand, was aimed at students intending to develop in the IT field, in the positions of programmer, tester, analyst or administrator. Each intern was involved in a specific project, which was carried out with the support of a mentor. The interns were employed based on a fixed-term employment contract.



Bank Pekao's already proven dimension of interaction with job candidates was recruitment as part of the Jobicon Job Festival. This is a place to meet candidates in a safe virtual reality and a customized development environment for young people, created at the intersection of knowledge, technology and entertainment. Jobicon Online provided a space for engaging meetings with thousands of candidates. During the events, the following took place:

- live interactive and personal meetings with online candidates - meetings in private rooms to which participants signed up beforehand,
- group sessions,
- webinars for wider audiences.

The Bank participated twice in the event in 2022. Through Jobicon's practice, the most desirable job candidates from all over Poland were successfully and quickly acquired, deep and long-term relationships with candidates were established and built. The internship made it possible to share knowledge and experience with young people entering the labor market.

Employer branding activities

In 2022, the Bank continued its branding efforts implemented as part of its employer brand strategy, promoting the opportunity for career development in a place where real change can be made. Key initiatives in 2022 include:

- Participation in image and recruitment events, building the Bank's image as an employer among potential candidates. During events such as the IT Job Fair, Jobicon, Warsaw IT Days, Absolvent Talent Days, Data Science Summit, Click (2022) online, and meetings at key universities, among others, visitors had the opportunity to talk to Bank representatives about new job opportunities and what the day-to-day work of each position looks like.
- A campaign to showcase the cultural change and the Bank's new vision.

- A change in recruitment communications, including new visuals for announcements that emphasize Bank Pekao's opportunity to fulfill its potential so that everyone feels like a leader of change in their area. The job offers are aimed at people with different levels of seniority - from expert level to specialist to someone at the threshold of their career.

A very important group of recipients of *employer branding* activities are employees employed by the Bank, regardless of their position or functional area. These people not only directly benefit from the Bank's offerings as an employer, but also contribute to the organization itself and its culture, as well as build the employer's image in their environment.



Cooperation with universities

A focus on cooperation, exchange of information and experience between the organization and the academic world is an important area of the Bank's activities. This is served by cooperation with the country's leading universities, including through presence at events such as the Career Days of the Faculty of Management at the University of Warsaw and the Warsaw School of Economics (hereinafter: "SGH") in Warsaw, Week with SGH Career Advisors, the Job Fair of the Polish-Japanese Academy of Computer Technology, the IT Job Fair at the Military University of Technology, the Engineering Job Fair and Absolvent Talent Days. Students and graduates had the opportunity to learn about internships and apprenticeships, consult their resumes and learn more about the recruitment process and the requirements for the employees being sought. For those interested in developing in a specific area, individual consultations were organized with experts from the Bank, who provided support in identifying possible development paths.

In addition, Bank Pekao was a partner for the fourth time of the SGH Master's Degree Dean's Award, which recognizes the most talented SGH graduates - authors of the best theses. A number of experts with extensive knowledge and experience in specific areas of the Bank were involved in evaluating the work.

Inclusive organization

GRI 3-3 Management of material topics

GRI 405-1 Diversity of governance bodies and employees

The Bank applies the Policy of Gender Equality and Diversity with Respect to Members of the Supervisory Board, Members of the Management Board and Key Function Holders at Bank Polska Kasa Opieki Spółka Akcyjna (Gender Equality and Diversity Policy) which defines the strategy for managing the diversity of the Bank's employees, including diversification with regard to the selection of members of the Supervisory Board, members of the Management Board and Key Functions Holders at the Bank.

The Gender Equality and Diversity Policy defines guidelines aimed at ensuring that the Bank's employees are able to manage their careers, achieve success and assess their work on the basis of individual achievements, regardless of gender. The aim of the Bank's diversity strategy referred to in the Gender Equality and Diversity Policy is to ensure high quality performance of tasks by the Bank's employees, including the selection of competent persons to perform their functions in the Supervisory Board, Management Board and Key Functions at the Bank, applying first and foremost objective substantive criteria and taking into account the benefits of diversity.

Gender equality ensures the Bank's employees the opportunity to manage their careers, achieve success, and assess their work on the basis of individual achievements, regardless of gender. Guidelines on gender equality apply to all HR processes and provide for:

- assuring of representation of both genders in external recruitment processes by preparing lists of recommended candidates including at least one candidate of each gender,
- seeking to ensure representation of both genders in internal recruitment processes, by drawing up lists of recommended candidates for a given post, which contain at least one candidate of each gender,
- eliminating of discriminating criteria in relation to genders while preparing job offers and descriptions,
- informing external partners operating in the areas of recruitment and training (temporary employment agencies, employment agencies, public labor agencies/labor offices, head-hunter agencies) about the scope and content of the implemented Gender Equality and Diversity Policy and the Bank's involvement in achieving the objectives of this policy,
- assuring equal professional development opportunities to all Bank employees (training, coaching, mentoring, and other development actions at work) of any gender, accounting for professional duties, effectiveness, professional potential in accordance with the Bank's organizational needs, standards and criteria defined in separate internal regulations,

- ensuring equal treatment of the Bank's employees in terms of remuneration and additional benefits, regardless of gender, in accordance with the Remuneration Policy of Bank Polska Kasa Opieki Spółka Akcyjna and generally applicable provisions of law in this regard,
- promoting balance in professional and private life of employees by taking advantage of possibilities provided for in relevant regulations in this field and such available facilities like:
 - offering flexible working models (part-time employment, etc.) in a manner consistent with the applicable provisions of law, in particular the provisions of labor and social security law and internal regulations, taking into account business and organizational requirements and needs,
 - supporting employees during and after long-term absence (e.g. after parental leave, unpaid leave, sickness and any other long-term absence) by avoiding discrimination during and after long-term absence, enabling employees to remain in contact with the company during long-term absences and facilitating return after a long-term absence in accordance with applicable law, in particular: labor and social security law and internal regulations of the Bank,
 - incorporating issues related to gender equality in training programs, including, without limitation, those addressed to management staff, adaptation programs and other forms of training and communication.

The *Gender Equality and Diversity Policy*, in accordance with the legislative process in force at the Bank, was adopted by the Management Board of the Bank and approved by the Supervisory Board. The gender equality and diversity policy also applies to eight subsidiaries: Pekao Direct Sp. z o.o., Centrum Kart S.A., Pekao Bank Hipoteczny S.A., Pekao Financial Services Sp. z o.o., Pekao Investment Banking S.A., Pekao Leasing Sp. z o.o., Pekao TFI S.A. and Pekao Faktoring Sp. z o.o.

NUMBER OF MEMBERS OF THE SUPERVISORY BOARD BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
<30	1	0	1	0	0	0
30-50	16	35	51	3	1	4
>50	5	13	18	2	3	5
Total	22	48	70	5	4	9

PERCENTAGE OF MEMBERS OF THE SUPERVISORY BOARD BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE
<30	1%	0%	1%	0%	0%	0%
30-50	23%	50%	73%	33%	11%	44%
>50	7%	19%	26%	22%	33%	56%
Total % percentage by gender	31%	69%	100%	56%	44%	100%

NUMBER OF MEMBERS OF THE MANAGEMENT BOARD BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
<30	0	0	0	0	0	0
30-50	4	22	26	1	6	7
>50	3	9	12	0	2	2
Total	7	31	38	1	8	9

PERCENTAGE OF MEMBERS OF THE MANAGEMENT BOARD BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE
<30	0%	0%	0%	0%	0%	0%
30-50	11%	58%	68%	11%	67%	78%
>50	8%	24%	32%	0%	22%	22%
Total % percentage by gender	18%	82%	100%	11%	89%	100%

NUMBER OF EMPLOYEES BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
<30	700	515	1,215	372	299	672
30-50	5,653	2,843	8,496	4,817	2,397	7,215
>50	3,507	1,085	4,592	3,336	977	4,312
Total	9,861	4,443	14,304	8,525	3,673	12,199

PERCENTAGE OF EMPLOYEES BY AGE CATEGORY AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE
<30	5%	4%	8%	3%	2%	6%
30-50	40%	20%	59%	39%	20%	59%
>50	25%	8%	32%	27%	8%	35%
Total % percentage by gender	69%	31%	100%	70%	30%	100%

NUMBER OF EMPLOYEES BY EMPLOYMENT STRUCTURE AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Managerial positions	910	778	1,687	782	651	1,434
Other employees	8,952	3,665	12,617	7,743	3,022	10,765
Total	9,862	4,442	14,304	8,525	3,673	12,199

PERCENTAGE OF EMPLOYEES BY EMPLOYMENT STRUCTURE AND DIVERSITY IN 2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE	WOMEN	MEN	TOTAL % PERCENTAGE BY AGE
Managerial positions	6%	5%	12%	6%	5%	12%
Other employees	63%	26%	88%	63%	25%	88%
Total % percentage by gender	69%	31%	100%	70%	30%	100%

NUMBER OF EMPLOYEES BY EMPLOYMENT STRUCTURE AND AGE IN 2022	PEKAO GROUP				BANK			
	<30	30-50	> 50	TOTAL	<30	30-50	> 50	TOTAL
Managerial positions	10	1,242	436	1,688	5	1,042	387	1,434
Other employees	1,205	7,260	4,150	12,616	667	6,173	3,926	10,765
Total	1,215	8,502	4,586	14,304	672	7,215	4,312	12,199

NUMBER OF EMPLOYEES BY EMPLOYMENT STRUCTURE AND AGE IN 2022	PEKAO GROUP				BANK			
	<30	30-50	> 50	TOTAL	<30	30-50	> 50	TOTAL
Managerial positions	0%	9%	3%	12%	0%	9%	3%	12%
Other employees	8%	51%	29%	88%	5%	51%	32%	88%
Total	8%	59%	32%	100%	6%	59%	35%	100%

Activities promoting diversity

The Pekao Group and the Bank are implementing numerous initiatives offering support for diversity addressed to all employees, including reporting their initiatives and active use of existing projects. The primary goal of these activities is to:

- fully exploit the potential of all employees in the process of managing the company's intellectual capital and building an organizational culture based on sharing knowledge and experience,
- improve employees' commitment and satisfaction across all age groups, inter alia, through development programs, incentive targets, succession plans or compensation systems,
- improve HR management strategy by developing leadership,
- develop an employee-friendly organization.

The Bank's employees may participate in the following initiatives:

- workshops promoting the diversity of operation and communication styles among employees, which include a discussion on the types of personality and corresponding differences in the process of communication and relations development, as well as preferred methods of operation, based on Insight Discovery methodology,
- "Insight Discovery-based Team Management" training for managers. The purpose of those workshops is to educate managers in diversity management, turn their attention to diversified needs and methods used to motivate employees depending on their age, experience, skills and competences. At the training, issues related to diversity management, challenges faced by managers of diversified teams, including generational differences, diversified experience of employees, and their individual needs and motivators, are discussed.

The Bank also has initiatives to strengthen diverse leadership and develop women in managerial positions. On the Bank's website there is a separate section "Women Leaders at the Bank" devoted to this topic, which presents, among others, stories of women being Bank managers who succeeded in achieving their professional goals.

An important measure taken by the Bank in favor of open dialogue with women and discussion of the needs of this group of employees (women make up nearly 70% of the Bank's workforce), was the launch of the "No Sugar" program in 2020 under the auspices of Vice President Magdalena Zmitrowicz. In 2022, it included weekly meetings and webinars on the development of personal and professional competencies on the following topics: job crafting, communication, creativity training, leadership awareness, relationship psychology. A separate stream consisted of meetings on child-rearing and parenting challenges. A total of 35 webinars were held, attended by more than 4,000 people. The webinars were positively evaluated in evaluation surveys, with an NPS score as high as 87.

In addition, the "No Sugar" program has joined Microsoft's "emPower Women" development project with partner Avande. Nearly 90 applications were received during the recruitment process. In the end, five ladies were selected to be among 50 women from the top 10 organizations working with Microsoft tools. The main goal of "emPower

Woman" was to strengthen the technological competence of women with a focus on cloud solutions. The program began in September, and for the next seven months the participants had the opportunity to take part in Microsoft training, soft skills development sessions, as well as project work on a selected innovation for the Bank.

The program is not indifferent to the topics of ecology, which is why it has organized an independent competition within the framework of the "Ecology at the Bank" action titled "Let's be #EKO together. Challenge for #EKOvacation." There were 44 entries in the competition, which attracted a lot of interest among employees. Participants in the competition demonstrated not only creativity in their submissions, but above all a willingness to promote environmentally friendly attitudes.

There were also publications in the media and press, where women working at Bank Pekao were promoted. The industry magazine "My Company Polska" published an article "Why the world needs women's leadership" and a report "Women in IT. We do impossible things right away."

Closing the pay gap

[GRI 3-3 Management of material topics](#)

[GRI 405-2 Ratio of basic salary and remuneration of women to men](#)

According to the ESG Strategy, the Bank's priority is to integrate ESG factors into the incentive system of the Bank's key management personnel and to strengthen gender equality. The Bank intends to achieve this by including ESG factors in the incentive system of the Bank's Management Board and key managers, an annual performance evaluation based on goal achievement, an annual salary review, and a succession plan and development programs to support women's professional development. The Bank says it will develop networking activities and mentoring programs for women, while continuing to narrow the gender pay gap. Pekao's priority will be to maintain a balanced level of men and women in managerial positions. Providing flexible work arrangements and supporting work-life balance will remain important.



* Job crafting – self-performed job modelling/transformation by employees, which is aimed at activities directed at tailoring the work to their own needs and preferences, thereby helping employees build job satisfaction and increase commitment.

In fulfilling the obligation referred to in Article 9ca (5)(1) of the Banking Law of August 29, 1997, the Bank provides information to the PFSA for the year 2022 on the gender pay gap, using the ratio of the average pay of women to the average pay of men based on the GRI 405-2 reporting standard as of December 31, 2022, based on total compensation as of December 31, 2022, and including those classified as active and employed more than 0.1 full-time equivalent as of December 31, 2022:



35.9%

the gender pay gap ratio for the Bank as a whole, understood as the ratio of the average pay of women to the average pay of men working at the Bank



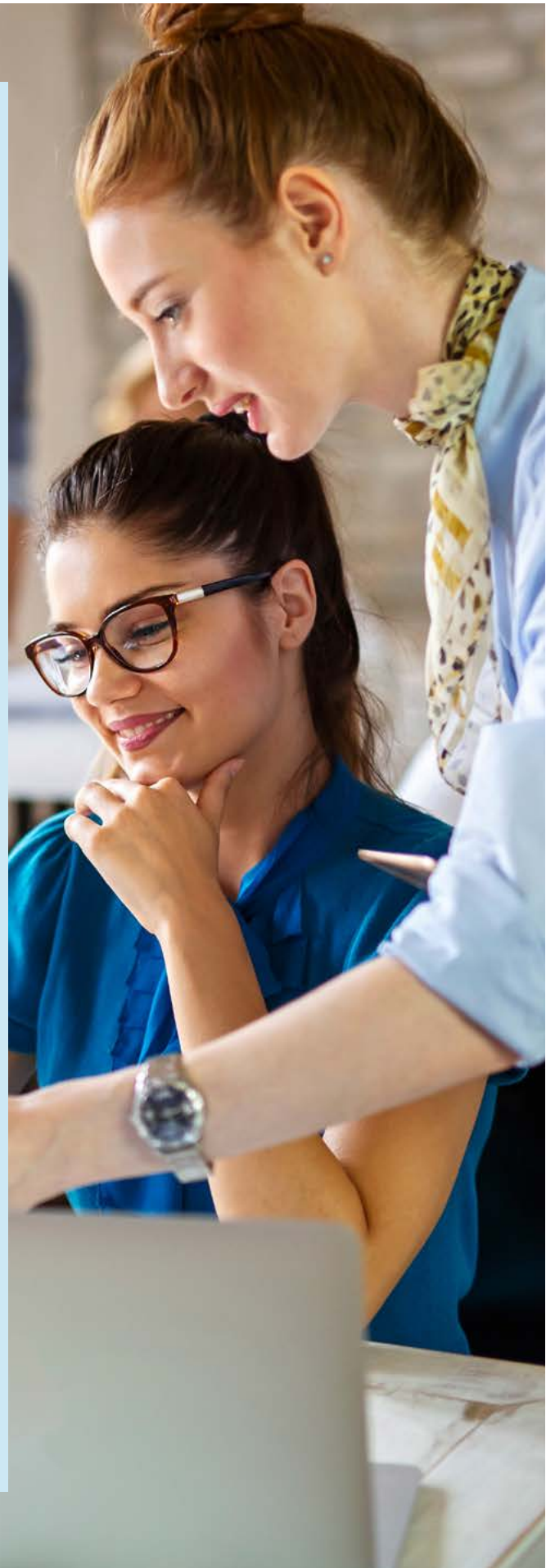
7.7%

the gender pay gap ratio, calculated as a weighted average for subgroups of employees taking into account job levels, business lines, and performance at the Bank's headquarters or in the network

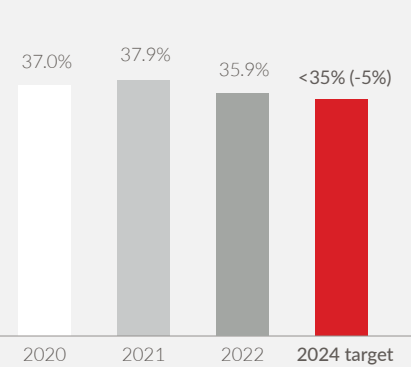


69.3%

the share of women in the workforce

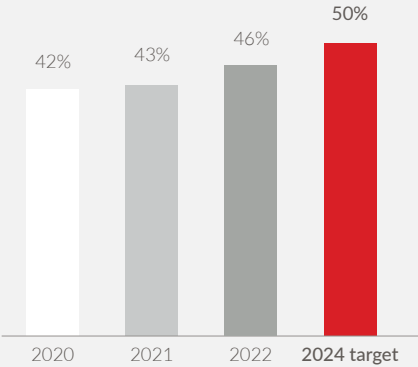


Pay gap between men and women
Strategy Execution Indicator
ESG 3. Pillar – Governance



The indicated pay gap between the average salary of men and women reflects the ratio of total compensation between men and women at the Bank. The level of the pay gap is influenced by the overall structure of the workforce, where in areas including technology and data analytics (big data), where the market competitiveness of nominal salaries is at a high level, the majority of employees are men which reflects the availability of candidates and affects the average salaries of men at the Bank relative to the average salaries of women at the Bank, who dominate the workforce in other areas. The Bank is attentive to ensuring equal treatment with regard to remuneration and non-salary benefits regardless of age, race, culture, gender, disability, sexual orientation, religion, nationality, political beliefs

Maintaining a balanced level of the number of men and women in managerial positions
Percentage ratio of men



or views, union affiliation, ethnic origin, religion, marital status, employment for a definite or indefinite period of time, full-time or part-time employment, and ensures that remuneration and any related terms and conditions of employment that affect remuneration, including those relating to the terms of award and payment of remuneration, are gender-neutral, i.e. are not differentiated on the basis of gender. In its activities, the Bank analyzes factors that may affect differences and takes measures to eliminate them.

2022	PEKAO GROUP	BANK
Ratio of average(*) basic salary of women to average basic salary of men at the Bank's headquarters or company headquarters		
Members of the Management Board	0.69	1.00
Managers	0.78	0.77
Others	0.78	0.75
Ratio of average(*) total salary of women to average total salary of men at the Bank's headquarters or company headquarters		
Members of the Management Board	0.78	1.37
Managers	0.75	0.78
Others	0.75	0.75
Ratio of average(*) basic salary of women to average basic salary of men at the Bank's establishments or company establishments*		
Managers	0.88	0.88
Others	0.83	0.82
Ratio of average(**) total salary of women to average total salary of men at the Bank's establishments or company establishments*		
Managers	0.84	0.92
Others	0.79	0.81

* Weighted average of the number of employees of a certain gender in a given category in each company.
** Applies to Pekao Group companies, which have both headquarters and outlets.



Health
and safety

OHS issues

GRI 3-3 Management of material topics
GRI 403-2 Hazard identification, risk assessment, and incident investigation

At the Bank, the basic regulations in the area of Employee safety are the *Principles of Occupational Health and Safety and Fire Protection introduced on September 21, 2022 by an Order of the President of the Management Board, and the Bank Pekao S.A. Group Policy on Occupational Health and Safety.*

The Pekao Group and the Bank, as institutions aware of the responsibility for the safety and health protection of employees, are primarily obliged to:

- prevent accidents at work, occupational diseases and potential accidents by the use of, among others, technical and organizational advancements,
- meet requirements set out by law and other requirements applicable to the Bank,
- aim at continuous improvement of occupational health and safety,
- take part in documenting and updating occupational risk assessment,
- improve actions relating to occupational safety and health to avoid losses arising from accidents at work,
- improve employees' qualifications and involvement in OHS initiatives,
- provide necessary technical and financial resources and competent personnel to carry out duties connected with the protection of employees' safety and health.

The most important duty of the occupational health and safety service is to control the conditions under which work is performed, in particular, taking into account: the organization of work processes and their impact on working conditions, and the technical condition of work

premises, including the submission of proposals on occupational health and safety requirements, as well as participation in the commissioning of reconstructed facilities.

By inspecting various aspects of work, the OHS services have a substantial share in the assessment of occupational risks. The purpose of the process is to find out which threats in the working environment can cause injuries or deterioration in the employee's health and whether such treats can be eliminated and, if not, what actions should be taken to reduce the related occupational risks.

According to demand, the occupational safety and health service organizes and ensures an adequate level of training in occupational safety and health for newly hired employees, cooperates with relevant organizational units in periodic training, as well as with persons performing the tasks of social labor inspector.

To improve the process of performing the above tasks, in April 2001 the Bank established the OHS Committee, the rights and obligations of which are set out in a separate regulation on the establishment of the OHS Committee at Bank Polska Kasa Opieki Spółka Akcyjna. The last update of this regulation was implemented in October 2020 by an Order of the President of the Management Board.

The OHS Committee is responsible for inspecting working conditions, assessing OHS conditions on a periodical basis, prepare opinions on measures taken by the employer to prevent accidents at work and occupational diseases, draw conclusions concerning improvements in the working conditions, and cooperate with the employer in relation to the fulfilment of the employers OHS obligations.

GRI 403-9 Work-related injuries
In 2022, the number of injuries in the Pekao Group was 30, 23 of which involved Bank Pekao employees. No fatal or serious injuries were reported. In terms of the characteristics of the injuries sustained, the following should be mentioned first and foremost: sprains, contusions, and fractures of extremities, spinal injuries, and surface injuries. In each of the cases mentioned, the circumstances and causes of occupational accidents were analyzed, working conditions were inspected, and post-accident recommendations were made.

2022	PEKAO GROUP			BANK		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Number of light accidents	21	2	23	21	2	23
Number of serious accidents	0	0	0	0	0	0
Number of fatal accidents	0	0	0	0	0	0
Total number of occupational accidents, including:	21	2	23	21	2	23

2022	PEKAO GROUP	BANK
Total number of people injured in accidents	23	23
Total accident frequency rate (IR, calculated as total number of people injured in accidents/ employment x 1000)	1.59	1.88
Accident severity rate (calculated as number of days of disability due to accident/number of accidents)	33	33
Total number of days of work disability due to occupational accidents (LDR, calculated as the ratio of the total number of days lost to the number of planned working hours of employees in the reporting period * 200000	4.0	4.6
Absenteeism rate (AR, calculated as the total number of unscheduled absences from work(*)/ number of days worked per year * 100)	7.6	6.8

* Absences due to ill health (not only related to accidents at work), any additional unscheduled absences (such as extra days off for childcare); excluding scheduled leaves (vacation, maternity, paternity).



Medical care and health-promoting activities

GRI 403-6 Promotion of worker health

Bank Pekao offers all Bank employees medical care provided since April 2020 by PZU Zdrowie. Bank employees may take advantage of the package of basic medical services with the possibility of extending them. The wide range of medical services negotiated by Bank Pekao S.A. may also be used by family members indicated by the employee, i.e. children, children over 26 years of age, spouses, partners, parents, parents-in-law, and senior citizens. The medical care offer is also addressed to retirees and pensioners of Bank Pekao S.A. as part of a specially negotiated package. As part of medical care, the insurer covers the costs or provides discounts for medical consultations, outpatient procedures, prescription visits, laboratory diagnostics, pregnancy management, immunizations, home visits, imaging, endoscopic and functional tests, rehabilitation and dentistry. Taking into account the expectations of employees and market benchmarks, changes have been implemented as of November 1, 2022, which affect the satisfaction associated with the use of medical care services. This includes a preventive package available to all employees, as part of occupational medicine - consultations for selected specialties: ophthalmologist, orthopedist, neurologist, rheumatologist, and a package of laboratory tests.

Moreover, the Bank, in cooperation with a medical services company, organizes additional initiatives that are part of its efforts to improve the health of its employees. Among the most important activities are flu vaccinations or additional preventive examinations. The Bank also conducts, through internal channels (Intranet), educational programs that support employees in developing health-oriented habits.

The average monthly number of packages held by Bank employees and their family members was 14,445, and the average monthly number of packages financed or co-financed by the Bank was 10,338. Pekao Group companies also provide medical care for their employees.

The Bank also continued its prevention of the COVID-19 virus threat in 2022.

For another consecutive year, the "Take Health by the Horns" program motivating employees to be physically active, eat right, undertake stress management and preventive care continued. The desire to move outdoors and act for the benefit of others was combined into one by the next edition of the "MiLOVE running with Bison" campaign - in 2022, two such events were implemented, i.e. one dedicated to running/walking carried out in the summer, while in the autumn encouragement of activities such as cycling was also included. Both events were very popular. During these campaigns, the "virtual" miles collected by employees during walks, runs, or bike rides were used for a good cause. Thanks to the involvement of nearly 700 people and the more than 86,000 miles they covered, the Bank Pekao Foundation provided financial support to six young scholarship recipients of the Run into the Future Program.

In terms of healthy eating, four programs were implemented. The first provided knowledge on the fundamentals of healthy eating and encouraged people to take up the challenge and implement specific changes in their diets. Subsequent programs addressed the most common diseases of civilization and talked about how to support the fight against conditions such as obesity, hypertension, insulin resistance and diabetes by modifying one's diet. Each program included several webinars with a nutritionist, supplementary materials: tips, recipes and culinary trivia. In mental health issues, meanwhile, realized programs based on strengthening the pillars of psychological capital (according to Martin Seligman). Meetings with experts addressed the topic of resilience, building real optimism, and there was also a program based on mindfulness enriched with breathing and relaxation techniques, as well as prevention of depression and professional burnout.

The aforementioned activities were complemented by a wide-ranging preventive campaign conducted with PZU Zdrowie doctors, among others. Its goal was to make employees aware of the possible first signs of various medical conditions and to encourage further diagnostics if identified. Preventive activities also included meetings with an oncologist and an ophthalmologist, as well as assistance in quitting the smoking habit. Due to the outbreak of the conflict in Ukraine and the associated period of heightened feelings of insecurity about the geopolitical situation beyond our country's borders, the Bank has made available the opportunity for anonymous, one-on-one conversations with a psychologist. There were also webinars treating how to deal with difficult emotions, as well as meetings on how to help wisely - without compromising one's own health.



Business ethics and corporate governance

In line with the ESG Strategy, the Bank strives to maintain the highest standards of corporate governance and develops an ethical approach to business. The goal of corporate governance is to create tools to support effective management, effective oversight, respect for shareholder rights and transparent communication of the company with the market.

[GRI 2-23 Policy commitments](#)

[GRI 2-24 Embedding policy commitments](#)

[GRI 2-27 Compliance with laws and regulations](#)

In its day-to-day operations, the Bank face ever-increasing challenges related to the rapidly changing regulatory environment. In the area of corporate governance, a key activity remains the prevention of violations and protection of the Bank from any improper conduct, in compliance with applicable laws, regulations and accepted ethical standards. The corporate governance applied at the Bank derives from the provisions of the law (in particular, the Commercial Companies Code, the Banking Law and the regulations governing the functioning of the capital market), as well as from the principles contained in the "Best Practice for WSE Listed Companies", the "Corporate Governance Principles for Supervised Institutions" issued by the Polish Financial Supervision Authority and the "Code of Banking Ethics" of the Polish Bank Association. Pekao Group's Code of Conduct, which is available to the public, is the primary regulatory act on ethical conduct.

In line with the ESG Strategy, the Bank strives to maintain the highest standards of corporate governance and develops an ethical approach to business. The goal of corporate governance is to create tools to support effective management, effective oversight, respect for shareholder rights and transparent communication of the company with the market. The principles of ethical conduct apply to all employees of the Bank. The Code addresses the most important issues to watch out for in the performance of official duties. The principles contained therein should be a guideline in the decision-making process.

In 2021, the Management Board of Bank Pekao S.A. adopted a resolution, also effective in 2022, for the Bank to adopt the Best Practices for WSE Listed Companies 2021 (hereinafter: "Best Practices") issued by the Stock Exchange. The Best Practices replaced the *Best Practices of WSE Listed Companies 2016*, which the Bank applied until June 30, 2021. The Best Practices are a set of corporate governance principles to which issuers of shares listed on the WSE's Main Market have been subject since 2002, based on the provisions of the Regulations of the Warsaw Stock Exchange. The *Best Practices* take into account the current state of the law and the latest trends in the area of corporate governance, as well as the demands of market participants interested in increasingly better corporate governance in listed companies. The Best Practices also include requirements related to the ESG area, including issues of sustainability, diversity in the composition of company bodies and equal pay.

The *Best Practices* are an important element in building the competitive position of companies and significantly contribute to strengthening the attractiveness of the Polish capital market. The Bank makes every effort to ensure that the Best Practices are applied in full. In accordance with the requirements of the Regulations of the WSE, information on the current status of application of corporate governance principles is published, including explanations of the reasons for not applying the principles in accordance with the *comply or explain* principle. The benefit of implementing the *Best Practices* was to raise the standards and transparency of the Bank's operations.



In terms of protecting specific groups of stakeholders, contractors and customers, the Bank has and applies the *Rules for the sale of credit and payment products to consumers at Bank Polska Kasa Opieki Spółka Akcyjna and Policy for the sale of investment products*.

The Bank adheres to the highest standards in handling confidential information within the meaning of the *Regulation of the European Parliament and of the Council of April 16, 2014 on Market Abuse* (hereinafter: MAR). A precise regulation has been implemented that clearly defines the rules for handling confidential information within the meaning of MAR and protecting it from unauthorized disclosure or use. The regulation sets out the rules related to the execution of transactions on financial instruments by the Bank's employees, including employees with access to insider information within the meaning of MAR. For the Bank, it is very important that persons discharging managerial responsibilities and persons closely related to them observe restrictions on transactions in financial instruments related to the so-called "closed periods" preceding the publication of the Bank's periodic reports. For this reason, in addition to the information received due to applicable laws, persons discharging managerial responsibilities regularly receive information about any upcoming closed period and related restrictions on transactions in the Bank's financial instruments. Any information about the execution of a transaction by a person discharging managerial responsibilities or a person closely related to him/her is reported in accordance with applicable laws. The Bank constantly monitors employee activity in financial instrument transactions.

Code of Conduct of the Pekao Group

The Pekao Group operates in accordance with applicable laws and market standards, and promotes ethical business behavior, i.e. conduct based on accepted values and principles. The current *Code of Conduct of the Pekao Group* (hereinafter: "Code of Conduct") contains the most important principles to be followed by all employees of the Pekao Group, regardless of their position or basis of employment.

In the Code of Conduct, the Pekao Group expresses its support for sustainable economic and social development and environmental protection and climate change efforts. The Code of Conduct refers

to the adopted ESG Strategy, which summarizes the environmental, social and corporate governance approach and priorities.

The Code of Conduct evokes the values of **#straightforward**, **#together**, **#boldly** and **#responsibly** that shape the Bank's organizational culture.

The Code of Conduct contains the most important rules of conduct for all persons in an employment or other legal relationship of a similar nature with Bank Pekao or another legal entity of the Bank Pekao Group, including members of the statutory bodies of the Bank or other Bank Pekao Group entities. The above principles apply to interactions with stakeholders: customers, business partners, representatives of local communities, the business environment and colleagues. They apply to all areas of Pekao Group operations so as to ensure the highest standards of service delivery.

Compliance with the provisions of the Code of Conduct is the primary obligation of each employee of the Bank and each employee of other entities of the Pekao Group. Newly hired employees are required to familiarize themselves with the contents of the Code of Conduct and confirm this in writing or through the information system before starting work and performing their duties. Completion of e-learning training on the Code is mandatory for all employees.

The *Code of Conduct* commits employees to acting ethically, adhering to the values that shape Pekao Group's organizational culture, honesty, integrity, and professionalism. Its provisions indicate the need to:

- act in accordance with the provisions of law, internal regulations, recommendations of supervisory and control authorities and generally accepted market standards,
- strive to improve the quality of work and standards in order to achieve the intended objectives,
- build long-term relationships with customers based on mutual trust and transparent rules of cooperation, provide high quality services tailored to the specifics and needs of each customer,
- have knowledge of the risk culture, i.e. the risk limits relating to the activities carried out, as defined by the Bank Pekao or other Pekao Group entities.

Those in management positions at all levels are expected to promote ethical attitudes among employees and point out the required standards, thereby building a comprehensive Pekao Group culture based on ethical values. The *Code of Conduct* shapes the attitude of an employee who is aware that his or her conduct, both in the course of his or her duties and in his or her free time, can affect the way the Pekao Group is perceived. Everyone should act in a way that does not expose the Pekao Group to reputational risk - when performing official duties, representing companies or claiming employment with them.

The *Code of Conduct* addresses the following issues:

- compliance with the law
- ethical culture
- values
- ethical conduct
- proper principles of conduct for Pekao Group employees
- treating others with dignity and respect
- work culture

- respecting human rights
- ethical product offer
- consumer protection
- principles of handling customer complaints
- responsible marketing and promotional activities
- protecting reputation
- communication standards
- financial reporting
- protection of information protected by law
- banking secrecy
- personal data
- company secrecy
- professional secrecy within the meaning of the Act on Trading in Financial Instruments (so-called brokerage secrecy)
- professional secrecy within the meaning of the Act on Investment Funds and Management of Alternative Investment Funds
- preventing monopoly practices and assuring fair competition
- confidential information and abuses in the market
- policy for managing conflicts of interest
- counteracting money laundering and financing of terrorism
- preventing corruption
- accepting or offering gifts and entertainment
- using the services of brokers and counterparties
- property protection
- occupational health and safety
- reporting breaches (*whistleblowing*)
- activities promoting sustainable development, ESG strategy

The *Code of Conduct* contains examples of acceptable and unacceptable behaviors and actions (case studies), developed on the basis of the Recommendations of the Committee on Banking Ethics at the Polish Bank Association on the formation of ethical culture in banks.

Superiors who manage employees are to pay attention to compliance and reputational risks in their area of responsibility, according to the Code of Conduct, and ensure that subordinate employees act appropriately in this regard.



Preventing corruption

GRI 3-3 Management of material topics

GRI 205-1 Operations assessed for risks related to corruption

GRI 205-3 Confirmed incidents of corruption and actions taken

Bank Pekao decisively combats all forms of corruption and situations that may contribute to corruption. The Bank does not tolerate any actions that may constitute corruption by the Bank’s employees or other persons or units having any relationships with the Bank.

Employees who refuse to take part in corruptive practices or employees who disclose such practices or attempts at such practices by other persons/entities are fully protected. Moreover, the Bank does not tolerate offering, promising, demanding, giving or accepting any payments (*facilitation payments*) aimed at accelerating any issues by the Bank employees or other persons or entities having relationships with the Bank.

No cases of corruption were reported in the Pekao Group in 2022.

Corruption Prevention Policy of the Bank Pekao S.A. Group (hereinafter: “Corruption Prevention Policy”) covers all aspects of the Bank’s operations. In accordance with its guidelines, the Bank has adopted a Corruption Prevention Program. It consists of the following elements:

1. Rules and procedures concerning:
 - cooperation with intermediaries,
 - gifts and entertainment,
 - recruitment process,
 - cooperation with counterparties,
 - donations and sponsoring (including donations to political parties),
 - mergers and acquisitions,
 - significant investments,
 - the Bank’s participation in public procurement procedures,
2. Training and information programs for Bank employees on preventing corruption,
3. Designing and supervising the implementation of inspection mechanisms aimed at preventing corruption, applying and monitoring the compliance with such mechanisms by other business units of the Bank in accordance with the Bank’s internal regulations,
4. Estimation of compliance risk for the “Anti-Corruption Process”,
5. Establishing safe and easily accessible communication channels to be used by the Bank’s employees and other persons to report attempted corruption or actions regarded as corruption in a confidential way,
6. Reporting the progress in the implementation of the corruption prevention program to the Management Board of the Bank in the form of a quarterly report on the operations of the Compliance Department;
7. Precise and fair registration of all transactions in the books and documents of the Bank and avoiding undisclosed or unregistered accounts, funds, assets or transactions.

Corruption Prevention Officer

A Corruption Prevention Officer has been appointed at Bank Pekao’s Compliance Department who is responsible for reporting information about attempted corruption or actions regarded as corruption. The Corruption Prevention Officer has the right to examine suspected or actual actions regarded as corruption and request a person that is suspected of corruption to submit documents, as well as to review such documents and report such circumstances in accordance with the applicable procedures. Detailed duties of the Corruption Prevention Officer, including the development, implementation and supervision of the effective Corruption Prevention Program, as well as the enforcement of the Bank’s internal regulations on corruption prevention, are set out in the Corruption Prevention Policy.

The Bank’s Corruption Prevention Policy applies to every activity undertaken by the Bank, to all Bank employees, and to the prevention of corruption in the Bank Pekao S.A. Group companies. The Bank decisively combats all manifestations of corruption or situations that may promote corruption. The Bank does not tolerate any actions that may constitute corruption by the Bank’s employees or other persons or units having any relationships with the Bank. In 2022, both Bank Pekao and Bank Pekao Group companies analyzed the risk of corruption. Bank Pekao has defined the main areas of corruption risk associated with its activities, which are:

- using agent services,
- gifts and entertainment,
- recruitment policy,
- services provided by business partners,
- donations and sponsoring (including donations to political parties),
- mergers and acquisitions,
- significant investments,;
- the Bank’s participation in public procurement procedures.

The corruption risk analysis for the major corruption risk areas supplements the Bank’s due diligence applicable to other types of risk in these areas.

In the corruption prevention area, subsidiaries are guided by the *Code of Conduct* and the same principles as the Bank. The vast majority of companies have appropriate corruption prevention regulations tailored to the size and nature of their operations. Some companies have specialized coordinator positions or teams responsible for anti-corruption activities. The following were cited as potential areas of corruption risk: cooperation with intermediaries and contractors,

conclusion and renewal of contracts with contractors, the process of giving gifts and invitations, the recruitment process, donations and sponsorships, merger and acquisition transactions, and participation in public procurement procedures. No significant corruption risks were identified in the subsidiaries.

The Compliance Department, in accordance with the Bank’s internal regulations, identifies, evaluates, controls, monitors and reports on corruption risks at the Bank.

The Corruption Prevention Policy is mandatorily communicated to the Bank’s intermediaries, contractors and counterparties. Includes *due diligence* on new business partners in a comprehensive form. Intermediaries are examined for corruption risks prior to the start of cooperation and periodically. The Bank provides employees, intermediaries or contractors with the opportunity to report information about attempted corruption or corrupt activities that have occurred - this should be reported to the email address: PrzeciwdzialanieKorupcji@pekao.com.pl. Information in this regard is retained for the attention of the staff analyzing the case and reported within the management information system.

The Corruption Prevention Policy is communicated to employees at each update. Each employee is also required to familiarize himself with the content of the anti-corruption training, which is mandatory for all employees and culminates in a test to verify the knowledge acquired.



Whistleblowing Policy

GRI 2-16 Communication of critical concerns

GRI 2-26 Mechanisms for seeking advice and raising concerns

The Whistleblowing Policy of Bank Pekao S.A. (hereinafter: “Whistleblowing Policy”) reflects the Bank’s involvement in promoting corporate culture that supports ethical conduct in accordance with legal regulations, as well as the Bank’s procedures and ethical standards.

The purpose of this policy is to establish safe channels to report any practices that do not comply with law, unfair or unethical practices or a reasonable suspicion of their existence as well as to ensure that the problems reported will be received, analyzed, and properly handled and that the person who reported them in good faith will be protected against any retaliatory action.

Any early discovery of a violation and remedial actions taken in consequence of that violation contribute to the reduction or elimination of the Bank’s reputation risk. The culture of openness and honesty, contrary to the “culture of silence”, contributes to the growth of trust in the Bank’s transparent operation and constitutes a clear message that the Bank does not tolerate any illegal or unethical conduct.

The Whistleblowing Policy applies to:

- all persons cooperating with the Bank under an employment relationship or any other legal relationship of a similar nature, including members of the Bank’s statutory bodies – regardless of the issue to which the report pertains,
- entities/persons performing operations for the Bank, regardless of the type of agreement between the Bank and the entity/person – with regard to reporting actual or potential violations of regulations on counteracting money laundering and terrorism financing.

Where there are reasonable suspicions that a violation has been committed or where one is in possession of information about a possible occurrence of a violation, it is necessary to promptly contact

the designated member of the Management Board and, in special cases (e.g. when the report concerns a member of the Management Board), the Supervisory Board. Reports may be filed verbally, by e-mail or in writing via dedicated communication channels, such as an anonymous infoline, a special e-mail or traditional mail. All reports are handled by the Bank with due diligence and are subject to the procedure set out in the Policy. The notice of violation can be submitted anonymously or not.

If the applicant reveals his identity, the data are protected. The information concerning the filed report of a violation is classified as "Confidential" and stored with the use of appropriate security measures in accordance with applicable laws and the Bank's information classification and management principles. The Bank does not tolerate retaliation against reporting persons. The verification officer, while informing the person to whom the report pertains - in accordance with the Policy - about the report, at the same time reminds the person of the Bank's rules on not tolerating retaliation and the obligation to apply them.

Bank Pekao Group's Code of Conduct gives guidance on how to deal with the many situations a Bank Pekao employee may encounter on a daily basis, but may not provide a solution for every circumstance. Therefore, in case of doubts about how to proceed, each employee

in uncertain or unclear situations has the right to ask his or her supervisor or a cell of the Compliance Department.

All Bank employees have the opportunity to ask the Compliance Department to:

- receive advice on implementing the organization's responsible business principles and practices,
- raise concerns about events in the organization's business relationships.

Any employee of the Bank who has come into possession of information about the possibility of a material compliance risk is obliged to promptly communicate such information to the Compliance Department. A Bank employee who has become suspicious of the possibility of a compliance risk in the intended conduct or event should consult the Compliance Department.



NUMBER OF CASES OF REPORTED VIOLATIONS (WHISTLEBLOWING)	2020	2021	2022
Bank Pekao	9	8	24
Pekao Group's companies	14	0	0

Remedial processes for negative impacts

With regard to negative impacts and the occurrence of compliance risks, the Bank has and applies Bank Pekao S.A.'s Compliance Policy. Responsibility for ensuring compliance is borne by the Bank's statutory bodies, all organizational units of the Bank, as well as all Bank employees, in their areas of operation. The Management Board actively promotes a culture (hereafter referred to as compliance culture) in which every Employee of the Bank will feel responsible for the compliance of their actions with laws, internal regulations and market standards. The Management Board makes the Bank's business units aware of the importance of this issue and supports the activities of the Compliance Department. If irregularities are found in the application of the Policy, the Management Board takes corrective or disciplinary measures.

In any case concerning the possible application of disciplinary measures referred to in separate internal regulations, the Human Resources Division is the organizational unit competent to apply such measures.

The Compliance Coordinator reports on a quarterly basis on the quality of the compliance risk management processes (self-assessment), applicable internal regulations, and actions taken to cover compliance risks in the Bank's unit or organizational unit. Reports are sent to the Compliance Department by the tenth day of the first month of the quarter following the quarter covered by the reporting period, regardless of whether compliance risk events occurred in the quarter.

Conflict of Interest Management

GRI 2-15 Conflicts of interest

The *Bank Pekao Group's Conflict of Interest Management Policy* in effect sets forth the principles for managing conflicts of interest and defines the circumstances that cause or may cause conflicts of interest in the Bank's operations.

The Bank applied the methodology for managing conflicts of interest that makes it possible to identify and assess compliance risk connected with a specific conflict, choose appropriate measures to prevent or minimize negative consequences, eliminate conflicts of interest and monitor them.

The Bank defines circumstances in which conflicts of interest are most frequently identified, taking into consideration both areas potentially at risk of a conflict of interest and types of relations concerning the Bank, employees, entities from the Pekao Group and third parties, especially customers and trading partners of the Bank.

The identified types of conflicts of interest and the measures to manage them that should be applied by Employees identifying conflicts of interest are included in the Conflicts of Interest Matrix.

Measures used by the Bank to manage potential conflicts of interest are, among others, based on:

- its organizational structure and consist in:
 - establishing information barriers (Chinese walls),
- splitting duties by separating various business units of the Bank and Group entities in physical and competence terms in the case of actions that can cause a conflict of interest, including in particular the separation of the Bank's business units,
- implementing structural independence by allocating defined competences, method description, types of actions and operations to each business unit of the Bank to let it make independent decision and supervise the Bank's employees,
- preventing simultaneous or consecutive involvement of the Bank's employees in service provision if such involvement can adversely affect the effective management of conflicts of interest,
- internal regulations providing for remuneration rules in relation to the Bank's employees by defining:
 - principles for remuneration that do not have a negative impact on the stakeholder's interest and eliminate direct dependencies between a variable part of remuneration and business goals,
 - entering into proprietary transactions, putting in place procedures to prevent abuse associated with the execution of own transactions on financial instruments by establishing limitations to such transactions in relation to an employee or the Bank,
 - transferring the Bank's employees to other jobs if a reporting relationship arises between partners or relatives,
 - introducing and adhering to ethics and corporate culture by employees and conducting appropriate training.

If, despite of the application of all possible measures to manage conflicts of interest, there is a risk that the interests of the stakeholder to which the conflict refers to will be violated or there is a significant reputation risk, the conflict of interest is disclosed to the stakeholder. The disclosure always includes the description of the underlying conflict of interest adjusted to the stakeholder's knowledge and experience, which enables the stakeholder to make a well-informed decision concerning a specific service, as well as information about measures applied by the Bank to manage the conflict of interest and limit related risks. The disclosure of the conflict of interest does not release the Bank from its obligation to apply all possible measures connected with the management of conflicts of interest.

The Bank is also governed by the *Regulations on Conflict of Interest Management at Bank Pekao S.A.*. The Regulations (hereinafter: "Regulations") define the principles of managing conflicts of interest and define the circumstances that cause or may cause conflicts of interest in the Bank's activities at all levels of the organization. The Regulations establish a regime of conduct for the Bank, imposing a general obligation to disclose also in situations of sitting on multiple management bodies, capital ties with suppliers and other stakeholders, the existence of controlling shareholders, relationships and transactions with related parties. The Bank ensures public disclosure of relevant information regarding the *Conflict of Interest Management Policy* adopted at the Bank. These disclosures, in accordance with the Regulations, should include information on how the Bank manages material conflicts of interest and conflicts that could arise due to the Bank's membership in a capital group or the Bank's transactions with other entities in the capital group. Public disclosure may not include protected information: constituting personal data, bank secrecy or business secrecy. The above information, as well as information on the existence of such potential conflicts at the Bank and their extent, should also be reported to the Polish Financial Supervision Authority. In addition, with regard to potential conflicts of interest arising from the existence of controlling shareholders, the Bank has and applies the regulation *Principles of Conduct with respect to disclosure obligations related to the acquisition or disposal of significant blocks of shares - Bank Pekao S.A. Group Policy*.



Counteracting crime and countering money laundering and terrorist financing

Bank Pekao has an Ordinance - *Fraud Management Process* introducing the Company Instruction - *Fraud Management Process* at Bank Polska Kasa Opieki S.A. The Business Instruction specifies:

- what is fraud and what categories of fraud may affect the Bank in the course of its business;
- who (which organizational unit of the Bank and which employee of this unit) is obliged to implement actions in the event of a fraud incident;
- how exactly fraud should be countered (catalog of activities to be carried out).

In addition, the duties and responsibilities of the Financial Security Office in Bank Pekao's Security Department, which performs tasks related to the central coordination of financial crime prevention in the Bank, are defined.

The *Fraud Management Process* and the implemented Business Instruction impose duties and powers on each Bank employee related to countering financial crime to the detriment of the organization itself and the Bank's customers.

In accordance with the requirements of the Act of 1 March 2018 on counteracting money laundering and financing terrorism, the Bank engages in activities aimed at counteracting financial crime and terrorism. The key regulation in this regard is the Procedure for counteracting money laundering and financing of terrorism in Bank Polska Kasa Opieki Spółka Akcyjna.

Control and repair mechanisms

The Bank's Management Board is responsible for designing, implementing and ensuring the operation of an independent, adequate and effective Internal Control System in all of the Bank's business units and organizational units, which includes the Control function, the Compliance Department and the Internal Audit Department.

The Bank's Management Board, when taking Internal Control actions, takes into account:

1. the degree of complexity of the processes in place at the Bank and its subsidiaries;
2. the resources available to the Bank;
3. the risk of irregularities in individual processes, including, in particular, significant processes;
4. an assessment of the adequacy and effectiveness of all lines of defense to date.

The Bank's Management Board approves the rules for categorizing irregularities and establishes the criteria for evaluating and the effectiveness of the Internal Control System, and determines the actions to be taken to rectify irregularities detected by the Internal Control System, including certain corrective and disciplinary (including punitive) measures. In addition, the Bank's Management Board ensures the functioning of the Internal Control System in the Bank's subsidiaries.

Control mechanisms are designed in all processes in place at the Bank.

The organizational cell responsible for a given process designs appropriate controls to mitigate the risk of failure to achieve the objectives of the Internal Control System in its process.

When designing control mechanisms, consideration is given to:

1. changes in the market and regulatory environment,
2. adequacy of a given type of control mechanism with respect to particular processes,
3. the effectiveness of a particular type of control mechanism in the past,
4. the ability to independently monitor a given control mechanism.

Control mechanisms are applied across all lines of defense and across all processes in the Bank for the purpose of:

1. prevention - by preventing irregularities,
2. detection - by detecting irregularities,
3. adjustment - by adjusting irregularities.

Significant or critical irregularities detected in the first line of defense should be immediately reported to the Compliance Department, the Bank's Security Department and the Internal Audit Department. It is the responsibility of the head of the cell or organizational unit that identified the irregularity to promptly report the above information. The Compliance Department, in consultation with the Internal Audit Department, may change the scope or category of irregularities, in particular based on the aggregation of data from different cells or organizational units.

The Compliance Department immediately forwards information on detected irregularities to the relevant organizational unit of the second line of defense responsible for independent monitoring of the process under which the significant or critical irregularity occurred.

The Director of the Internal Audit Department decides to immediately inform the Bank's Management Board and Supervisory Board of critical irregularities detected within the first line of defense.

Significant or critical irregularities detected in the second line of defense should be immediately reported to the Compliance Department and the Internal Audit Department. It is the responsibility of the head of the second line of defense unit that identified the irregularity to promptly report the above information. Critical irregularities should be reported by the second line of defense unit that identified the irregularity, in addition to the Bank's Management Board and the Audit Committee of the Supervisory Board.

Critical irregularities detected as part of the third line of defense should be immediately reported for information to the Compliance Department, the Bank's Management Board and the Audit Committee. Significant irregularities detected as part of the third line of defense should be reported to the Compliance Department for information.

The Bank's Compliance Policy sets forth the principles for managing compliance risk. According to them, internal control system activities are implemented, which include monitoring and testing. As a result of these tasks, irregularities are identified for which an action plan is also established. Information on the number and severity of identified irregularities is conveyed to the Bank's Management Board as part of the Compliance Department's cyclical reporting.

Compliance culture

2-26 Mechanisms for seeking advice and raising concerns

Ensuring compliance is integral to the conduct of the Bank's business, is rooted in the values set forth in the Bank's Charter of Principles, Code of Conduct and adopted Code of Banking Ethics, and underpins a culture of compliance.

The Code of Conduct addresses the most important issues that all Bank employees pay attention to in the course of their duties. The principles contained therein should be a guideline in the decision-making process. The Code gives guidance on how to deal with the many situations that employees face on a daily basis, but does not provide a solution for every circumstance.

Therefore, when in doubt, the Code instructs employees to ask questions:

- Am I following the law?
- Am I proceeding in an ethical and honest manner?

- Can my action expose my organization or the Pekao Group to the risk of reputational loss?
- Will my action undermine customer or stakeholder confidence in my organization?

If the answer to these questions is uncertain, the Code of Conduct instructs each employee to ask his or her supervisors or the compliance unit. The request for an opinion on compliance is available on the intranet website to all Bank employees.

In addition, regardless of the implementation of the cyclical reporting obligation on the implementation of the provisions of the Whistleblowing Policy in 2022, 24 cases were referred to the highest authorities.

Approach to risk management

Bank Pekao has a risk management strategy described in the ICAAP Policy – Risk and Capital Management Principles (hereinafter: "ICAAP Policy"), adopted by the Management Board and approved by the Supervisory Board of the Bank. This document defines major elements of the Bank's comprehensive approach to risks connected with its operations and arising from its business strategy, both at the level of the Bank and the whole Capital Group of the Bank. The ICAAP Policy defines the identified risks and the criteria for their recognition as material, indicating the objectives and associated risk management principles, the target risk structure associated with the activities carried out and the acceptable level and structure of risks, as defined in the adopted risk appetite.

Each identified risk is assessed in terms of its significance. If the risk is recognized as significant, it is measured (provided that it is classified as measurable) or evaluated (for risks that are difficult to measure) and monitored and controlled in accordance with methods and procedures applicable to a given type of risk. The purpose of risk assessment and measurement methods is to comply with applicable legal requirements, regulator guidelines and best practices.

The Bank uses formal risk reduction limits in accordance with its risk appetite and defines principles for handling situations when limits are exceeded. The Bank's management information system makes it possible to monitor risk levels. The Bank's organizational structure is adjusted to the size and profile of the Bank's risks. While managing the risk of the Capital Group, the Bank supervises risks associated with the activities of its subsidiaries.

In the risk management systems in place at the Bank, the Management Board is responsible for developing, implementing and effective operation of risk management processes and an internal capital estimation process adjusted to the size and profile of the risk appetite, including the risk of the Bank's subsidiaries. The Management Board of the Bank is regularly informed about the current risk profile of the Bank, about the largest exposures and concentrations of credit exposures.

The Bank's Supervisory Board, supported by the Risk Committee, supervises the assess risk management system and its adequacy and effectiveness. In addition, the Supervisory Board supervises the compliance of the Bank's risk management policy with the strategy and financial plan of the Bank.

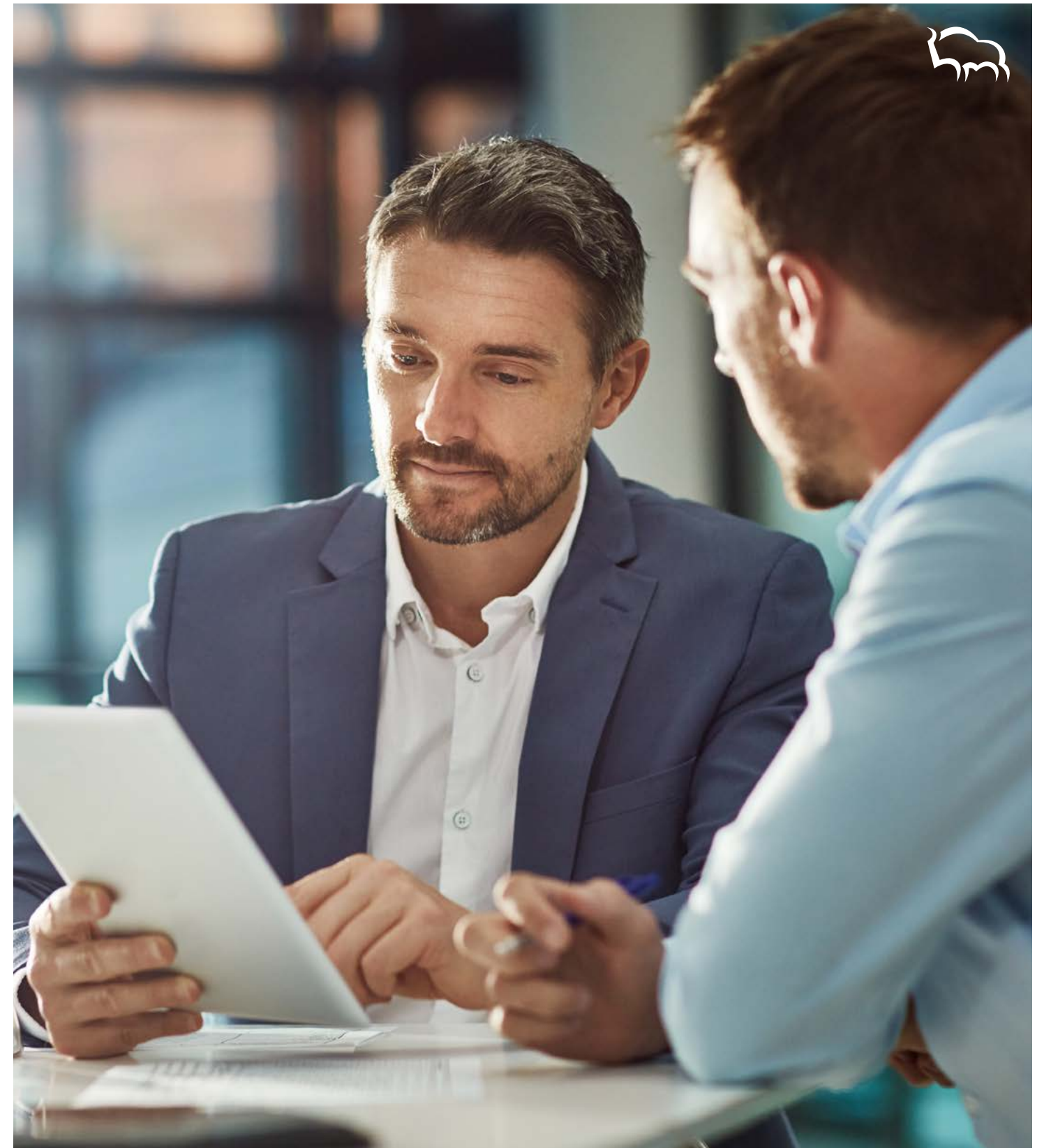
The risk management strategy (including risk appetite) and system of the Bank are reviewed and updated on a regular basis to keep them adequate in terms of their scale and complexity of the Bank's operations.

The Bank's risk management system constitutes an integral element of the Bank's management system. Risk management improves decision-making processes while ensuring that decisions are in line with best market practices and applicable regulatory requirements.

Due to the nature of the Bank's operations, all risks identified as significant and resulting from guidelines of regulatory bodies, including types of risks related to social, employee, environment, respect for human rights, anti-corruption, related to products and relations with external environment, including counterparties, have been appropriately defined and included in separate regulations. Selected regulations in this field have been cited in this Statement on non-financial information of the Bank Pekao S.A. Capital Group for the year 2022.

In 2022, the Bank continued the development of risk management competencies and took actions related to the optimization of credit processes in all business segments by simplifying procedures and implementing modern tools improving processes, including the implementation of automatic tools supporting credit decision making.

At the end of 2022, the Bank's cost of risk excluding provisions related to foreign currency housing loans was 0.41%. As a risk management leader, the Bank has maintained its cost of risk at one of the lowest levels in the sector.



Observance of human and worker rights, responsibility in the supply chain

The Pekao Group companies and the Bank comply with the applicable laws and ethical standards pertaining to human rights. The key comprehensive regulation articulating these principles is the Pekao Group's Code of Conduct. The obligation to respect the rules rests with all employees, regardless of their position, seniority, place and working time. By responsibly shaping a work environment free of practices that violate human rights, the Bank builds a system of values directed to shareholders, customers, investors, contractors, suppliers, local communities and other stakeholders



Regulations reflecting 10 Principles of the UN Global Compact

As a member of the United Nations Global Compact, Bank Pekao fully identifies with the 10 Principles of Global Compact, supports the efforts of that organization towards sustainable development and undertakes numerous initiatives promoting respect for human rights, improvement of working conditions, environmental protection and the fight against corruption. The individual principles of the UN Global Compact are reflected in the policies and internal regulations of the Bank and the Pekao Group referred to in this Statement.

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

Among the most important regulations relating to the above principles are:

1. Code of Conduct of the Pekao Group
2. ESG Strategy 2021-2024 "Responsible Bank supporting sustainable development"
3. Collective Labor Agreement
4. Work Regulations of Bank Polska Kasa Opieki Spółka Akcyjna
5. Bank Pekao S.A. Compliance Policy
6. Ownership supervision policy over subsidiaries and with the participation of Bank Polska Kasa Opieki Spółka Akcyjna
7. Corruption Prevention Policy of the Bank Pekao S.A. Group
8. The Whistleblowing Policy of Bank Pekao S.A.

9. Mobbing Prevention Policy of Bank Polska Kasa Opieki Spółka Akcyjna
10. Credit risk policy
11. Policy and procedure for selecting an audit firm to conduct audit of financial statements of Bank Pekao S.A. and the rules of cooperation with the audit firm, auditor and supervisory authority
12. Equality and diversity policy with regard to the Members of the Supervisory Board, Members of the Management Board and persons holding Key Functions at Bank Polska Kasa Opieki Spółka Akcyjna
13. Policy of selecting candidates for the position of a Management Board member and the Key Function and assessment of the suitability of proposed and appointed members of the management board, supervisory board and key functions at the Bank
14. Capital Management Policy of Bank Polska Kasa Opieki Spółka Akcyjna
15. Procurement Policy of Bank Polska Kasa Opieki Spółka Akcyjna;
16. Bank Pekao S.A. Group Policy on Counteracting Practices Restricting Competition and Practices Violating the Collective Interest of Consumers
17. Procedure for counteracting money laundering and financing of terrorism in Bank Polska Kasa Opieki Spółka Akcyjna,
18. Procedure of periodic evaluation of employees of Bank Polska Kasa Opieki Spółka Akcyjna
19. Principles for granting donations and sponsoring by Bank Polska Kasa Opieki Spółka Akcyjna

In addition, in its activities, the Bank adheres to:

1. The Best Practice for GPW Listed Companies 2021
2. Code of Banking Ethics (Principles of Best Banking Practices)
3. Charter of Best Practices in the Financial Market

Prevention of mobbing and discrimination

GRI 3-3 Management of material topics

GRI 406-1 Incidents of discrimination and corrective actions taken

The Bank does not in any way tolerate any mobbing activities or behaviors towards employees (including manifestations of sexual harassment), and appropriate consequences are promptly drawn against their perpetrators.

The Bank has a *Mobbing prevention policy of Bank Polska Kasa Opieki Spółka Akcyjna* (hereinafter: "Mobbing Prevention Policy") in place. The regulation defines principles for the prevention of conduct and behavior considered as mobbing. In addition, the purpose of the Mobbing Prevention Policy is to support the implementation of the provisions of labor law to the extent of the obligation to prevent

mobbing. Some of the Bank's subsidiaries have developed internal procedures to regulate anti-mobbing issues, these include: Pekao Bank Hipoteczny S.A., Pekao Investment Banking S.A., Pekao TFI. S.A. and Pekao Financial Services Sp. z o.o.



NON-FINANCIAL PERFORMANCE RATIOS

	2022	2021
 Bank Number of cases reported and handled under the Mobbing Prevention Policy	4	4
 Pekao Group Number of cases reported and handled under the Mobbing Prevention Policy	1	0

In 2022, there were no cases of discrimination at Bank Pekao and the Pekao Group companies.

Charter of Principles Advocate

The effect of caring for the formation of high quality principles of social coexistence in the workplace, as referred to in Article 94 item 10 of the Labor Code, is the function of the Charter of Principles Advocate, who acts on the basis of the *Principles and the procedure of the Charter of Principles Advocates in considering reports by Bank employees of violations of the values of the Charter of Principles* adopted by the Bank's Management Board. The Charter of Principles recognizes integrity in social relations as a guarantee of sustainable development, the sustainable transformation of profit into value for all stakeholders (colleagues, customers and suppliers, investors, local communities). It identifies the values that underlie the relationship with each such group and indicates the behavioral patterns that should be followed in these relationships. Among the values identified as the foundation of fairness, the Charter includes: equal treatment, respect, freedom, transparency, reciprocity and trust. These values, which are widely shared and adhered to by employees, shape the organizational culture and enhance the Bank's image.

Employees may report to the Advocate if they observe or personally experience behavior that is inconsistent with the rules of social conduct. The employee may forward a Report to the Advocate electronically to the email address, by letter, by telephone. The Advocate is a trusted representative of the employees and is bound by confidentiality and discretion rules. The Advocate's duty is to help employees solve problems connected with the violation of values. Having received a notice, the Advocate takes appropriate actions to reconcile conflicted parties and repair their relations, determine further conduct and its implications for the future.

The Advocate presents information on his interventions taken in the previous year, including recommendations of actions for the following year, once a year to the Bank's Management Board.

Relations with the public

GRI 3-3 Management of material topics

GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

The Bank respects the freedom of association and holds a dialogue with trade unions operating at the Bank, based on respect for fair interests of the parties. The Bank documents the conducted social dialogue and provides trade union organizations with dedicated intranet websites for communication with employees.

In 2022, the Bank cooperated with trade unions in the form of consultations, negotiations and arrangements under terms and conditions set out by labor law and with respect for the parties' interests and principles of social dialogue - 46 meetings were held between the Bank and trade union organizations. Meetings were held stationary, as well as there was an opportunity to participate remotely. The meetings were mainly devoted to negotiations and arrangements resulting from internal labor law and generally applicable regulations, changes in in-house labor laws, arrangements for the use of the Company Social Benefits Fund, and other topics related to collective employee rights.

In addition, in 2022, the Bank, together with four trade unions, Parties to the Company Collective Labor Agreement, agreed on and signed, in the form of Additional Protocol No. 2 to the Company Collective Labor Agreement, the "Rules of awarding bonuses to employees of the sales network of the Retail Banking Division." All Trade Union Organizations operating at the Bank were involved in the bargaining process.

In 2022, there were three industrial disputes in the Bank, initiated in 2016, 2019 and 2021, respectively, by one of the trade union organizations operating at the Bank. On April 14, 2022, a Memorandum of Discrepancies was signed by the Bank and the union, ending the mediation phase of the collective dispute initiated in 2016.

The Bank, in its mutual relations with trade union organizations, has been guided by the principle of good faith in developing the best collective labor law solutions for both employees and the Bank. The right to freedom of association and collective bargaining is not violated or threatened to be violated at any of the Pekao Group's establishments and locations.

Employee Council

GRI 402-1 Minimum notice periods regarding operational changes

The Employee Council is a body of employee representation, and the rules of its election, its purpose and its powers are defined by the Act of April 7, 2006 on Informing Employees and Conducting Consultations.. The Council is independent in its operations, has its own internal structure and acts independently towards the employer.

Pursuant to Article 13 of the Act of April 7, 2006 on Informing Employees and Conducting Consultations, the Employer conveys information to the Council regarding:

- the employer's activities and economic situation, as well as anticipated changes in this regard;
- the status, structure and projected changes in employment and measures to maintain employment levels;
- activities that may cause significant changes in work organization or employment bases.

The employer conveys information to the Council in the event of anticipated changes or intended actions and at the written request of the Employee Council within a time, form and scope that will enable the Employee Council to become familiar with the matter, analyze the information and prepare for consultation, if required.

The Employee Council has an intranet site on which it posts its messages addressed to Bank employees. In 2022, 4 meetings with the Employee Council were held.



DATA ON TRADE UNIONS AT BANK PEKAO	2020	2021	2022
Number of trade union organizations operating at Bank Pekao	8	9	9
Number of members of Bank Pekao's Employee Council	0	7	7
Unionization at Bank Pekao	54%	53%	52.3%
Number of days lost due to strike	0	0	0

Responsible procurement process

GRI 3-3 Management of material topics

The Pekao Group and the Bank treat counterparties with due respect and select suppliers of goods and services in an objective and impartial manner, thus taking care of good and fair commercial relations.

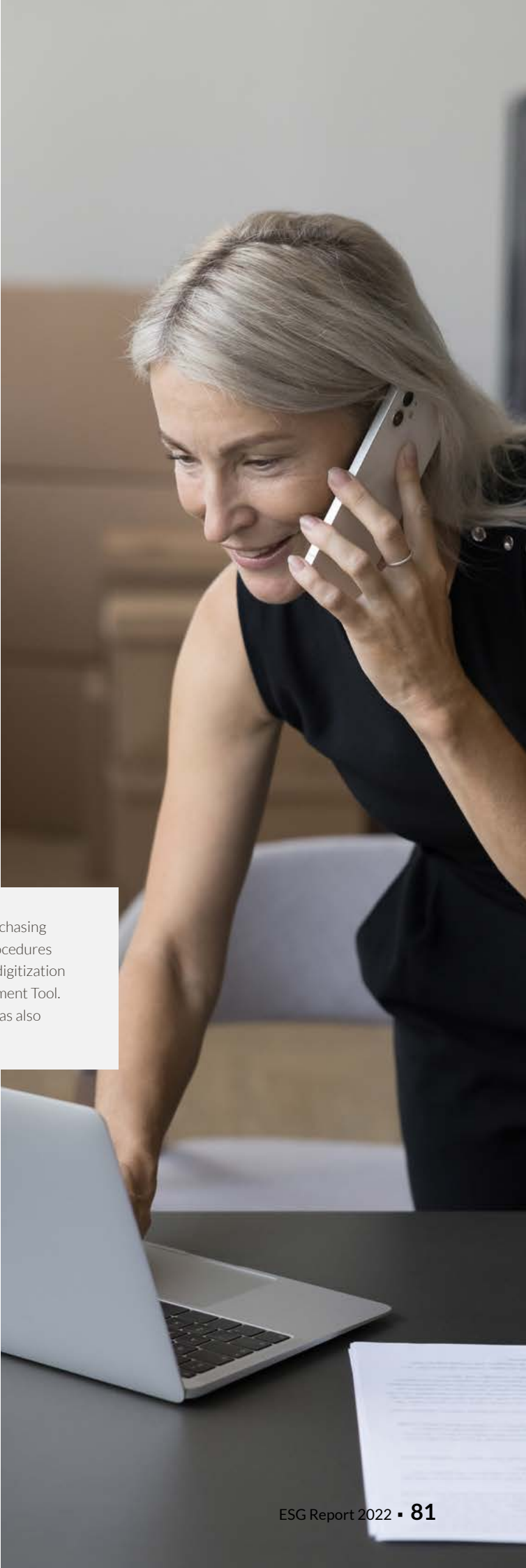
The Pekao Group and the Bank treat counterparties with due respect and select suppliers of goods and services in an objective and impartial manner, thus taking care of good and fair commercial relations. In selecting suppliers, the Pekao Group and the Bank apply internal procedures in accordance with best practices and mandatory provisions of Polish law. The Pekao Group builds long-term relations with suppliers based on mutual trust, respect, and professionalism. In particular, suppliers who apply proven market practices and represent the highest level of professional ethics are appreciated.

The course of purchasing processes is defined by three key regulations, effective from 2018: *Procurement Policy of Bank Polska Kasa Opieki Spółka Akcyjna*; *Principles for Procurement by the Procurement Department of Bank Polska Kasa Opieki Spółka Akcyjna* and *Principles for Procurement Without the Participation of the Procurement Department of Bank Polska Kasa Opieki Spółka Akcyjna*. The rules were reviewed again in 2019, 2020 and 2022 following a further transformation of the purchasing function at the Bank. The *Procurement Policy* was also updated in 2022.

Another step of improvement initiated in 2019 was full digitization of purchasing processes and communication with bidders at the stage of purchasing procedures and placed orders. The result of the work performed so far in the field of digitization of purchasing processes is the implementation of the Integrated Procurement Tool. Following the new system, the purchase procedure in force at the Bank was also updated.

During the procurement process, products or services to be ordered are defined in the same way for all business partners to guarantee fair competition. Any company may be invited to participate and, subject to meeting the Bank's internal requirements, submit a bid. All bidders, planned for inclusion in procurement processes, are registered in the supplier database and considered when constructing the list of potential suppliers. In addition, in 2022, the so-called Bank Pekao* Supplier Zone was launched, where information on selected procurement processes planned for launch is published. The Supplier Zone also includes a dedicated link to register in the Integrated Procurement Tool, where contractors can indicate the assortments in which they would like to be invited to the procurement processes being launched.

* www.pekao.com.pl/dostawcy.html



Companies invited to take part in the process can ask questions concerning the specification provided. Information on the final decision is sent to all bidders. To choose suppliers of goods or services in an unbiased way, the Bank establishes procurement teams which must ensure that the supplier selection process is transparent and recommend the most advantageous bid.

In accordance with the principles applicable to the Bank's ordering procedures, most ordering procedures are based on negotiations in an electronic form, which definitely streamlines procedures with Polish and international partners. One of the advantages of such a solution is the high effectiveness and transparency of the negotiation process.

In addition, when conducting tenders, the Bank verifies potential bidders in terms of the risk of corruption and in terms of sanction lists (US and EU sanction lists) and public warnings of the PFSA. Companies that provide products or services for the Bank are informed about the abuse prevention process and material provisions of the corruption prevention policy in force at the Bank.

GRI 414-1 New suppliers that were screened using social criteria

In the Bank's tenders (of above PLN 1 million net) suppliers must fill the Corporate Social Responsibility Form. In this way, Bank Pekao undertakes actions aimed at sustainable development, protection of the environment, and prevention of violations of human rights by the Bank's business partners. The Form includes questions on the incorporation of environmental regulations and issues of respect for human rights in the daily operations of a supplier or contractor. The Form was updated in 2022 and the scope of its issues includes:

1.As regards the environment:

- compliance with environmental regulations, inspections and criminal cases connected with the violation of applicable regulations;

- the implementation of innovative environment-friendly new technologies;
- the organization of training and information meetings on environmental issues for employees.

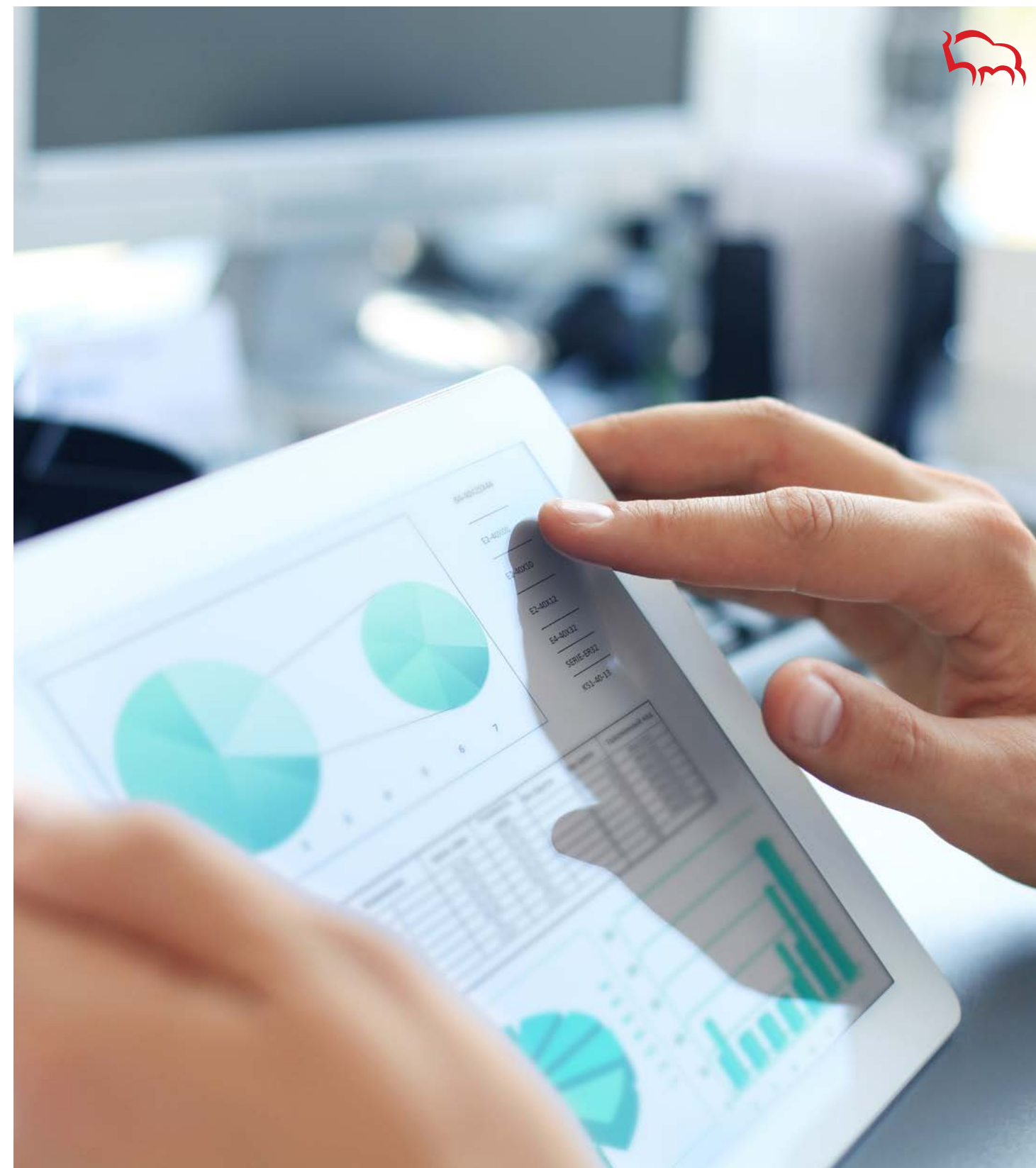
2. As regards social issues and human rights:zakaz pracy przymusowej,

- a ban on forced labor,
- ban on child labor,
- respect for legal regulations on working time,
- respect for legal regulations on OHS,
- compliance with regulations of labor law, including the payment of remuneration habitually applied in a given sector for all employees,
- violations of anti-corruption laws.

The percentage of procedures completed with suppliers selected to meet environmental and social criteria in 2022 was about 53%.

GRI 2-6 Activities, value chain and other business relationships

The Procurement Department cooperates with external contractors within the framework of: ongoing procurement procedures (1,218 bidders were invited to participate in procurement procedures resolved in 2022), concluded contracts (272 contractors) and placed orders (879 contractors). More than 90% of suppliers are contractors doing business in Poland. The supplier base is managed through the Integrated Procurement Tool.



Mandatory disclosures under the Taxonomy Regulation*

*Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Pursuant to Regulation (EU) No 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending

Regulation (EU) 2019/2088 (Taxonomy Regulation, hereinafter referred to as “taxonomy” or “EU taxonomy”) and its implementing acts:

TAXONOMIC DISCLOSURES as of 31.12.2022			CONTEXTUAL INFORMATION
Art. 10. par. 3 item a)	Percentage of exposures to business activities qualifying for systematics in total assets according to KPI Turnover ratio	0.34%	Business activities of financial and non-financial entities subject to Directive 2014/95/EU of the European Parliament and of the Council (NFRD) as described in the Delegated Regulation on establishing technical eligibility criteria for determining contributions to climate change mitigation or adaptation to climate change to prudentially consolidated total assets in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council (CRR). The exposures included loans, leases, factoring, corporate bonds and equity interests at gross carrying value
	Percentage of exposures to business activities qualifying for systematics in total assets according to KPI Capex ratio	0.64%	
Art. 10. par. 3 item a)	Percentage of exposures to business activities not qualifying for systematics in total assets according to KPI Turnover ratio	2.03%	Business activities of financial and non-financial entities subject to NFRD not described in the Delegated Regulation on establishing technical eligibility criteria for determining contributions to climate change mitigation or adaptation to climate change to prudentially consolidated total assets in accordance with CRR. The exposures included loans, leases, factoring, corporate bonds and equity interests at gross carrying value
	Percentage of exposures to business activities not qualifying for systematics in total assets according to KPI Capex ratio	1.72%	
Art. 10. par. 3 item b)	Percentage of exposures to central governments, central banks and supranational issuers in total assets	28.06%	Exposures in gross carrying value to central governments, central banks and supranational issuers to prudentially consolidated total assets in accordance with CRR. The exposures included credit receivables and bonds in the non-trading portfolio, including bonds issued by the Polish Development Fund and Bank Gospodarstwa Krajowego that have State Treasury guarantees.
Art. 10. par. 3 item b)	Percentage of derivatives in total assets	5.46%	Gross carrying amount of derivatives to prudentially consolidated total assets in accordance with CRR
Art. 10. par. 3 item c)	Percentage of exposures to businesses not subject to non-financial reporting obligations in total assets	30.62%	Business activities of financial and non-financial entities not subject to NFRD, i.e., micro-segment companies (including sole proprietorships), SMEs, corporations, public sector companies in gross balance sheet value to prudentially consolidated total assets in accordance with CRR
Art. 10. par. 3	Percentage of trading portfolio in total assets	5.70%	Gross carrying amount of trading book excluding derivatives, equity instruments and loans and advances at fair value through profit or loss to prudentially consolidated total assets in accordance with CRR
Art. 10. par. 3	Percentage of interbank demand loans in total assets	0.20%	Gross carrying amount of interbank demand loans to prudentially consolidated total assets in accordance with CRR
	Prudentially consolidated total assets (PLN million)	281,207	

As at the present moment, Bank Pekao does not have targets related to ensuring the growth of the volume of exposures consistent with the taxonomy in its business strategy and does not take these targets into consideration in cooperation with customers and trading partners (disclosure based on Appendix XI of the Delegated Regulation to Article 8 of the Taxonomy Regulation). The ratios presented above differ from ratios reported in accordance with the ESG Strategy of the Bank due to the application of a different calculation methodology.

Disclosure pursuant to Article 8 (6) to (7) of Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive

2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation:

As non-financial undertakings have not yet disclosed information on nuclear and natural gas activities, the Bank, as of December 31, 2022, did not have complete information to the extent required to be disclosed in accordance with Forms 1, 4 and 5 of Annex XII to Commission Delegated Regulation (EU) 2021/2178 - disclosure on financing of nuclear and natural gas fossil fuel power generation activities.

The Bank will disclose information in this regard in the Statement on Non-Financial Data for 2023 based on the information disclosed in this regard by non-financial undertakings that are customers of the Bank

Adjustment of the disclosure required by the Taxonomy Regulation presented in the Statement of non-financial information of Bank Pekao S.A. Group for 2021

In the Statement of non-financial information of Bank Pekao S.A. Group for 2021, as a result of an clerical error, an incorrect value of the ratio presenting the share of the trading portfolio in total assets was disclosed. The value presented in the disclosure amounted to 0.20%,

while the actual value of the ratio at the end of 2021 amounted to 3.40%. The table below presents the correct values of all taxonomic ratios for 2021.

TAXONOMIC DISCLOSURES as of 31.12.2022		Ratios presented in the Statement of non-financial information of Bank Pekao S.A. Group for 2021	Correct ratios	CONTEXTUAL INFORMATION
Art. 10. 3 a)	The proportion in total assets of exposures to Taxonomy-eligible economic activities	0.40%	0.40%	Business activities of financial and non-financial entities subject to Directive 2014/95.EU of the European Parliament and of the Council (NFRD Directive) as described in the Delegated Regulation on the establishment of technical eligibility criteria for determining contributions to climate change mitigation or adaptation to climate change to prudentially consolidated total assets in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council (CRR Regulation). The exposures included loans, leases, factoring, corporate bonds and equity interests at gross carrying value.
Art. 10. par. 3 item a)	The proportion in total assets of exposures to Taxonomy non-eligible economic activities	2.20%	2.20%	Business activities of financial and non-financial entities subject to the NFRD not described in the Delegated Regulation concerning the establishment of technical eligibility criteria for determining the contribution to climate change mitigation or adaptation to climate change to the total assets prudentially consolidated in accordance with the CRR Regulation. The exposures included loans, leases, factoring, corporate bonds and equity interests at gross carrying value.
Art. 10. 3 a)	Percentage share in total assets of exposures to central governments, central banks and supranational issuers	25.00%	25.00%	Exposures in gross carrying amount to central governments, central banks and supranational issuers to total prudentially consolidated assets in accordance with the CRR Regulation. The exposure includes credit receivables and bonds in the non-commercial portfolio, including bonds issued by the Polish Development Fund and Bank Gospodarstwa Krajowego which are guaranteed by the State Treasury.
Art. 10. par. 3 item b)	Percentage of the total assets of derivatives	3,20%	3,20%	Gross carrying amount of derivatives to total assets prudentially consolidated in accordance with the CRR Regulation
Art. 10. 3 b)	Percentage of total assets of exposures to business entities that are not subject to non-financial reporting	34.60%	34.60%	Business activities of financial and non-financial entities not subject to the NFRD Directive, i.e. companies in the micro segment (including sole proprietorships), SMEs, corporations, companies in the public sector in gross balance sheet value to total assets prudentially consolidated in accordance with the CRR Regulation
Art. 10. 3 b)	Percentage share in total assets of the trading portfolio	0.20%	3.40%	Gross carrying amount of the trading portfolio excluding derivatives, equity instruments as well as loans and advances measured at fair value through profit or loss to total prudentially consolidated assets in accordance with the CRR Regulation
Art. 10. 3 c)	Percentage of total assets of interbank loans on demand	0.20%	0.20%	Gross carrying amount of interbank loans on demand to total assets prudentially consolidated in accordance with the CRR Regulation
	Total prudentially consolidated assets (PLN million)	250,642	250,642	The value of prudentially consolidated assets in accordance with the CRR Regulation



Disclosure

Disclosure of information to the extent specified by the Principle Adverse Impacts in accordance with the SFDR for the Pekao Group as an investee*

* Regulation (EU) No. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector.

Table 1. Statement on principal adverse impacts of investment decisions on sustainability factors

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		2022
Greenhouse gas emissions	Scope 1 GHG emissions	8,687 t CO ₂ e (GHG Protocol)
	Scope 2 GHG emissions	38,761 t CO ₂ e (GHG Protocol)
	Scope 3 GHG emissions	The calculation of emissions in the value chain (GHG Protocol, Scope 3) is planned to be carried out in 2023.
	Total GHG emissions	47,449 t CO ₂ e (Scope 1+2).
Exposure to companies active in the fossil fuel sector		Pekao Group companies do not operate in the fossil fuel sector and do not generate revenues from fossil fuel activities (as defined in Article 2, item 62 of Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the governance of the energy union and climate action).
Share of non-renewable energy consumption and production	Non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	63%
Energy consumption intensity per high impact climate sector		Pekao Group companies do not operate in sectors with a significant impact on the climate, i.e. those listed in Sections A through H in Appendix 1 to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2.
Activities negatively affecting biodiversity sensitive areas	Sites/operations located in or near to biodiversity-sensitive areas where activities negatively affect those areas	Pekao Group companies do not conduct activities in or near biodiversity-sensitive areas that would adversely affect such areas (as defined by SFDR 'biodiversity-sensitive areas: are Natura 2000 areas, UNESCO World Heritage Areas and so-called Key Biodiversity Areas, and others listed in Appendix D of Annex No. 2 to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021.
Emissions to water	Tonnes of emissions to water generated	Pekao Group companies do not generate emissions of priority substances and certain other pollutants to water, as listed in Part A of Annex I to Directive 2008/105/EC of the European Parliament and of the Council of 16 December 2008 on environmental quality standards in the field of water policy.
Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated	Pekao Group companies do not generate hazardous waste, i.e. waste that exhibits one or more of the hazardous properties listed in Annex III of Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste; and radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent nuclear fuel and radioactive waste.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS,
ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

2022

Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises		Currently, Pekao Group does not have processes and controls in place to oversee compliance with the Global Compact principles. The planned start of work in this area: 2023-2024.
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises		Currently, Pekao Group does not have processes and controls in place to oversee compliance with the Global Compact principles. The planned start of work in this area: 2023-2024.
Unadjusted gender pay gap	Average unadjusted gender pay gap, the male-female pay gap, defined as the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees	34%
Board gender diversity	Average ratio of female to male board members, expressed as a percentage of all board members	18%
Exposure to controversial weapons	Involvement in the manufacture or selling personnel mines, cluster munitions, chemical weapons and biological weapons)	Pekao Group companies are not involved in the production or sale of controversial weapons referred to in: (1) the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction of 18 September 1997; (2) the Convention on the Prohibition of Cluster Munitions, which entered into force on 1 August 2008; and (3) the Chemical Weapons Convention, which entered into force on 29 April 1997



Table 2. Additional climate and other environment-related indicators

INDICATOR	2022
Emissions of inorganic pollutants	Pekao Group companies do not emit inorganic pollutants in accordance with the definitions contained in Article 3(13) of Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control)
Emissions of air pollutants	Due to the nature of their operations, Pekao Group companies do not calculate emissions of anthropogenic air pollutants such as sulfur dioxide, nitrogen oxides, non-methane volatile organic compounds, ammonia and PM2.5 fine particulate matter.
Emissions of ozone-depleting substances	Due to the nature of their operations, Pekao Group companies do not calculate the ozone-depleting emissions listed in the Montreal Protocol. Pekao Group companies have data on the consumption of refrigerants used in air-conditioning equipment, expressed in kilograms for the purpose of calculating GHG Protocol Scope 1 and Scope 2 emissions.
Investments in companies without carbon emission reduction initiatives	Bank Pekao is implementing initiatives to reduce carbon emissions, as mentioned in the "Climate and Environment" section of this report.
Breakdown of energy consumption by type of non-renewable sources of energy	Consumption of fuel from coal and coal products: 0 Consumption of fuel derived from oil and petroleum products: 22,134 MWh Consumption of fuel derived from natural gas: 20 MWh Consumption of fuel from other non-renewable sources: 0 Consumption of nuclear products: 0
Water usage and recycling	Average amount of water consumed: 112,012 cubic meters. Pekao Group companies do not calculate the ratio of recycled and reused water.
Investments in companies without water management policies	Pekao Group companies do not have water management policies.
Exposure to areas of high water stress	Pekao Group companies do not have facilities located in areas of significant water scarcity according to the Aqueduct Water Risk Atlas methodology, i.e. risk areas: "High" (3-4) and "Extremely High" (4-5).
Investments in companies producing chemicals	The activities of Pekao Group companies are not covered by Chapter 20.2 in Appendix 1 to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2.
Land degradation, desertification, soil sealing	Pekao Group companies are not engaged in activities that affect land degradation, desertification or soil sealing.
Investments in companies without sustainable land/agriculture practices	Pekao Group companies do not operate in the agricultural sector and do not manage land and are not obligated to use sustainable agricultural practices or strategies/practices or strategies for sustainable land management.
Investments in companies without sustainable oceans/seas practices	Pekao Group companies do not operate in the marine and ocean sector and are not obligated to follow sustainable marine and ocean practices.
Non-recycled waste ratio	Pekao Group companies do not calculate non-recycled waste.
Natural species and protected areas	1. Pekao Group companies do not carry out activities that affect endangered species included in the Red Book of Threatened Species (IUCN). 2. Pekao Group companies do not have a biodiversity conservation policy covering operational sites owned, leased or managed in or adjacent to a protected area or an area of high biodiversity outside protected areas.
Deforestation	Pekao Group companies do not have a policy to prevent deforestation.

Table 3. Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATOR	2022
Investments in companies without workplace accident prevention policies	Bank Pekao Group companies have a Bank Pekao S.A. Group Policy on Occupational Health and Safety.
Rate of accidents	23
Number of days lost to injuries, accidents, fatalities or illness	547
Lack of a supplier code of conduct	Pekao Group companies do not have a supplier code of conduct (in the context of hazardous working conditions, precarious employment, child labor and forced labor).
Lack of grievance/complaints handling mechanism related to employee matters	The mechanism for handling complaints regarding employee issues is included in the Mobbing Prevention Policy of Bank Polska Kasa Opieki Spółka Akcyjna and relevant separate regulations developed by subsidiaries.
Insufficient whistleblower protection	No such incidents have been identified. Whistleblower protection issues are covered in Bank Pekao S.A.'s Whistleblowing Policy.
Incidents of discrimination	Incidents of discrimination: 0 Incidents of discrimination leading to sanctions: 0
Excessive CEO pay ratio	21.4 (ratio calculated for Bank Pekao only) Key regulation: The Remuneration Policy of Bank Polska Kasa Opieki Spółka Akcyjna
Lack of a human rights policy	Pekao Group companies do not have a comprehensive policy on respect for human rights.
Lack of due diligence	Pekao Group companies do not conduct due diligence to identify, mitigate or eliminate adverse human rights impacts.
Lack of processes and measures for preventing trafficking in human beings	Pekao Group companies do not have procedures and measures in place to prevent human trafficking.
Operations and suppliers at significant risk of incidents of child labour	In this area, Bank Pekao has internal policies, including in particular: the Bank's Compliance Policy and the Pekao Group Code of Conduct. The HR Strategy Division performs activities to ensure compliance with generally applicable laws.
Operations and suppliers at significant risk of incidents of forced or compulsory labour	In this area, Bank Pekao has internal policies, including in particular the Bank's Compliance Policy and the Pekao Group Code of Conduct. The HR Strategy Division performs activities to ensure compliance with generally applicable laws.
Number of identified cases of severe human rights issues and incidents	No cases of severe human rights issues or incidents have been identified in Pekao Group companies..
Lack of anti-corruption and anti-bribery policies	Bank Pekao Group companies are bound by the Bank Pekao Group's Corruption Prevention Policy.
Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	No incidents of violations of anti-corruption and anti-bribery procedures and standards have been reported in Pekao Group companies.
Number of convictions and amount of fines for violation of anti-corruption and antibribery law	No convictions for violations of anti-corruption and anti-bribery laws were recorded at Pekao Group companies. The amount of fines for violations of anti-corruption and anti-bribery laws is PLN 0.



Non-financial reporting process

Communication with stakeholders

GRI 2-29 Approach to stakeholder engagement

Bank Pekao conducts active, transparent and effective communication with all stakeholders of the Bank, taking into account their needs and providing them with equal access to information using various communication tools. The main groups of stakeholders include:

- Investors, market analysts and rating agencies
- Customers
- Employees
- Suppliers
- General public
- Media
- Supervisory institutions; including the Financial Supervision Committee, the Bank Guarantee Fund, the Office of Competition and Consumer Protection, the National Bank of Poland, the Financial Stability Committee, the National Securities Depository.

These stakeholder groups are particularly important due to the business model, implementation of the strategy and further development of the Bank.

The principles set out in the Bank's information policy regarding contacts with investors, securities market analysts, media and customers are regulated by the Bank's information policy, which is available on the website*.

STAKEHOLDER GROUP	COMMUNICATION TOOLS	COMMUNICATION FREQUENCY	REPORTED TOPICS	ACTIONS TAKEN BY THE BANK
Investors (shareholders, bondholders, and purchasers of other securities issued by the Bank, market analysts and rating agencies)	General Meeting of Shareholders	At least once a year	• Implementation of strategies, building of value, organizational changes • Macroeconomic and market forecasts • Distribution of profits to shareholders	Transparent operation, easy and fast access to information about the Bank, enforcement of external regulations and market standards.
	Conferences	A dozen or so times a year		
	Meetings and teleconferences	Several hundred per year		
	Stock exchange and press releases	On an on-going basis		
	Financial statements, data compilations and presentations of results	Quarterly		
	Bank's website and online information channels	On an on-going basis		
	Meetings with rating agencies	At least once a year		
	Permanent cooperation of the Investor Relations and ESG Strategy Department (institutional and individual investors, financial analysts and capital market organizations);	On an on-going basis		
	Online ESG Report	On an on-going basis		
	Branches, online and mobile banking	On an on-going basis		

* www.pekao.com.pl/relacje-inwestorskie/raporty-i-sprawozdania/odpowiedzialny-biznes.html

STAKEHOLDER GROUP	COMMUNICATION TOOLS	COMMUNICATION FREQUENCY	REPORTED TOPICS	ACTIONS TAKEN BY THE BANK
Customers	Bank's website and online information channels	On an on-going basis	• High quality of offered products and services, • Fair consumer practices • Security of entrusted funds • Ease of communication with the Bank	Offering competitive, high-quality products and services tailored to the needs of Customers; applying procedures that ensure fair and safe management of Customers' funds; ensuring a number of access channels; creating transparent terms and conditions of offers and agreements; collecting information on expectations and opinions of customers; contributing to the development of good practices and standards for advertising financial services and complying with them.
	Online and mobile banking platform	On an on-going basis		
	Infoline	On an on-going basis		
	Complaints	On an on-going basis		
	Satisfaction surveys on products and services and quality of customer service	On an on-going basis		
	Advertising campaigns and marketing activities	On an on-going basis		
	Product offers, mailing	On an on-going basis		
	Participation in fairs	Where possible		
	Internal communication	On an on-going basis		
Employees	Intranet, chats, discussion forum	On an on-going basis	• Employment stability and opportunities for professional growth • Attractive remuneration system • Bank's strategy and its key goals • Transparent organizational structure • Balance between professional and private life	Listening to employees' opinions (chats, satisfaction surveys), providing employees with opportunities for growth (promotions, training), clear, measurable targets subject to monitoring, adequate wage and benefits policy, meetings with employees and on-going communication with employees, ensuring a friendly workplace: including through the implementation of remote work opportunities and pro-health and preventive measures.
	Meetings with the participation of the Management Board	Several times a year		
	Trips to attend competitions, olympiads	At least once a year		
	Employee volunteer work program	On an on-going basis		
	Webinars	On an on-going basis		
	Employee evaluation	At least once a year		
	Internal publications	On an on-going basis		
	Thematic questionnaires, evaluation questionnaires, employee opinion surveys	Several times a year		
	Whistleblowing system	On an on-going basis		
	Meetings with employer representatives, negotiations, consultations	At least a dozen times or so a year		
Trade union organizations	Intranet site	On an on-going basis	• Provisions of CA • Employee matters	Dialogue with trade unions operating at the Bank, based on respect for fair interests of the parties.
	Meetings with suppliers, negotiations	On an on-going basis		
			Detailed information on the social partners can be found on the individual intranet pages. • Trade Unions • Employee Council • Social Labor Inspection	Providing the social side with opportunities to communicate with employees.

STAKEHOLDER GROUP	COMMUNICATION TOOLS	COMMUNICATION FREQUENCY	REPORTED TOPICS	ACTIONS TAKEN BY THE BANK
Suppliers	Special procurement platform, telephone number, e-mail	On an on-going basis	• Transparent rules for the selection of and cooperation with suppliers	Transparent supplier selection procedures; timely performance of the provisions laid down in the contract, promotion of good procurement practices.
	On-going cooperation and execution of contracts	On an on-going basis		
	Charity and sponsoring activities, actions on climate	On an on-going basis		
Social and natural environment	Employee volunteer work program	On an on-going basis	• Social and environmental projects • Reduction of negative impact on the environment, environmental education of Customers and Employees • Work and growth opportunities for students	Implementing sponsorship and charity projects; supporting community development; encouraging employees to participate in social and environmental actions, reducing negative environmental impacts.
	Meetings with students, student internships	At least once a year		
	Press conferences	A dozen or so times a year		
Media	Press releases	On an on-going basis	• Implementation and promotion of the bank's strategy	Transparent operation, easy and fast access to information about the Bank.
	Social media	On an on-going basis		
	Interviews, expert statements	On an on-going basis	• Release of accurate information on measures / condition of the bank to all groups of stakeholders through media	
	Participation in economic conferences, etc.	Several dozen times a year		
	Permanent cooperation of the Communications Office (journalists, media)	On an on-going basis	• Building the position of a leader / expert in the financial sector	
	Reports, correspondence, inspections, non-reporting studies	On an on-going basis		
Regulators			• Compliance with requirements and regulations; • Supporting the creation of new market principles, including good practices.	Compliance with requirements, regulations and good practices, ongoing cooperation with the Regulators.

Information about the report

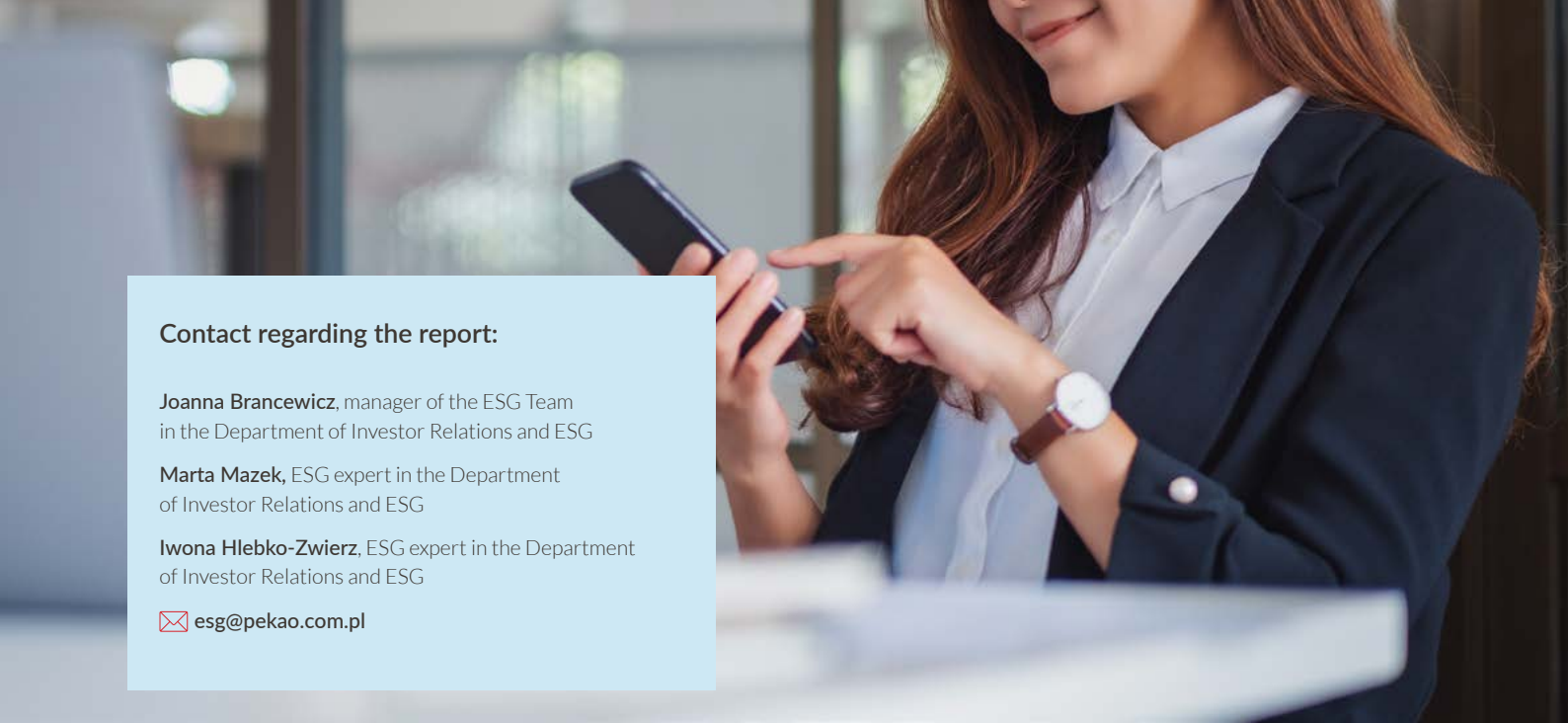
GRI 2-2 Entities included in the organization's sustainability reporting

Sustainability reporting covered the following entities: Bank Pekao, Pekao Bank Hipoteczny S.A.; Centrum Kart S.A.; Pekao Direct Sp. z o.o.; Pekao Faktoring Sp. z o.o.; Pekao Financial Services Sp. z o.o.; Pekao Investment Banking S.A.; Pekao Investment Management S.A. (including: Pekao TFI S.A.) and Pekao Leasing Sp. z o.o. (including: PEUF Sp. z o.o.).

The data were consolidated using the full method.

GRI 2-3 Reporting period, frequency and contact point

The non-financial statement has been prepared ort in accordance with the GRI Standards for the period from 1 January, 2022to 31 December, 2022. Applied standard: GRI 1: Foundation 2021.



Contact regarding the report:

Joanna Brancewicz, manager of the ESG Team in the Department of Investor Relations and ESG

Marta Mazek, ESG expert in the Department of Investor Relations and ESG

Iwona Hlebko-Zwierz, ESG expert in the Department of Investor Relations and ESG

✉ esg@pekao.com.pl

GRI 2-4 Restatements of information

No changes in reported information.

GRI 2-5 External assurance

The Statement was not subject to external verification or audit.

The previous Statement was published on March 2, 2022.

GRI 2-14 Role of the highest governance body in sustainability reporting

The Statement on non-financial data, as part of the annual report on operations, is submitted to all members of the Bank's Management Board for review and approval.

Materiality of topics

GRI 3-1 Process to determine material topics

In determining the Bank's impact on the natural environment, economic environment and society, the following were taken into account primarily: analysis and feedback received from stakeholders (including: shareholders, investors, financial analysts, rating agency analysts and stock market analysts). The analysis was based on the provisions of the Bank's ESG Strategy and business strategy, and regulatory requirements, including

- Requirements of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (implemented into Polish law in the form of amendments to the Accounting Act),
- Requirements of the Regulation (EU) No. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector,
- Best Practices of WSE Listed Companies 2021,
- ESG reporting guidelines issued by the WSE,
- European Securities and Markets Authority (ESMA) guidelines,
- Requirements arising from reporting rules within the PZU Group.

GRI 3-2 List of material topics

Based on an analysis, the following topics were identified as significant to report in the Statement:

- Factors affecting the Bank's operations
- Support for energy transition
- "Green" and "sustainable" products
- Regulatory changes in the area of "sustainable finance"
- Reduction of the carbon footprint, protection of environmental resources
- Social commitment
- Responsible sales, service quality management
- Human capital, working conditions and employee development
- Business ethics and corporate governance
- Inclusive organization - development, diversity and equality
- Observance of human and worker rights, responsibility in the supply chain
- Development of innovation in business operations

The above topics have been singled out according to the principle of double significance, i.e. as topics that significantly affect Bank Pekao's business (1) and as topics through which Bank Pekao exerts influence on its stakeholders' environment (2). Each topic deemed significant is described from the perspective of the approach to its management, including the indicators corresponding to the process.

Bank’s position in ESG ratings and indices

The Bank’s involvement in ESG activities is assessed by the market in international rankings and indices. The Bank’s priority is to increase its position in the environmental, social and corporate governance statements as a result of systematically undertaking and disclosing ESG activities.

RATING	2020	2021	2022	CONTEXTUAL INFORMATION
MSCI ESG Ratings	A	A	BBB	MSCI ESG measures the resilience of companies to long-term risks in terms of environmental protection, corporate social responsibility and corporate governance.
FTSE4Good Russell	3.1	3.1	3.3	FTSE Russell ESG assesses approximately 4,100 companies in 47 developed and developing countries. The purpose of the FTSE assessment is to facilitate investment in companies that meet internationally recognized corporate liability standards and is the basis for the inclusion of the company in the FTSE4Good index. FTSE4Good index companies have met strict environmental, social and corporate governance criteria and are able to exploit the benefits of responsible business practices.
WIG-ESG	Share of shares in the index: 4.8%	Share of shares in the index: 5.6%	Share of shares in the index: 5.9%	The WIG-ESG index has been published since September 2019, based on the value of the portfolio of shares of companies recognized as socially responsible. The base value of the index was determined as at 28 December 2018 and amounted to 10,000.00 points. WIG-ESG is an income index, which means that both the prices of transactions concluded therein and the income from dividends are taken into account in its calculation. The share of a single company in the index is limited to 10%, whereas the aggregate share of companies the share of which exceeds 5% is limited to 40%.
Bloomberg Gender Equality-Index	73/100	79/100	79,9/100	The Bloomberg Gender-Equality Index may include large listed companies actively seeking gender equality in the work environment. Globally in 2022, 418 companies from 45 countries and representing 11 sectors of the economy were included in the index. Index participants were selected from stock exchange companies with a capitalization of more than USD 1 billion. In order to be entered in the index, a sufficiently high result should be obtained in a survey based on five areas: women's leadership and talent development, equal pay and wage parity, inclusive work culture, sexual harassment policy, and a pro-women brand. In the Bloomberg GEI rating, issues of respect for diversity and gender equality are analyzed in terms of employment conditions, educational activities, employee benefits and perks, professional development opportunities, promotion paths and salaries, among others.
Sustainalytics	26.9 medium risk	29.1 medium risk	26.5 medium risk	The ESG risk assessments issued by Sustainalytics focus on the financially significant risks of ESG and cover more than 20,000 companies from 172 countries. The Agency’s methodology includes an analysis of the exposure of undertakings to significant risks related to ESG issues and an assessment of how companies manage those risks. Risk factors are determined on the basis of the industry and are determined on the basis of an analysis of 20 factors specific to each industry.
Vigeo Eiris	32/100	47/100	47/100	The Vigeo Eiris score presents the extent to which companies integrate environmental, social and management factors into their strategies and operations. Entities from 40 different industries from around the world participate in the index. During the ESG assessment, 38 issues are verified.
Ranking of Responsible Businesses	Position 9. (410/500 points) out of 74 companies in the general classification	Position 11. (84/100 points)* out of 70 companies in the general classification	Position 13. (74/100 points) out of 62 companies in the general classification	Collection of companies operating in Poland evaluated for the quality of their corporate social responsibility management system. The ranking makes it possible to make a reliable assessment of one's advancement in addressing the challenges of sustainable development. The basis for the compilation of the Ranking of Responsible Companies is a questionnaire that companies fill out in accordance with due diligence and professional ethics.
Carbon Disclosure Project (CDP)	-	D-	D	Carbon Disclosure Project is a non-profit organization that operates a global disclosure system for investors, companies, cities, states and regions to manage their environmental impact. Companies can disclose information through CDP's corporate questionnaires on climate change, water management and strategies to prevent deforestation.

* The ranking organizer has made changes to the scoring methodology.

Reporting indicators index

GENERAL DISCLOSURES: 2021

INDICATOR NUMBER	GRI STANDARD	INDICATOR NAME	REFERENCE IN THE BODY OF THE REPORT
THE ORGANIZATION AND ITS REPORTING PRACTICES			
2-1	GRI 2. General Disclosures 2021	Organizational details	About Bank Pekao
2-2	GRI 2. General Disclosures 2021	Entities included in the organization's sustainability reporting	Non-financial reporting process
2-3	GRI 2. General Disclosures 2021	Reporting period, frequency and contact point	Non-financial reporting process
2-4	GRI 2. General Disclosures 2021	Restatements of information	Non-financial reporting process
2-5	GRI 2. General Disclosures 2021	External assurance	Non-financial reporting process
ACTIVITIES AND WORKERS			
2-6	GRI 2. General Disclosures 2021	Activities, value chain and other business relationships	About Bank Pekao
2-7	GRI 2. General Disclosures 2021	Employees	Human capital
2-8	GRI 2. General Disclosures 2021	Workers who are not employees	Human capital
GOVERNANCE			
2-9	GRI 2. General Disclosures 2021	Governance structure and composition	About Bank Pekao
2-10	GRI 2. General Disclosures 2021	Nomination and selection of the highest governance body	About Bank Pekao
2-11	GRI 2. General Disclosures 2021	Chair of the highest governance body	About Bank Pekao
2-12	GRI 2. General Disclosures 2021	Role of the highest governance body in overseeing the management of impacts	About Bank Pekao
2-13	GRI 2. General Disclosures 2021	Delegation of responsibility for managing impacts	About Bank Pekao
2-14	GRI 2. General Disclosures 2021	Role of the highest governance body in sustainability reporting	Non-financial reporting process
2-15	GRI 2. General Disclosures 2021	Conflicts of interest	Business ethics and corporate governance
2-16	GRI 2. General Disclosures 2021	Communication of critical concerns	Responsible sales, quality management, Business ethics and corporate governance
2-17	GRI 2. General Disclosures 2021	Collective knowledge of the highest governance body	About Bank Pekao
2-18	GRI 2. General Disclosures 2021	Evaluation of the performance of the highest governance body	About Bank Pekao

INDICATOR NUMBER	GRI STANDARD	INDICATOR NAME	REFERENCE IN THE BODY OF THE REPORT
2-19	GRI 2. General Disclosures 2021	Remuneration policies	Human capital
2-20	GRI 2. General Disclosures 2021	Process to determine remuneration	Human capital
2-21	GRI 2. General Disclosures 2021	Annual total compensation ratio	Human capital
STRATEGY, POLICIES AND PRACTICES			
2-22	GRI 2. General Disclosures 2021	Statement on sustainable development strategy	About Bank Pekao
2-23	GRI 2. General Disclosures 2021	Policy commitments	Climate and environment Social commitment Business ethics and corporate governance
2-24	GRI 2. General Disclosures 2021	Embedding policy commitments	Business ethics and corporate governance
2-25	GRI 2. General Disclosures 2021	Processes to remediate negative impacts	Responsible sales, quality management
2-26	GRI 2. General Disclosures 2021	Mechanisms for seeking advice and raising concerns	Business ethics and corporate governance
2-27	GRI 2. General Disclosures 2021	Compliance with laws and regulations	Business ethics and corporate governance
2-28	GRI 2. General Disclosures 2021	Membership associations	About Bank Pekao
STAKEHOLDER ENGAGEMENT			
2-29	GRI 2. General Disclosures 2021	Approach to stakeholder engagement	Non-financial reporting process
2-30	GRI 2. General Disclosures 2021	Collective bargaining agreements	Human capital
II. MATERIAL TOPICS: 2021			
3-1	GRI 3. Material topics: 2021	Process to determine material topics	Non-financial reporting process
3-2	GRI 3. Material topics: 2021	List of material topics	Non-financial reporting process
MATERIAL TOPIC: FACTORS AFFECTING THE BANK'S OPERATIONS			
3-3	GRI 3. Material topics: 2021	Management of material topics	About Bank Pekao
201-1	GRI 201: Economic Performance 2016	Direct economic value generated and distributed	About Bank Pekao
ESG Strategy: Environment			
MATERIAL TOPIC: SUPPORT FOR ENERGY TRANSITION			
3-3	GRI 3. Material topics: 2021	Management of material topics	Climate and environment
	Own indicator	Share of high-carbon financing	Climate and environment

INDICATOR NUMBER	GRI STANDARD	INDICATOR NAME	REFERENCE IN THE BODY OF THE REPORT
MATERIAL TOPIC: “GREEN” AND “SUSTAINABLE” PRODUCTS			
3-3	GRI 3. Material topics: 2021	Management of material topics	Climate and environment
	Own indicator	Financing sustainable projects	Climate and environment
	Own indicator	Supporting the issuance of customer ESG bonds	Climate and environment
	Own indicator	Share of green financing	Climate and environment
MATERIAL TOPIC: REDUCTION OF THE CARBON FOOTPRINT, PROTECTION OF ENVIRONMENTAL RESOURCES			
3-3	GRI 3. Material topics: 2021	Management of material topics	Climate and environment
302-1	GRI 302: Energy: 2016	Energy consumption in the organization	Climate and environment
3-3	GRI 3. Material topics: 2021	Management of material topics	Climate and environment
305-1	GRI 305: Emissions 2016	Direct greenhouse gas emissions (Scope 1)	Climate and environment
305-2	GRI 305: Emissions 2016	Indirect greenhouse gas emissions (Scope 2) location- based	Climate and environment
MATERIAL TOPIC: REGULATORY CHANGES IN THE AREA OF SUSTAINABLE FINANCE			
3-3	GRI 3. Material topics: 2021	Management of material topics	About Bank Pekao
		Disclosures under the Taxonomy Regulation,	Mandatory disclosures under the Taxonomy Regulation
		Principle Adverse Impacts	Mandatory disclosures under the Taxonomy Regulation; Disclosure of information to the extent specified by the Principle Adverse Impacts in accordance with the SFDR for the Pekao Group as an investee
ESG Strategy: Commitment			
MATERIAL TOPIC: OBSERVANCE OF HUMAN AND WORKER RIGHTS, RESPONSIBILITY IN THE SUPPLY CHAIN			
3-3	GRI 3. Material topics: 2021	GRI 3. Material topics: 2021	Observance of human and worker rights, responsibility in the supply chain
402-1	GRI 402 Labor/ Management Relations 2016	GRI 402 Labor/Management Relations 2016	Observance of human and worker rights, responsibility in the supply chain
3-3	GRI 3. Material topics: 2021	Management of material topics	Observance of human and worker rights, responsibility in the supply chain
406-1	GRI 406: Non-discrimination 2016	Incidents of discrimination and corrective actions taken	Observance of human and worker rights, responsibility in the supply chain
3-3	GRI 3. Material topics: 2021	Management of material topics	Observance of human and worker rights, responsibility in the supply chain
407-1	GRI 407: Freedom of Association and Collective Bargaining 2016	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Observance of human and worker rights, responsibility in the supply chain

INDICATOR NUMBER	GRI STANDARD	INDICATOR NAME	REFERENCE IN THE BODY OF THE REPORT
3-3	GRI 3. Material topics: 2021	Management of material topics	Observance of human and worker rights, responsibility in the supply chain
414-1	GRI 414: Supplier Social Assessment 2016.	New suppliers that were screened using social criteria	Observance of human and worker rights, responsibility in the supply chain
MATERIAL TOPIC: SOCIAL COMMITMENT			
3-3	GRI 3. Material topics: 2021	Management of material topics	Social commitment
413-1	GRI 413: Local Communities 2016	Operations with local community engagement, impact assessments, and development programs	Social commitment
	Own indicator	Systematic increase in volunteer hours worked.	Social commitment
3-3	GRI 3. Material topics: 2021	Management of material topics	Social commitment
415-1	GRI 415: Public Policy 2016	Political contributions	Social commitment
MATERIAL TOPIC: Development of innovation in business operations			
3-3	GRI 3. Material topics: 2021	Management of material topics	Social commitment
NA	Own indicator	Digitization index	Social commitment
ESG Strategy: Corporate Governance			
MATERIAL TOPIC: BUSINESS ETHICS AND CORPORATE GOVERNANCE			
3-3	GRI 3. Material topics: 2021	Management of material topics	Business ethics and corporate governance
205-1	GRI 205: Anti-corruption 2016	Operations assessed for risks related to corruption	Business ethics and corporate governance
205-3	GRI 205: Anti-corruption 2016	Confirmed incidents of corruption and actions taken	Business ethics and corporate governance
3-3	GRI 3. Material topics: 2021	Management of material topics	Responsible sales, quality management
206-1	GRI 206: Anti-competitive Behavior 2016	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible sales, quality management
MATERIAL TOPIC: HUMAN CAPITAL, WORKING CONDITIONS AND EMPLOYEE DEVELOPMENT			
3-3	GRI 3. Material topics: 2021	Management of material topics	Human capital
401-1	GRI 401: Employment 2016	New employee hires and employee turnover	Human capital
401-2	GRI 401: Employment 2016	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Human capital
3-3	GRI 3. Material topics: 2021	Management of material topics	Health and safety
403-2	GRI 403: Occupational Health and Safety 2018	Hazard identification, risk assessment, and incident investigation	Health and safety

INDICATOR NUMBER	GRI STANDARD	INDICATOR NAME	REFERENCE IN THE BODY OF THE REPORT
403-6	GRI 403: Occupational Health and Safety 2018	Promotion of worker health	Health and safety
403-9	GRI 403: Occupational Health and Safety 2018	Work-related injuries	Health and safety
3-3	GRI 3. Material topics: 2021	Management of material topics	Human capital
404-1	GRI 404: Training and Education 2016	Average hours of training per year per employee	Human capital
MATERIAL TOPIC: RESPONSIBLE SALES, SERVICE QUALITY MANAGEMENT			
3-3	GRI 3. Material topics: 2021	Management of material topics	Responsible sales, quality management
417-2	GRI 417: Marketing and Labeling 2016	Requirements for product and service information and labeling	Responsible sales, quality management
417-3	GRI 417: Marketing and Labeling 2016	Incidents of non-compliance concerning product and service information and labeling	Responsible sales, quality management
3-3	GRI 3. Material topics: 2021	Management of material topics	Responsible sales, quality management
418-1	GRI 418: Customer Privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible sales, quality management
MATERIAL TOPIC: INCLUSIVE ORGANIZATION - DEVELOPMENT, DIVERSITY AND EQUALITY			
3-3	GRI 3. Material topics: 2021	Management of material topics	Human capital
405-1	GRI 405: Diversity and Equal Opportunity 2016	Diversity of governance bodies and employees	Human capital
405-2	GRI 405: Diversity and Equal Opportunity 2016	Ratio of basic salary and remuneration of women to men	Human capital

Table of compliance with the Accounting Act

ACCOUNTING ACT REQUIREMENTS REGARDING THE DISCLOSURE OF NON-FINANCIAL DATA	HAS THE REQUIREMENT OF THE ACT BEEN FULFILLED	REFERENCE IN THE BODY OF THE REPORT	PAGE NO.
A description of the entity's business model and key performance indicators	Yes	About Bank Pekao	5
Description of management of risks identified as significant	Yes	About Bank Pekao	76
Description of the entity's due diligence policies and performance indicators related to anti-corruption	Yes	Business ethics and corporate governance	70
Description of the entity's policies, due diligence procedures, and performance indicators related to respect for human rights	Yes	Observance of human and worker rights, responsibility in the supply chain	78
Description of policies, due diligence procedures and performance indicators related to topics relevant to consumer/ customer relations, quality	Yes	Responsible sales, quality management	34
Description of the entity's policies, due diligence procedures and performance indicators related to employee issues	Yes	Human capital	43
A description of the entity's policies, due diligence procedures, and performance indicators related to environmental performance	Yes	Climate and environment	15
A description of the entity's policies, due diligence procedures, and performance indicators related to social issues	Yes	Social commitment	26

