



ESG Report of the mBank Group 2023

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Letter of the Chairwoman of the Supervisory Board

[GRI 2-22]

Dear Sir/Madam,

You have before you the ESG Report of the mBank Group – our latest publication which is in line with the international reporting standard Global Reporting Initiative. Since 2024, our Group has been covered by the EU Corporate Sustainability Reporting Directive and the ESG information and results will be disclosed in accordance with the ESRS. In mBank and Group companies, we started preparations for the upcoming changes in the reporting area already in 2023 – for example, in the form of training courses on CSRD, intended for individual groups of employees, including members of the Management Board, and double materiality assessment.

The year 2023 was also marked by the work on updating the ESG strategy. We wanted for its shape and level of ambition to reflect the current benchmark for the activities of mBank in the area of sustainable development. The Supervisory Board actively participated in the process by providing feedback on the proposed directions. This strategic review and the work on the transition plan, including the decarbonisation strategy based on SBTi objectives, are our current priorities in the area of sustainable development. In this context, it is also worth mentioning changes in the ESG management structure – as one of the first banks in Poland, we have created the position of Chief Sustainability Officer, and in November 2023, the Sustainable Development Committee of mBank was extended to include three members of the Management Board. When carrying out sustainability activities, we draw on the experience of Chapter Zero Poland, a programme to develop the competences of management and supervisory bodies of companies, under the auspices of the Responsible Business Forum.

Sustainable development of mBank in 2023 included extending the offer of ESG products and services for corporate customers and increasing the availability of services and products to individual customers, accompanied by the concern for their ‘healthy finances’, considered as a priority. We also keep acting internally. In 2023, the annual Pulse Check employee satisfaction surveys ranked us among the top employers. Pay increases aimed at bridging the gender pay gap also deserve to be mentioned separately. During the year, we have taken much more action on sustainability – for detailed information, see the chapter on employees.

The actions taken by the mBank Group in 2023 show that the ESG principles became a systemic, strategic, permanent element of our day-to-day activities. We are aware that we have set ourselves very ambitious tasks in the near future, but I believe that their gradual, planned implementation will allow mBank to join the leaders of sustainable banking, not only in Poland, but throughout the European Union.



Yours sincerely

Professor Agnieszka Słomka-Gołębiowska
Chairwoman of mBank's Supervisory Board

Letter of the President

[GRI 2-22]

Dear Sir/Madam,

The development of the banking sector is essential to ensure the development of the country and the well-being of its citizens, and public confidence in the financial system is a prerequisite for the normal functioning of the economy. Unfortunately, a combination of external and internal factors influenced the growth dynamics of the banking sector in Poland in 2023. This was due, on the one hand, to uncertain geopolitical conditions in connection with the ongoing war in Ukraine and, on the other hand, to the issue of loans denominated in CHF and the maintenance of credit holidays. In this context, we support the demands of the Polish Bank Association – the adoption of a Swiss Franc Act, reduction of fiscal and parafiscal burdens, and rationalisation of the approach to granting assistance to borrowers, in particular in the context of the planned 0% loan.

Despite these developments and regulatory decisions, from the business and operational perspective, we can consider 2023 as a success. From the financial point of view, the Group’s net profit was, unfortunately, only PLN 24 million. This amount included PLN 4.9 billion in provisions related to legal risk concerning loans denominated in CHF. Our total revenue amounted to PLN 10.8 billion and the balance sheet total increased by 8.1% year on year.

The condition of the Polish banking sector is particularly important in the context of the need to increase financing for a sustainable transformation of the whole economy. Recent years of our activity have shown our potential to support the Polish economy in the climate transition process. In 2023 alone, mBank’s offer related

to the financing of renewable energy sources and investments in large RES plants made it possible to generate 641 MW of energy from renewable energy sources. At the end of December 2023, mBank’s RES portfolio reached almost PLN 4 billion. As one of the first Polish financial institutions, we also publish information on the carbon footprint of our portfolio. For that purpose, we use well-established, standardised international methodologies and, as part of our membership with SBTi, we are developing an effective plan for decarbonising our activities.



However, ESG considerations are not only environmental challenges. You will find a number of examples of our social and employee-related activities in the report. I will only mention the aspects that are important to us, such as improving the effectiveness of human rights verification in the Group value chain and maintaining the pay gap below 5%. We are also consistently implementing social involvement programmes. In 2023, we played together with the Great Orchestra of Christmas Charity (WOŚP) once again and we managed to transfer PLN 2 million to the Foundation’s account. Traditionally, young enthusiasts of mathematics could count on our support – the Foundation allocated PLN 3 million to mathematical education.

The effectiveness and quality of our ESG agenda are confirmed by independent ratings: Morningstar Sustainalytics, MSCI ESG Ratings and Bloomberg Gender-Equality Index



contents	introduction	responsible management	responsibility					about the Report	index
			towards our customers	towards employees	for climate change and sustainable finance	social	towards investors		

2023. They point to the low level of ESG risk in our business, appreciate the leading practices in the employment area and highlight gender equality in the workplace.

It is also worth remembering that the next few years will bring changes to sustainability reporting for many Polish companies. The entry into force of the EU's CSRD and the standardisation of ESG disclosures is a necessary improvement in the transparency of the disclosed corporate information on social, environmental and corporate governance impact that was expected across the banking sector. The new reporting standards are clear criteria and new opportunities to increase financing for sustainable change in the Polish economy.

I am convinced that our Group has shown that effective sustainability management is an expression of concern for the interests of our shareholders and customers. We will follow this path in line with our ESG Strategy updated in 2023.

Yours sincerely

Cezary Stypułkowski

President of the Management Board of mBank S.A.

1. Responsible management

1.1. Business model

“

At mBank, we say: 'Today, we create tomorrow'. As the leading Polish bank, we have included sustainability principles in our main business strategy, and in 2023 we introduced significant changes in the ESG management structure. We have increased the importance of the Sustainable Development Committee by inviting the majority of the Management Board to take part in its activities. This also reflects how ESG has become an integral part of our activities across all areas of the bank. We have further strengthened our ESG team, including the newly created position of Chief Sustainability Officer to ensure we continue to shape our path of sustainable development with full strength.



Julia Nusser,
Vice-President of the Management Board,
Chief People & Regulatory Officer

1.1.1. mBank – mobility icon for all client groups

[GRI 2-1]

Our Group follows the universal banking model and specialises in servicing all customer groups. We use advanced technology to distribute products, including online and mobile tools, a network of distribution outlets and a Contact Centre support service. We have created modern IT platforms whose architecture facilitates the development and introduction of new products, services and sales channels, efficiently and with low operational risk. Our Group has its head office in Warsaw.

mBank S.A. is the Group’s parent company. It was the first fully Internet-based bank in Poland, which keeps setting market standards for mobile and online banking today. mBank provides its services to retail banking, SME segment, corporate and investment banking customers, and it offers other financial products and services, such as leasing, factoring, brokerage activities, wealth management, investment funds, investment consultancy, insurance, payment gateway and corporate finance. In Chapter 2.1. Convenient banking, we describe the wide range of digital channel services we offer to our customers.

Our Group provides services in Poland, the Czech Republic and Slovakia. The Polish retail network comprises 307 outlets, whereas the corporate network consists of 43 service points, supplemented by the outlets of individual Group companies. The number of outlets in Poland decreased by 12 in 2023. At the same time, we opened one branch office in the Czech Republic.

retail network

Poland:

- 83 mBank branches,
- 31 “light” branches¹,
- 15 advisory centres,
- 138 mKiosks,
- 40 financial centres and agency service points of mFinanse.

Czech Republic:

- 14 financial centres and ‘light’ branches,
- 18 mKiosks.

Slovakia:

- 6 financial centres and “light” branches,
- 9 mKiosks.

corporate network

Poland:

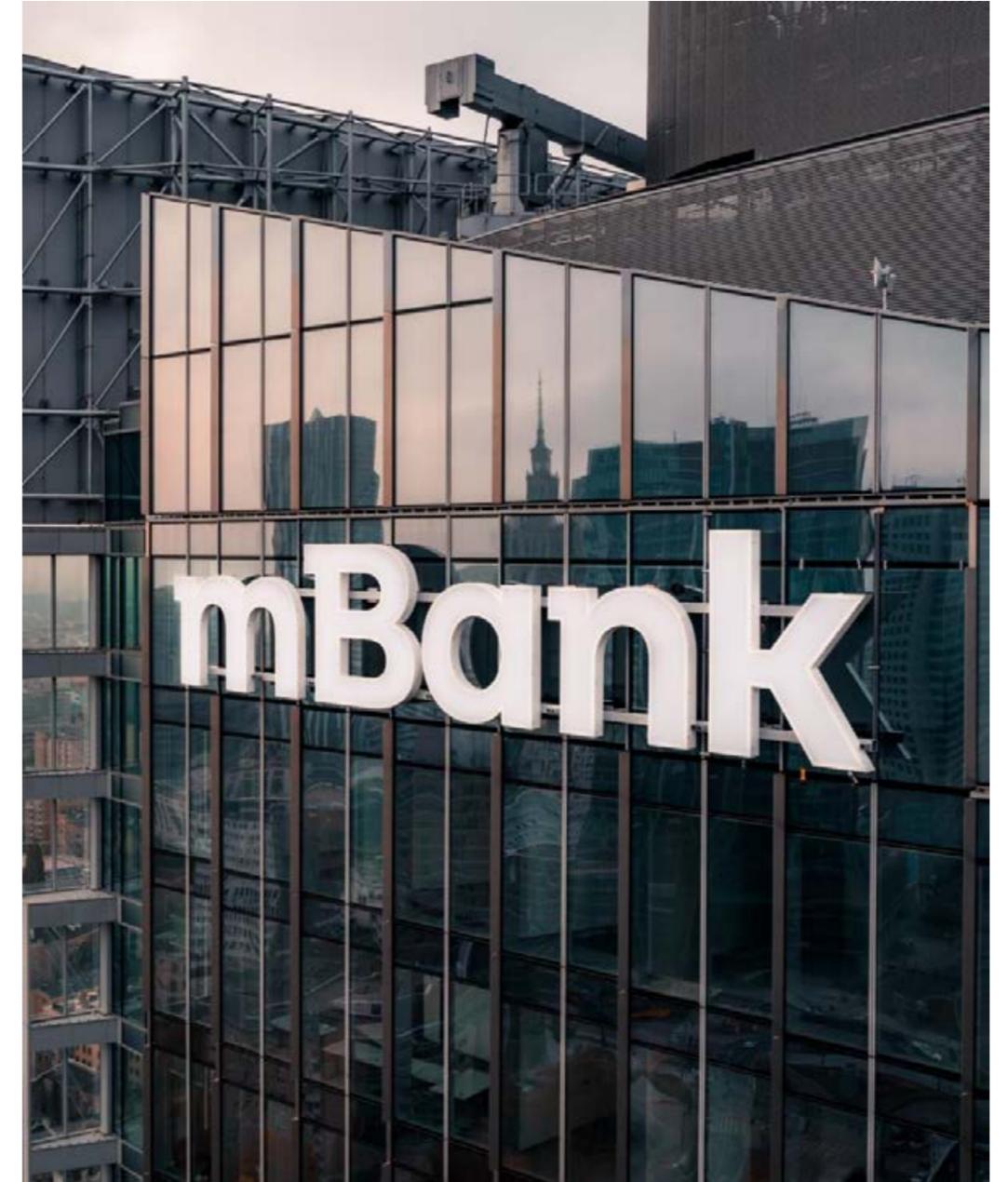
- 29 corporate branches,
- 14 corporate offices.

¹Bank outlets in shopping centres equipped with innovative solutions (such as screens with the kinect functionality). It is part of a complete project of several years to rebuild the sales network, which consists in separating newly designed branches and advisory centres from the existing structure. Light facilities will ensure swift and efficient basic service (sales and services from the area of basic products, i.e. an account, a payment card issued on-the-spot or a cash loan with cashier service and acceptance of instructions). Outlets will be opened in places which the customers tend to visit frequently, i.e. in shopping centres.

Depending on their needs, customers can use a comprehensive range of products and cash services in mBank's traditional outlets. A full range of more complex financial products, including mortgages and corporate loans, is also available at mFinanse financial centres and agency service points. The advisory centres serve both individual and corporate customers, and all interested customers can also use the services of mBank Group companies. The "light" outlets offer simpler products and limited cash operations. mKiosks located in shopping centres present the bank's offer to customers who can open an account and get an unsecured loan there.

mBank's history

The bank commenced its operations in 1986 as Bank Rozwoju Eksportu (BRE Bank), originally focusing on corporate customers. We have been operating in the segment of individual customers since 2000, i.e. since the launch of the Internet-based mBank. In 2001, we launched MultiBank, complementing the business model with customer service in the network of outlets located in the largest cities in Poland. Since the beginning of its operations, mBank's development has been based on organic growth, which means that the current scale of operations has been achieved without taking over other banks and financial institutions. We are the only bank in Poland with a successful track record of rolling out its online retail banking model into foreign markets. Since 2007, we have been operating in the Czech Republic and Slovakia. Since 2013, we have been offering our banking services under the mBank umbrella brand with the highest potential for growth and recognition.



1.1.2. Management structure of mBank Group

[GRI 2-9]

In 2023, the following companies formed the mBank Group:

■ mBank S.A.

The Group's parent company. It was the first fully Internet-based bank in Poland, one of the strongest and fastest growing financial brands and Poland's fifth largest universal bank in terms of assets held in 2023. mBank carries out retail banking operations in Poland, the Czech Republic and Slovakia.

■ mFaktoring S.A.

A company providing corporate customers with financing of current operations, professional management of receivables, assumption of solvency risk, maintenance of debtors' settlement accounts and effective enforcement of receivables.

■ mLeasing Sp. z o.o.

The company performs leasing activities and is one of the top Polish leasing companies. Its standard offer includes the leasing of vehicles up to 3.5 t, heavy transport, machinery and equipment (including medical). It provides car fleet rental and management (CFM) services. It also provides comprehensive financing services for commercial and office premises, hotels and warehouses.

■ LeaseLink Sp. z o.o.²

A leader in the online leasing segment. The company offers the leasing of assets worth up to PLN 50,000 and its services are used by nearly 100,000 small and medium-sized companies. LeaseLink products are available in more than 3,000 e-shops (including e-commerce market leaders) and major brick-and-mortar retail chains.

■ Asekum Sp. z o.o.²

The company operates as an insurance agent, primarily in the field of insurance of leased assets. The bank holds indirectly – through mLeasing Sp. z o.o. – 100% of shares in the company.

■ mBank Hipoteczny S.A.

The longest operating mortgage bank in Poland. It is the only Group entity that holds entitlement to issue covered bonds, which it places on both the domestic and foreign capital markets. Its issuing business is based on a housing loans portfolio for individual customers, which mBank Hipoteczny builds in close cooperation with mBank.

■ mTowarzystwo Funduszy Inwestycyjnych S.A.

A company offering customers access to geographically and sectorally diversified investment funds.

² mBank owns 100% shares in Asekum Sp. z o.o. and LeaseLink Sp. z o.o. indirectly, through mLeasing Sp. z o.o.

■ **mFinanse S.A.**

A company that supports mBank’s individual and corporate customers in the selection of suitable financial products.

■ **mFinanse CZ s.r.o and mFinanse SK s.r.o.³**

Both entities operate in the area of financial intermediation in the sale of banking products distributed by mBank branches in the Czech Republic and Slovakia. mFinanse in the Czech Republic and mFinanse in Slovakia took over the tasks previously carried out in mBank’s branches in those countries. The bank indirectly holds 100% of shares in these companies through mFinanse S.A.

■ **mElements S.A.**

A technology company developing solutions to improve the quality of online service – for both buyers and sellers. Key products of mElements include the paynow payment integrator.

■ **Future Tech Fundusz Inwestycyjny Zamknięty**

A venture capital fund that manages assets worth more than EUR 50 million. It specialises in investing in rapidly growing, early-stage companies across economic sectors.

[GRI 2-10]

The mBank Group is managed by the Management Board of mBank S.A., whose members are appointed and dismissed by the Supervisory Board. All persons appointed to the Management Board have qualifications relevant for their position, and the procedure for determining the composition of the Management Board complies with the provisions of the Banking Law. The President of the Management Board of mBank S.A. and the Member of the Management Board in charge of credit policy and risk management are approved by the Polish Financial Supervision Authority (PFSA). The General Meeting may also dismiss or suspend members of the Management Board.

The Supervisory Board acts on the basis of the adopted Rules and performs the functions provided for in the By-laws of mBank, the Code of Commercial Partnerships and Companies, and the Banking Law Act. It consists of not less than five members elected by the General Meeting for a joint term of three years.

³ mBank owns 100% shares in mFinanse CZ s.r.o. and mFinanse SK s.r.o. indirectly, through mFinanse S.A.

[GRI 2-11]

On 31 December 2023, the composition of the Management Board of mBank S.A. was as follows⁴:

- Cezary Stypułkowski - President of the Management Board, Chief Executive Officer of the Bank,
- Krzysztof Dąbrowski – Vice-President of the Management Board, Head of Operations and Information Technology,
- Cezary Kocik – Vice-President of the Management Board, Head of Retail Banking,
- Marek Lusztyn – Vice-President of the Management Board, Chief Risk Officer,
- Julia Nusser – Vice-President of the Management Board, Chief People & Regulatory Officer,
- Adam Pers – Vice-President of the Management Board, Head of Corporate and Investment Banking,
- Pascal Ruhland – Vice-President of the Management Board, Chief Financial Officer.

Since 1992, mBank’s shares have been listed on the Warsaw Stock Exchange (WSE). At the end of 2023, their capitalisation amounted to PLN 22.7 billion, i.e. PLN 10.1 billion more year on year. mBank contributes to the WIG, WIG-20, WIG-Banki and WIG-ESG indices. Commerzbank AG, based in Germany, is the strategic shareholder of mBank, holding 69.12% of its shares. The remaining shares are in free float and are mostly held by Polish pension funds as well as Polish and foreign investment funds.

⁴ On 17 January 2023, Andreas Böger, Vice-President of the Management Board, Chief Financial Officer, resigned from his function. The resignation was effective as of 30 April 2023. The reason for the resignation was the plans of Andreas Böger to take up the position of the Divisional Board Member – Group Finance at Commerzbank AG. On 30 March 2023, the Supervisory Board of mBank appointed new members of the Management Board, effective as of 1 May 2023 – Pascal Ruhland for the position of Vice-President of the Management Board, Chief Financial Officer, and Julia Nusser for the position of Vice-President of the Management Board, Chief People & Regulatory Officer.

1.1.3. Strategy for 2021–2025

In 2023, we continued to implement the Strategy of the mBank Group for 2021–2025 titled *'From an icon of mobility to an icon of possibility'*, adopted by the Management Board and approved by the Supervisory Board in autumn 2021. The ESG agenda is an integral part of this document and of our operations.

In defining the aspirations and objectives of the mBank Group included in this strategy, we have taken into account the expected economic and market outlook, regulatory requirements, technological progress, changes in consumer behaviour, local constraints and internal circumstances. In view of the rapid evolution of most of these aspects over the last two years, a comprehensive mid-term review of the strategy has been carried out. As a result, part of the ESG was updated in the fourth quarter of 2023. This reflected and responded to increased expectations and pressure from stakeholders, such as customers, investors, regulators and supervisors.

As a financial institution, we have a special responsibility and a key role to play in supporting global and national transition efforts for sustainable development and, in particular, a climate neutral economy. In this respect, the tasks of the banks take two forms: to cooperate in partnership with the customers and to support them in the 'green' transformation and to mobilise capital for sustainable business activities and projects, as well as to provide examples of environmentally and socially sustainable development. We want to enable individuals, companies and communities to grow economically and make an important contribution to creating a sustainable world based on ecosystems that meet people's needs while responding to societal challenges. We want to remain the leader of sustainable banking in Poland. We are aware of our responsibility for the climate, society, financial condition of our customers and compliance with declared values.

Further integration of sustainability aspects into our priorities, activities, risk issues and governance processes aims at:

- reducing the greenhouse gas emissions generated both directly by us and by the credit portfolio we finance to zero,
- supporting sustainable growth that brings financial and non-financial benefits for the society and our customers,
- building reliable relationships and increasing the confidence of our stakeholders through transparent actions that are in line with our values.

By 2025, we want to make progress on the ESG agenda and gain the position of a distinguished market player. We have set out strategic directions for the coming years in three dimensions: environmental, social and corporate governance. We have defined guiding principles, objectives and key indicators for each pillar.



environmental pillar:

Our role: we actively work with customers to lead in green financing and energy transition, while integrating sustainable practices into mBank’s operations.

strategic objectives	targets and indicators	execution in 2023
Reduce the greenhouse gas emissions of the credit portfolio, using SBTi to achieve net zero emissions.	Convert the credit portfolio to achieve net zero emissions by 2050.	In 2023, the Management Board of mBank approved the scope of the portfolio to be covered by SBTi objectives, the SBTi methods applied for each asset category falling within this scope, the base year and short-term target horizon. The version of the SBTi standard used was also selected.
	Decide on the portfolios covered by SBTi and methods of their decarbonisation.	
	Submit an application with decarbonisation goals to SBTi for approval by 30 September 2024.	
Be a partner for customers by offering products and services that stimulate their sustainable and ‘green’ activities.	Provide PLN 10 billion of ‘green’ financing (for renewable energy sources, decarbonisation, circular economy, electromobility, etc.) by the end of 2025, including PLN 5 billion from mBank and PLN 5 billion from other sources, such as consortia and green bond issues for customers.	As at 31 December 2023, the value of ‘green’ financing provided by mBank amounted to PLN 5,315 million and the amount of capital mobilised was PLN 4,382 million. Products included financing renewable energy sources, Sustainability Linked Loans, green Sustainability Linked Bonds, EU taxonomy funding and primary market capital transactions.
	Increase the annual sales of mortgage loans for real property in accordance with NZEB-10% (Nearly Zero Energy Building) up to 14% of total mortgage loans granted by mBank (by volume) in 2024 and up to 18% in 2025.	As at 31 December 2023, the share of mortgage loans financing a house, flat in a block of flats, or a single-family house with low energy consumption in total sales was 10%, which is in line with the mid-term objective set for 2023. The terms of these mortgage loans were determined on the basis of the indicator of annual demand for non-renewable primary energy specified in the Energy Performance Certificate or the Design Energy Performance Certificate, expressed in kWh/m ² *year. The approved thresholds are set out in the product regulations.

	Offer at least 50% of investment solutions within the mBank Group which promote environmental or social aspects ('light-green' products in accordance with Article 8 of the SFDR) by 2025.	As at 31 December 2023, the share of products meeting the definition in Article 8 of the SFDR (Regulation on sustainability-related disclosures in the financial services sector) managed within the Group represented 10% of the total investment solutions offered.
	Issue 'green' bonds on the terms and conditions set forth in mBank S.A. Group Green Bond Framework in the amount of PLN 5 billion by the end of 2025.	In 2023, mBank issued 'green' bonds (as non-preferred senior bonds) with the nominal value of EUR 750 million (i.e. equivalent to PLN 3,261 million at the exchange rate of 31 December 2023).
Reduce own greenhouse gas emissions by decarbonising own operations.	Achieve zero net emissions in own operations by 2040.	mBank's electricity consumption at the end of 2023 was 99% based on green energy. This is due to the purchase of 'green' energy directly by mBank and by the owners of the bank's main facilities (head offices and data centres). In addition, mBank purchases the so-called 'guarantees of origin' for electricity, whereby the landlords purchase ordinary ('black') energy. In its own and all other locations where mBank owns the meters, only 'green' energy is purchased and used.
	Use clean energy, with a minimum of 80% of electricity purchased for the bank from renewable sources from 2023.	



social responsibility pillar:

Our role: we support the financial health of our customers and carry out inclusive banking operations, while building an organisational culture rooted in ESG values.

strategic objectives	targets and measures	execution in 2023
Create an attractive working environment that ensures diversity, equality and inclusion.	Ensure gender balance in the succession programme (with a minimum gender representation of 45%) and bridge the pay gap (keeping it below 5%).	In 2023, 52% of recruited or promoted managers in mBank were women. The pay gap at the end of 2023 was 3.9%. It was calculated for mBank (at unit level) in accordance with the EBA Guidelines on benchmarking remuneration practices, gender pay differentiation and approved higher ratios of variable remuneration components to fixed components under Directive 2013/36/EU.
Ensure balanced gender representation within the mBank Group.	Increase the representation of women in management bodies of mBank’s main subsidiaries (including mLeasing, mFactoring, mBank Hipoteczny, mTFI, mFinanse) to 40% by the end of 2026.	As at 31 December 2023, the share of women in the management bodies of these companies was 23%.
Have a positive social impact by supporting financial health and customer education.	Continue financial education and promote responsible management of personal finances among customers by increasing the number of users of relevant functionalities on mobile and online services.	In 2023, mBank conducted another social campaign on cybersecurity, including new spots and a special podcast titled Jazgot. The average number of unique users of the Finance Manager (PFM) was 1.46 million in the fourth quarter of 2023. Key drivers included: development of new functionalities (budgets, widgets, etc.), improvement of data quality, promotion and customer education.



corporate governance pillar:

Our role: we are developing internal solutions to facilitate the transition towards sustainable development, with particular emphasis on resilience of the risk management system and transparency.

strategic objectives	targets and measures	execution in 2023
Include environmental, social and corporate governance risks in mBank's risk management system.	Implement ESG in the credit documentation and in the internal capital adequacy assessment process (ICAAP) and carry out an assessment of ESG risk relevance on an annual basis.	The ESG risk was included in the ICAAP documentation. The first assessment of the ESG risk relevance was carried out. When granting mortgage loans in the retail segment, we collect energy efficiency certificates.
Strengthen our corporate governance by taking into account the ESG aspects.	Have all TOP 100 managers (mBank and main companies) with set ESG targets with a weight of 10% in their OKRs (Objective and Key Results).	All TOP 100 managers working in the mBank Group had ESG targets in their OKRs as at 31 December 2023.
Promote transparency and ESG standards among business partners.	Have 70% of eligible partners and suppliers (as part of the centralised purchasing process) operating in accordance with 10 Principles of the UN Global Compact by 2025.	Until the end of 2023, mBank has collected 600 declarations from its partners and suppliers confirming compliance with the 10 Principles of the UN Global Compact. This figure accounted for almost 70% of contracts signed in the areas served by the central purchasing process. This estimate does not include contracts signed outside the procurement process conducted by the Procurement and Administration Department. Exclusions indicated in the internal regulation, when the declarations are not required, were not eliminated from the scope.

1.2. mBank Group in 2023

[GRI 2-6]

universal financial services

 <p>our clients</p>	 <p>our employees</p>	 <p>mobile application</p>	 <p>transactions</p>
<p>5,716 k retail clients 34.5 k corporate clients</p>	<p>7,319 FTE in mBank Group</p>	<p>3.6 million users</p>	<p>12.6% market share in value of card transactions (9M 2023)</p>

mobile banking at its best

<p>active users of mBank's services in Poland</p>	<p>growing importance of digital channel in daily banking</p>	<p>development of Paynow payment gateway</p>	<p>new functionalities in personal finance manager (PFM)</p>
<p>number of monthly active users increased to 3,375 k; active users of BLIK increased to 2,141 k</p>	<p>87% of processes in retail banking area are initiated by the clients in digital channels; 90% of corporate clients use mBank mobile app</p>	<p>cooperation with LeaseLink in the scope of financing corporate clients and new payment links generator; volumes processed by Paynow increased by 120% YoY</p>	<p>possibility to set a budget, i.e. the amount of monthly expenses that the client does not want to exceed, and the "Your finances" widget</p>

key results and indicators

revenues	cost to income ratio	total assets growth	total capital ratio
PLN 10,802 million	28.5%	+8.1% year on year	17.0%

basic facts for investors

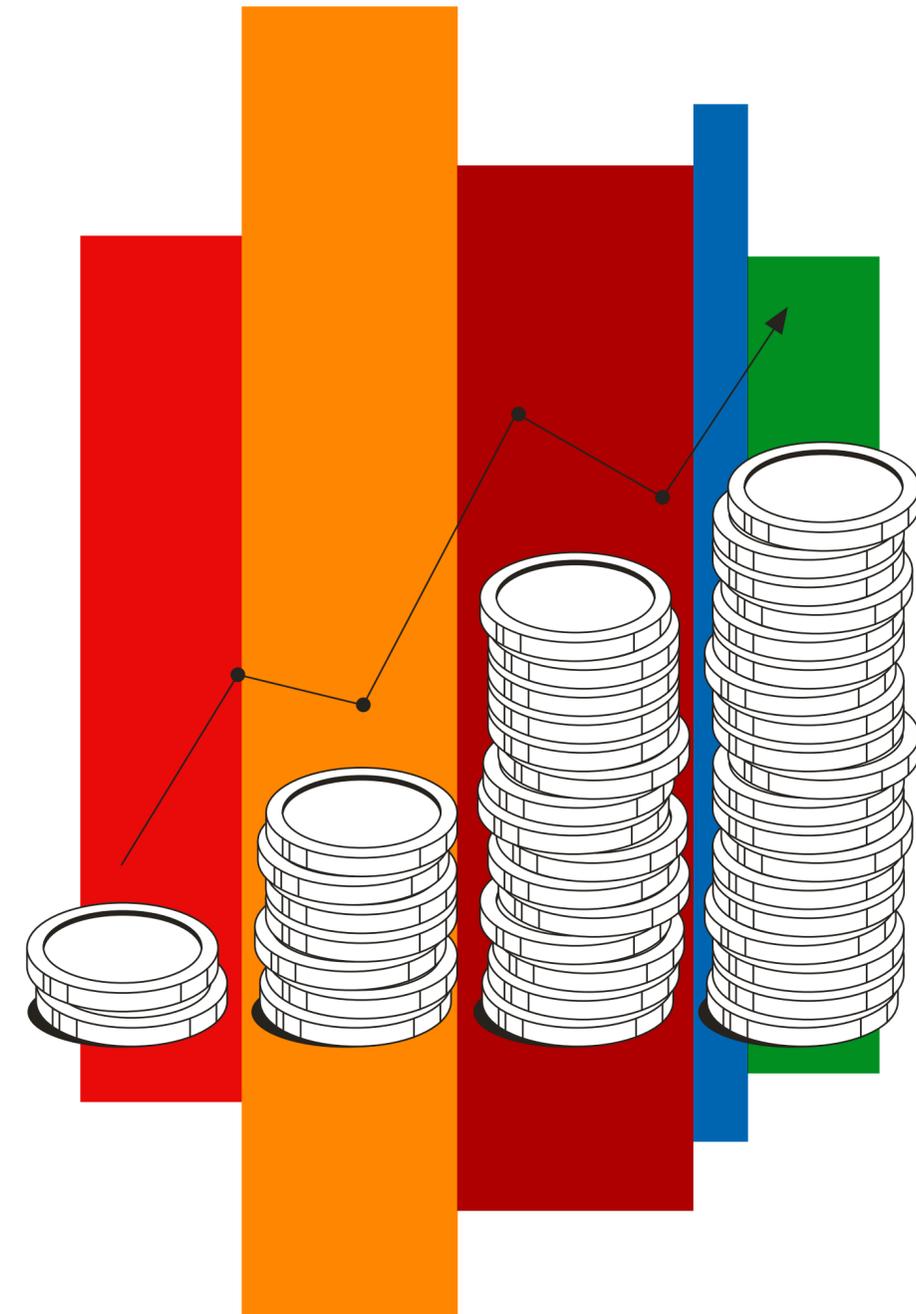
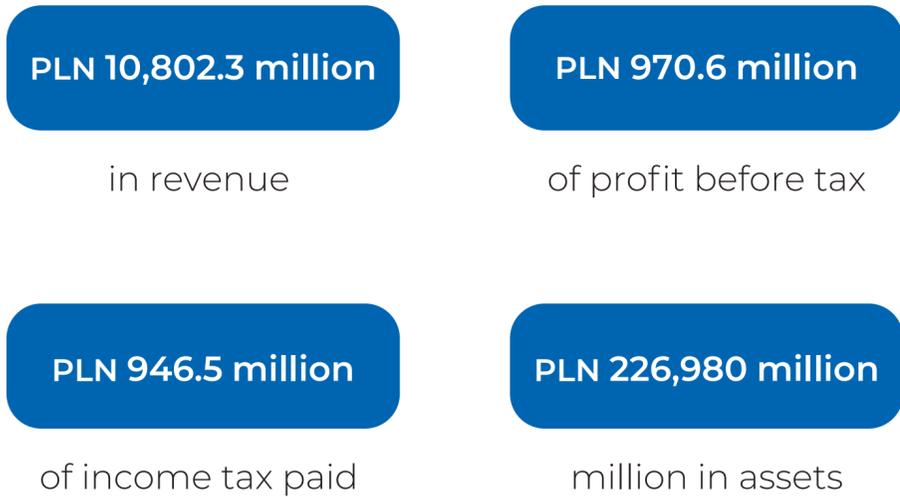
market capitalisation	share price	member of the WSE indices, including:	mBanku ratings
PLN 22.7 billion (EUR 5.2 billion)	PLN 535.0 (as at 29.12.2023)	WIG 20, WIG ESG, WIG banki	Fitch: BBB- Standard & Poor's: BBB Sustainalytics: 13.0 (low ESG risk) MSCI: A (average ESG rating)



1.2.1. Financial performance

In 2023, the revenues of mBank were the highest in history and capital ratios significantly exceeded regulatory requirements. We have also maintained a high level of liquidity ratios – LCR stood at 217% and NSFR amounted to 157%. For the complete details on the financial performance of the mBank Group, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#), Chapter *Financial situation of the mBank Group and mBank in 2023*.

Selected financial results of the mBank Group in 2023⁵:



⁵ as of 31 December 2023

1.2.2. Awards and distinctions

ESG:

- seventh place in the Ranking of Responsible Companies, better by three positions than in 2022. The list of the most responsible companies from various industries operating in Poland is drawn up by Kozmiński Business Hub, Responsible Business Forum (FOB) and Deloitte,
- a CSR *Silver Leaf* in the competition organised by Polityka weekly, FOB and Deloitte,
- a place among leading companies in managing diversity and developing inclusive practices in the *Diversity IN Check survey* conducted by FOB,
- *Ten good practices of mBank* distinguished in the report entitled '*Responsible business in Poland 2023. Good practices*' prepared by FOB,
- a significant increase in ratings in the Bloomberg Gender-Equality global index which distinguishes listed companies actively involved in levelling the playing field at work. In the area of equal pay for men and women, mBank scored 94.1 points, i.e. 11.8 more than in 2022. It also recorded a significant increase – by 6.7 points – in the inclusive work culture category,

BUSINESS:

- three awards in the Stars of Banking ranking: 2nd place in the main category – '*Overall Operations*', 1st place in the '*Innovation Star*' category, and 3rd place for '*Customer Relations*',
- 1st place in the '*Innovation*' category and 3rd place in the '*Growth*' category in the ranking of Dziennik Gazeta Prawna, which was drawn up on the basis of financial data for 2022, as well as the survey on innovation and aspects of the ESG. In addition, surveys were carried out in a group of over several thousand people. The final position of the bank was also influenced by the assessment of the competition jury,
- the *Special Recognition Award* granted during the Capacity Conference 23 for the innovative use of ActiveOPS to manage the credit process team during the pandemic, war in Ukraine and the increase in interest rates. ActiveOPS brings together companies around the world that use tools for managing and organising work,
- the *Best Domestic Private Bank Award* from Euromoney, the *Best Private Bank in Poland Award* from PWM and The Banker.

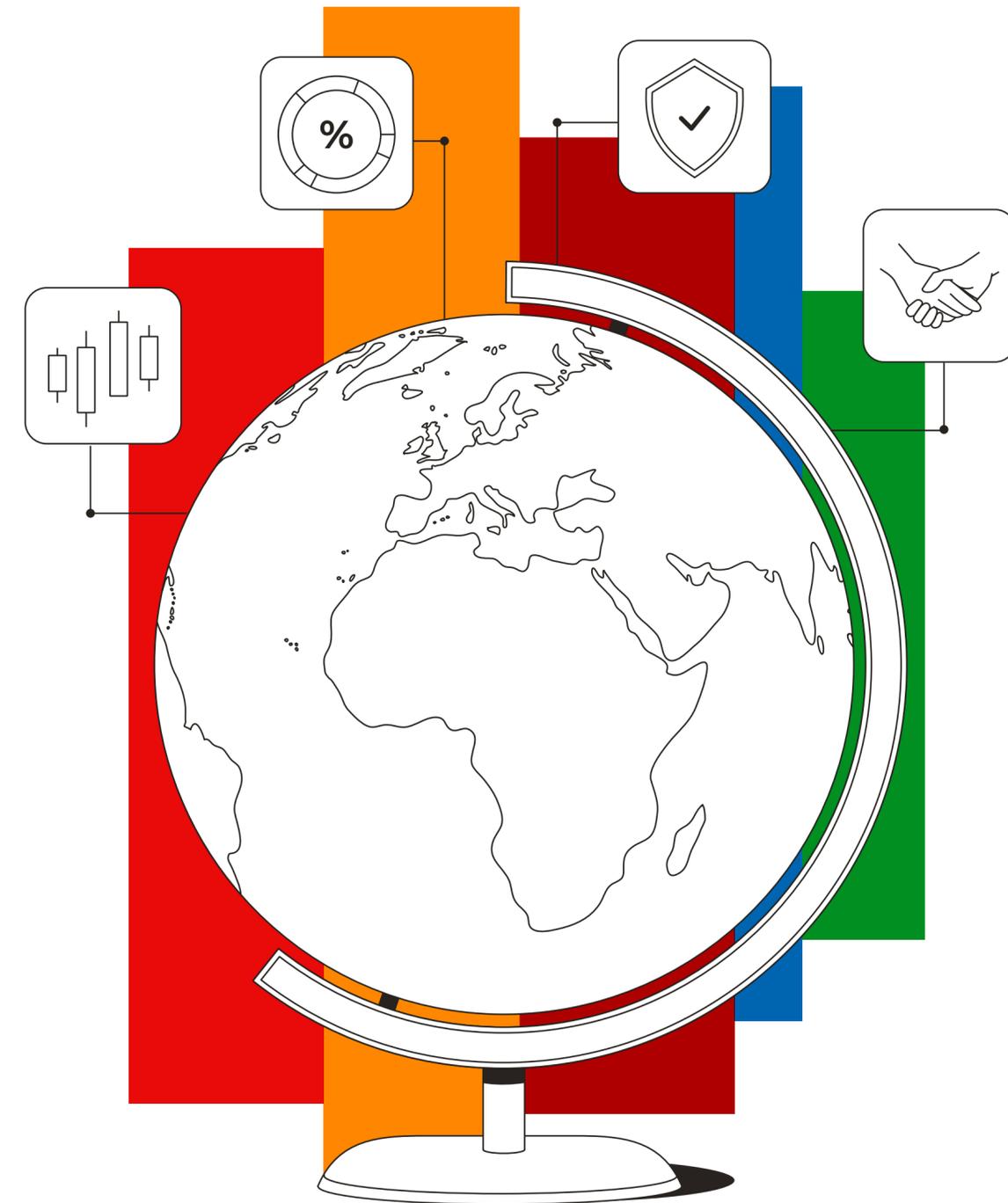
1.2.3. Membership of trade organisations

[GRI 2-28]

We are a member of dozens of Polish and international organisations and associations promoting good business practices in the financial world.

Selected organisations are as follows:

- ACI Polska – the Polish Financial Markets Association,
- UN Global Compact Network Poland,
- Chamber of Brokerage Houses,
- E-commerce Chamber,
- Partnership for Carbon Accounting Financials,
- Polish Private Equity and Venture Capital Association,
- Polish Association of Listed Companies,
- United Nations,
- Polish Bank Association,
- Responsible Business Forum Association and Diversity Charter.



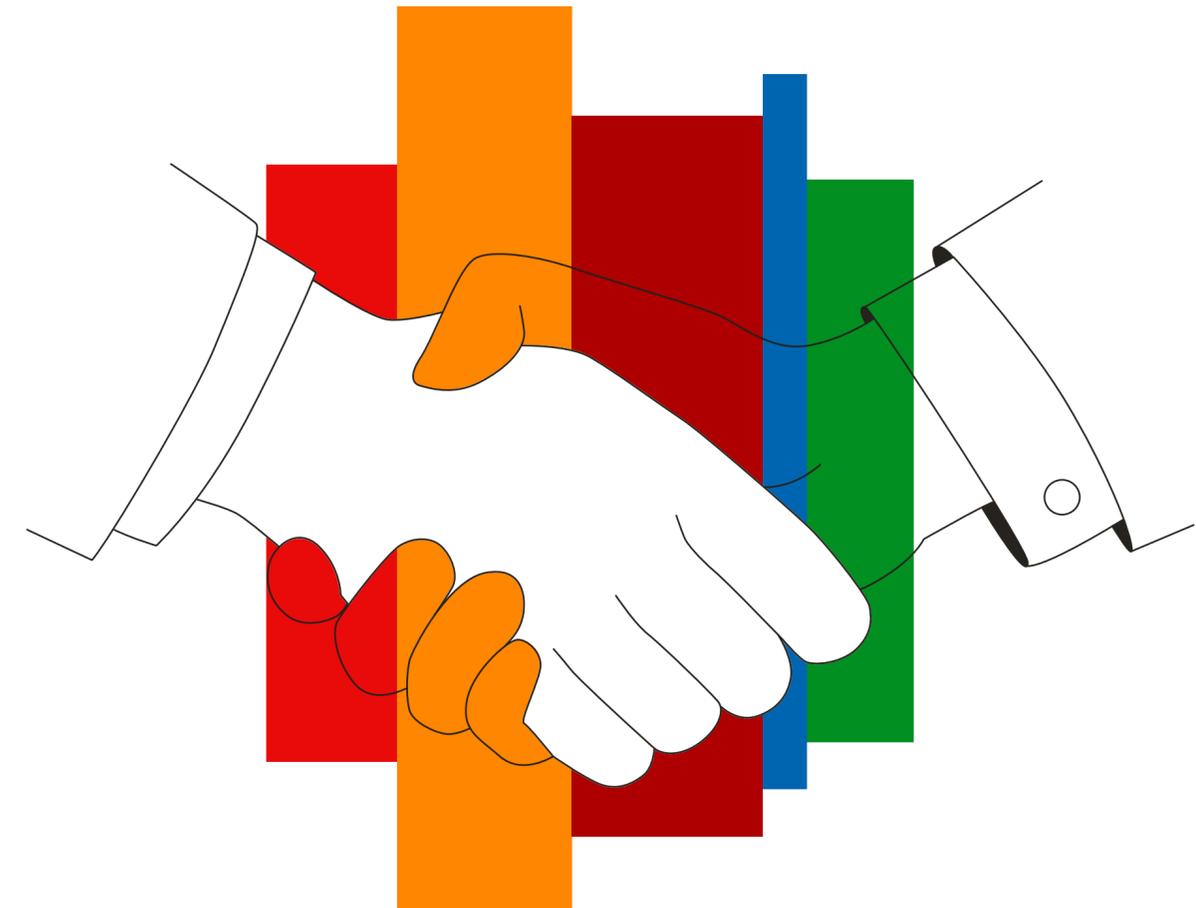
1.2.4. Partnerships for sustainable development

We are engaged in important Polish and international initiatives to promote best practices in the area of ESG in the financial market. Below, we present some of the most important examples of partnership cooperation undertaken by the Group.

[GRI 2-28]

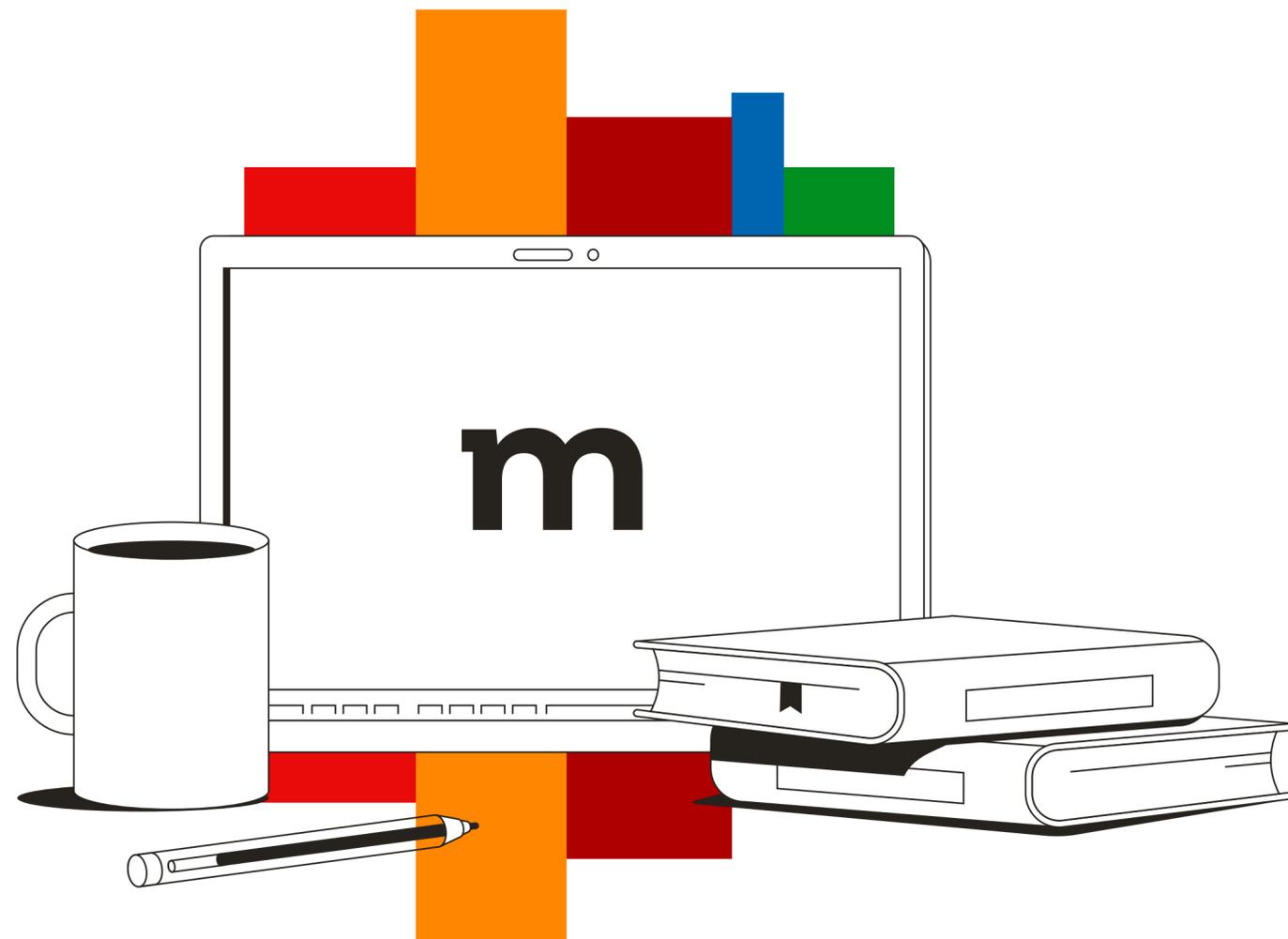
- we are members of the *United Nations Environment Programme Finance Initiative* (UNEP-FI) and signatories to its *Principles for Responsible Banking*, according to which we analyse our impact on the society and the environment. We have also signed the '*Commitment to Financial Health and Inclusion*' drawn up by UNEP-FI,
- we have joined the *Science Based Targets initiative* (SBTi) which verifies whether our greenhouse gas emission reduction path is in line with scientific evidence on climate change,
- we are members of the *Partnership for Carbon Accounting Financials* (PCAF) and use its methodologies to measure the carbon footprint of our credit portfolio,
- thanks to the agreement with the CFA Society, one of the leading organisations certifying investment management professionals, we have introduced and we promote the *Statement of Investor Rights*,

- we have signed the *Diversity Charter* – an international initiative for social cohesion and equality – and we are introducing specific solutions to ensure a level playing field between different groups of employees,
- we are signatories to the Ten Principles of the *UN Global Compact* and we are committed to promoting and implementing values covering human rights, labour standards and environmental practices.



1.3. Business built on values

Authenticity, empathy, courage, responsibility and cooperation – five values of mBank build the organisational culture of the entire Group. Our work is based on trust and good intentions, and a catalogue of values helps both employees and the company as a whole achieve their goals.

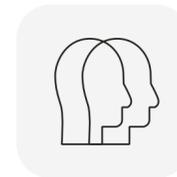


Values of the mBank Group:



authenticity

know your strengths and talents, try to be the best version of yourself, respect and celebrate differences between people.



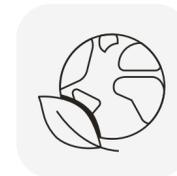
empathy

treat others with empathy; be sensitive to the needs, opinions and emotions of your team members, customers and the public.



courage

make bold decisions, openly express your opinions while respecting those of others, speak directly, be willing to admit your mistakes, learn from them, and treat them as a natural way to discover new opportunities.



responsibility

be thoughtful towards the company, in your daily work look through the lens of the bank as a whole, remember that you are an important part of a larger whole, act ethically and responsibly, keep your word, care for the environment you live in, be open to social sensitivity.

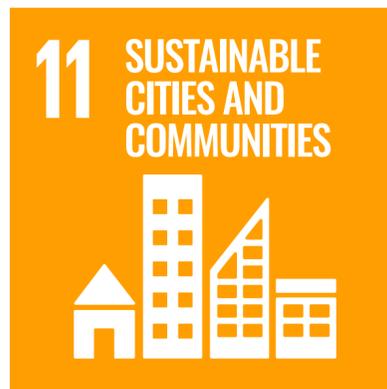
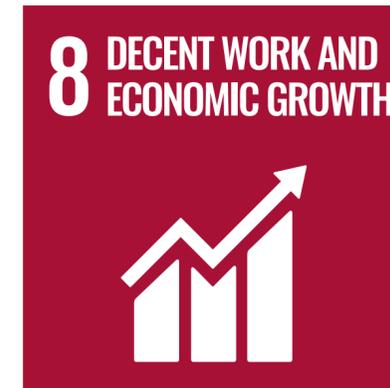


cooperation

be willing to work together, assume that others have good intentions, take into account different points of view and opinions, look for the best ways to achieve common goals.

We are developing the Group in a sustainable and socially responsible way. Our ESG projects are consistent with our company's values and express the global ambitions of international initiatives, including the *UN Sustainable Development Goals* and the *UN Principles for Responsible Banking*. We want to act wisely and according to the plan in this area, which is why we have implemented the ESG Strategy that forms an integral part of the Group's business strategy.

We support 13 of the 17 UN Sustainable Development Goals:



1.3.1. Management of the ESG area at mBank

In 2023, we started reorganising the management of the ESG area in the Group. We completed it at the beginning of 2024 and, as a result, we identified the six main areas, each overseen by a dedicated director:

- 1 Products Retail & Corpo,
- 2 Investment Products,
- 3 Guidelines & ESG Frameworks,
- 4 Risk incl. Carbon footprint & decarbonisation,
- 5 Regulatory & Reporting,
- 6 Responsible Management.

Details of the reorganisation will be presented in the next publication, the sustainability report for 2024. The changes have affected the drafting of this publication.

Our Chief Sustainability Officer (CSO), Anna Miazga, is responsible for our overall ESG strategy and alignment.



Anna Miazga,
Chief Sustainability Officer (CSO)

[GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-17] [GRI 2-18]

The key decisions related to ESG in the Group are made by the Management Board of our parent company – mBank S.A. They are consulted with internal stakeholders beforehand. The reporting process also involves representatives of mBank’s top management. Every quarter, mBank’s Management Board discusses ESG topics with the Supervisory Board. They are also discussed on a regular basis by the Risk Committee of the Supervisory Board. Management Board members and senior executives expand their knowledge and competences in the field of sustainability through participation in training, analysis of good practices and market trends, or participation in conferences and industry events. Professor Agnieszka Słomka-Gołębiowska, Chairwoman of the Supervisory Board of mBank, is a member of the Board of Chapter Zero Poland, a programme to develop the competences of management and supervisory bodies of companies, under the auspices of the Responsible Business Forum.

The implementation of the ESG strategy is overseen by the Sustainable Development Committee of the mBank S.A. Group, which is responsible for making decisions and formulating recommendations, and conducts a dialogue on sustainable development between the bank’s organisational units and between the bank and Group companies. The Committee’s decisions and recommendations support the consistent approach of other Group bodies to sustainable development. In addition, the Committee coordinates the alignment of the Group with regulatory and market requirements for ESG.

As part of these activities, the Committee:

- identifies the main lines of action and organises the ESG management system,
- sets the bank’s ESG framework – policies and procedures,
- supervises the Group’s ESG management system,
- defines the structure and organises the process of managing proceeds from the issue of ‘green’ debt instruments,
- in 2023, the Committee was chaired by the Vice-President of the Management Board, Chief Risk Officer (CRO), and it is composed of representatives of all mBank divisions and Group companies. In November 2023, its composition was extended to include the Vice-President of the Management Board, Chief People & Regulatory Officer, the Vice-President of the Management Board, Chief Financial Officer (CFO), and the Vice-President of the Management Board, Head of Corporate and Investment Banking. In 2023, four meetings of the Committee were held. In 2024, Julia Nusser, Vice-President of the Management Board, Chief People & Regulatory Officer, became the Committee’s Chairwoman.

1.3.2. ESG risk

We manage risks on the basis of supervisory requirements and best market practice by developing relevant strategies, policies and guidelines. We manage risks at all levels of the organisational structure, from the Supervisory Board and the Management Board, through specialised committees and organisational units, down to each business unit.

Risk management roles and responsibilities are specified in accordance with the three lines of defence scheme:

1

the first line of defence comprises business units (Business), whose task is to take risk and capital aspects into consideration when making all business decisions within the risk appetite set for the Group;

2

the second line of defence comprises mainly organisational units of the risk management area, plus the Security Department, the Personal Data Protection Officer and the Compliance Department. They develop the framework and guidelines for managing individual types of risk, support and supervise the Business in their implementation and independently analyse and assess the risk. The second line of defence acts independently of the Business;

3

the third line of defence is Internal Audit, which independently assesses risk management by the first and the second line of defence.

The issue of environmental, social and governance risk management is also governed by our Strategy. Pursuant to its provisions, our strategic objective is to include the ESG risk in the mBank's risk management system. We have implemented ESG considerations in the credit documentation and in the internal capital adequacy assessment process (ICAAP), and we will carry out an assessment of ESG risk relevance on an annual basis. In 2023, the ESG risk was included in the documentation of the internal capital adequacy assessment process ICAAP. The first assessment of the ESG risk relevance was also carried out.





environmental risk

is the risk of a negative financial impact on an institution resulting from the current or future impact of environmental factors and the need to mitigate them on the assets invested by the institution, its customers and counterparties or on balance sheet items. When it comes to classification and the practical approach to management, we do not treat this risk as a separate type, but as the so-called horizontal risk which affects – to varying degrees, through different transmission channels – the types of risk factors identified and controlled in the bank to date.

There are two main subcategories of environmental risk:

- **transition risk**, understood as the risk of incurring unforeseen financial costs by institutions that may result, directly or indirectly, from their adaptation to a low-carbon and more environmentally sustainable economy,
- **physical risk**, understood as the risk of adverse financial impact resulting from climate change, including more frequent extreme weather conditions and gradual climate change, as well as environmental degradation, such as pollution of air, water and soil, changing hydrologic conditions, loss of biodiversity and deforestation.



social risk

has a negative impact on the financial situation of a company. It involves the consequences of violating social norms and relationships with the bank’s employees, counterparties, customers. or with legal entities that cooperate with the bank.



corporate governance risk

relates to a bank’s breach of the principles of the broadly understood corporate governance imposed by external and internal regulations. It can materialise in the area of operational risk (legal risk, risk of money laundering, terrorist financing and violation of sanctions), compliance risk (failure to comply with new regulations) or reputational risk (negative perception by stakeholders).

For more information on risk management – also ESG risk – in the mBank Group, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#), chapter: Risk Management.

1.3.3. Ethics Programme

The Ethics Programme is a set of principles of ethical business conduct which facilitates the fulfilment of the commitments described in the ESG Strategy. Since the end of May 2023, the implementation and maintenance of ethical standards, as well as the supervision of the activities of the Management Board Representative for Ethics, Diversity and Inclusion has been the responsibility of the Vice-President of the Management Board, Chief People & Regulatory Officer.



good practice

As of 2023, each mBank employee is obliged to undergo ethical training once a year, and new employees – within 3 months of employment. Ethical issues are addressed during induction training, as well as in training on anti-money laundering, fraud and corruption prevention, anti-mobbing, sanctions, GDPR and information protection.

Commitments made under the Ethics Programme:



employees:

- ethical principles described in *the Code of Banking Ethics* of the Polish Bank Association and the *Code of Conduct*,
- the obligation to respect ethical principles and to respond to breaches thereof,
- mandatory training on ethics,
- conduct according to mBank’s value and behaviour model – annual feedback,
- knowledge of the whistleblowing principles.



bank

- ethical business conduct,
- management of ethical issues by the Management Board Representative for Ethics, Diversity and Inclusion,
- ethics is the subject of at least two meetings of the Sustainable Development Committee every year,
- integration of the ethical aspect into policies, products, services, procedures and customer relations,
- mSygnał system to report breaches of ethical principles.

[GRI 2-23] [GRI 2-24]

The management of ethical issues in the Group is possible thanks to a coherent policy and regulatory framework. **The most important documents in this area include:**

- *Policy on preventing mobbing, discrimination and other unacceptable behaviour at mBank,*
- *Reputational Risk Management Strategy of the mBank Group,*
- *Diversity and Inclusion Policy,*
- *Conflict of interest management policy,*
- *Anti-Corruption Policy,*
- *Policy on serving reputational risk-sensitive industries,*
- *Fraud Prevention Policy,*
- *Policy for managing incidents of employee misconduct.*

[GRI 2-16] [GRI 2-25] [GRI 2-26]

An important element of the management of ethical issues is the whistleblowing system (mSygnał), which makes it possible to report violations by employees, customers, counterparties or third parties within 24 hours. It enables the provision of information by name or anonymously and each report is treated as confidential and

protected. The process is managed by the Compliance Department. Ethical concerns are analysed by authorised employees of the Employee and Organisation Culture Development Department and the Management Board Representative for Ethics, Diversity and Inclusion. In the event of a report concerning specific areas (e.g. money laundering, credit fraud of the bank’s customers), it is submitted for analysis to the relevant substantive units. The mSygnał system may also be accessed by a designated Member of the bank’s Management Board. Reports are examined within 60 days of their receipt; if the violation is confirmed, the matter is pursued in accordance with the law and the bank’s internal regulations.

Any form of reprisal against whistleblowers is prohibited.

In 2023, 69 cases were submitted to the anti-fraud team (in 2022 – 72 cases, in 2021 – 70 cases). In each case, the explanatory proceedings have been conducted. In cases of confirmed employee violations, the sanctions stipulated in the Labor Code and the Work Regulations were applied; the cases were also reported to law enforcement authorities. Recommendations were issued to implement corrective actions.

To find out more about the Group’s Ethics Programme and ethics management, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 160–162.

1.3.4. Compliance policy

[GRI 2-23] [GRI 2-24]

The policy contains general principles for ensuring compliance of the bank’s activities with laws, internal regulations and market standards. It defines the framework for the compliance process, including the model adopted at the bank, its elements and the division of roles and responsibilities.

The compliance function is performed using the three lines of defence model:

- 1 **first line:** it is composed of the units that manage compliance risks and perform the control function in operational processes while pursuing business objectives.
- 2 **second line:**
 - Compliance which coordinates, controls and supervises the tasks involving the bank’s management of compliance risk and performs the control function in ensuring compliance,
 - other units of the second line of defence in a situation where part of the compliance process tasks has been delegated to them.
- 3 **third line:** Internal Audit Department, which carries out an independent and objective assessment of the adequacy and effectiveness of the internal control and risk management system functioning in the bank.

The bank’s employees appropriately apply controls or independently monitor compliance with these controls in all three lines of defence.

Effective compliance risk management in mBank is the responsibility of the Management Board, which assesses compliance risks based on the reports from the Compliance Department and submits annual reports on this topic to the Supervisory Board and the Audit Committee. It also determines corrective or disciplinary measures for violations in the compliance risk area and, in the event of material misconduct, notifies the Supervisory Board without delay, which assesses the adequacy and effectiveness of managing such risk. It also oversees the Management Board’s performance of compliance obligations in both the control and management functions.

[GRI 2-27]

In 2023, the bank paid one financial penalty imposed by the Regional Tax Office in the amount of PLN 5,400. In two other cases, it appealed against the penalties to the Czech National Bank (CNB). Both penalties were paid in January 2024.

1.3.5. Internal audit

Internal audits assess the adequacy and effectiveness of the risk management and internal control systems within the audited processes, as part of the first and second line of defence, respectively. They also verify the compatibility of internal regulations and processes with external requirements from time to time.

Internal compliance audits conducted in 2023 concerned the bank's supervision of subsidiaries, algorithmic trading and the rules of representation of the bank – management of powers of attorney. As a result of the audits, Internal Audit Department identified areas for improvement; the recommendations were implemented on time.



1.3.6. Fraud prevention

[GRI 2-23] [GRI 2-24]

The Fraud Prevention Policy at mBank defines the responsibility for preventing fraud. The principle of zero tolerance applies to persons guilty of fraud – the consequences may include criminal prosecution, disciplinary measures or pursuit of civil claims.

The fraud risk management cycle at mBank comprises four stages:

- **fraud prevention** – risk assessment, early identification of risk and defining clear rules and mechanisms to minimise the occurrence of risk,
- **fraud detection** – implementation of controls, monitoring systems and channels for reporting cases of fraud,
- **case management** – any suspected criminal offence against mBank or a customer is thoroughly investigated and adequate steps (including legal measures) are taken,
- **response** – clear rules for mitigating loss/damage, implementation of corrective mechanisms.

1.3.7. Anti-corruption

[GRI 2-23] [GRI 2-24]

The *Anti-Corruption Policy* contains guidance on the identification and mitigation of corruption risks, plus it sets out the main rules of conduct and responsibilities. We have implemented the ‘zero tolerance’ principle for any form of corruption. None of the persons working in or related to the Group can justify the use of corrupt practices or bribery by invoking the interest of the mBank Group companies.

The *Anti-Corruption Policy* also specifies rules for business gifts. It is prohibited to accept and offer gifts in the form of cash, to accept gifts from contractors, and to offer gifts to officials.

[GRI 205-3]



No cases of corruption within the Group were confirmed in the years 2020–2023, and therefore no action was taken.

Three anti-corruption lines at mBank:

- 1 Organisational units of the bank,
- 2 Compliance Department setting anti-corruption standards,
- 3 Internal Audit Department assessing the effectiveness of the anti-corruption system.

The Group’s employees may report cases or suspicions of corruption to their immediate superior, to the Compliance Department or through mSygnał. If a crime is suspected, the director of the unit involved passes the evidence to the Security Department, which – if the suspicion is confirmed – notifies the law enforcement authorities.

Persons who have been found guilty of corruption or attempted corruption are subject to the procedure set out in the Labour Law and the *Work Regulations of mBank*. The Compliance Department periodically provides the Management Board and the Supervisory Board with a report on the implementation of the anti-corruption policy.



good practice

The Compliance Department carries out scheduled and non-scheduled audits of areas that are particularly exposed to the risk of corruption. This applies in particular to cooperation with business partners.

[GRI 205-2]

Each employee of the mBank Group is obliged to participate in annual online training on anti-corruption principles. The training is concluded with a knowledge test with a minimum passing score. In addition, the mBank’s Compliance Department organises training for narrower target groups, which is tailored to their specific area of activity and level of exposure to corruption risks. In 2023, all employees (7,322 persons) of the Group were familiarised with the company’s anti-corruption policies and procedures. 6 out of 7 members of mBank’s Management Board were trained in counteracting fraud and corruption. Members of the Supervisory Board of mBank S.A. are not subject to the training obligation.

The mBank Group does not record communication data and does not collect statements on reading the documents. Participation in the annual training is a confirmation of becoming familiar with the anti-fraud and anti-corruption principles. The e-learning platform used by the mBank Group does not process information on employees’ positions. The Group also does not collect statements from counterparties or business partners to whom the company’s anti-corruption policies and procedures have been communicated, broken down by type of partners.



good practice

The Group expects its business partners to follow the principles set out in the *Anti-Corruption Policy*, and the anti-corruption clause is an integral part of every contract.

1.3.8. Conflict of interest

[GRI 2-15] [GRI 2-23] [GRI 2-24]

Conflict of interest management is the responsibility of all mBank employees, and this issue is regulated in our parent company by the *Conflict of Interest Management Policy*. Training in this area is mandatory for each person employed and is concluded with a test with a minimum passing score.

Members of the Management Board and the Supervisory Board are obliged to disclose the occurrence or potential occurrence of a conflict of interest and to refrain from taking part in discussions and voting on matters that may give rise to such a conflict.

The area of conflict of interest prevention is overseen by the Compliance Department, which reviews the adequacy and effectiveness of the *Conflict of Interest Management Policy* at least once a year.

1.3.9. Anti-money laundering (AML) and counter-terrorism financing regulations

[GRI 2-23] [GRI 2-24]

The Anti-Money Laundering and Anti-Terrorist Financing Programme makes it possible to identify beneficial owners of customers and links with high-risk countries. In accordance with the adopted rules, the bank refuses to cooperate with customers in cases where the risk of money laundering or terrorist financing is high. The implementation of the obligations resulting from the Programme is the responsibility of the Vice-President of the Bank’s Management Board, Chief People & Regulatory Officer.

In 2023, 99% of mBank employees underwent training on the principles of anti-money laundering and anti-terrorist financing..

1.3.10. Global Sanctions Policy

[GRI 2-23] [GRI 2-24]

mBank verifies customers and checks whether parties to the transaction are not entities included on sanctionlists of the European Union, the United States and the United Nations. Customers and beneficial owners are identified and the bank refuses to process transactions that violate sanctions. Additionally, business relationships in sanctioned countries are closely monitored.

Each person employed at the bank is required to follow the *Global Sanctions Policy*. In 2023, 98% of mBank employees underwent training on the principles of the *Policy*.

1.3.11. Rules for suppliers

Each mBank’s supplier undertakes to act in accordance with, among others:

- the Universal Declaration of Human Rights,
- the International Labour Organisation standards,
- the OECD Guidelines (especially in the field of combatting corruption),

- the 2030 Agenda for Sustainable Development (SDGs),
- the United Nations Convention against Corruption,
- the provisions of international trade sanctions and embargoes.

mBank’s contractors must also make sure that these guidelines are complied with by their subcontractors.



100% of suppliers who signed new or renewed existing contracts with mBank in the 2022/2023 period read and declared compliance with the *Rules for suppliers*.

[GRI 2-23] [GRI 2-24]

mBank also has the *mBank Sustainability Code for Suppliers and Partners* in place, which defines the ESG commitments of counterparties. Each supplier taking part in a procurement procedure is required to submit a declaration of the application of the Code.

mLeasing has been bound by the *mLeasing Sustainability Code for Suppliers and Partners*, which sets out the commitments of counterparties in the areas of environmental, social and corporate governance responsibility, since 2022. The company expects every supplier and partner it enters into a collaboration with to read the Code.

1.3.12. Stakeholder relationship

[GRI 2-29]

Dialogue within the Group is conducted through tailored channels, and responsible communication is one of the key ways of building and maintaining trust. From the formal point of view, equal access to information is guaranteed to stakeholders by the *Information Policy* adopted in 2021. In accordance with its provisions, we want to provide information that is up-to-date, reliable, useful, and consistent and comparable with the information presented by other banks. We present it in a clear and transparent manner.

stakeholders	communication channels
<ul style="list-style-type: none"> ■ investors <ul style="list-style-type: none"> ■ Commerzbank (strategic investor), ■ institutional investors, ■ individual investors, ■ Warsaw Stock Exchange, ■ rating agencies and brokerage houses. 	<ul style="list-style-type: none"> ■ electronic Information Transfer System (EIB/ESPI), ■ online ‘for investors’ service, ■ meetings, conference calls and video conferences with stakeholders – one-on-one or in groups, ■ investor conferences, press conferences, thematic seminars, ■ General Shareholders’ Meetings, also by means of electronic communication (e-General Meetings).
<ul style="list-style-type: none"> ■ employees <ul style="list-style-type: none"> ■ current employees of the entire Capital Group, ■ potential employees of the Capital Group. 	<ul style="list-style-type: none"> ■ intranet (thematic sites and posts), ■ emails and online newsletter, ■ quarterly meetings with the Management Board, ■ departmental meetings, statuses and thematic meetings, ■ semi-annual Pulse Check employee engagement survey⁶.

⁶The survey covers mBank and mLeasing, mFactoring, mTFI and mBH. 37

■ **business partners**

- suppliers and business partners,
- economic organisations of which the bank is a member, including the Polish Bank Association,
- competitors,
- subsidiaries in which the bank has minority interests.

- electronic order placement system,
- electronic mail,
- periodic working meetings,
- industry meetings and events.

■ **society**

- mBank Foundation and its beneficiaries,
- representatives of social organisations,
- Great Orchestra of Christmas Charity (WOŚP), its beneficiaries and volunteers.

- websites,
- social media,
- media publications,
- events and activities.

■ **customers**

- individual customers,
- enterprises, including micro-enterprises,
- corporate customers,
- financial market institutions.

- direct and telephone contact,
- online and mobile banking,
- text messages,
- meetings with corporate customers,
- events, conferences, webinars,
- traditional mail and e-mail,
- websites,
- social media,
- advertising materials.

■ **institutional environment**

- Polish Financial Supervision Authority (KNF),
- National Bank of Poland (NBP),
- Financial Ombudsman,
- Office for Competition and Consumer Protection (UOKiK),
- Personal Data Protection Office.

- electronic and traditional mail,
- working meetings and official events,
- reports,
- obligatory inspections.

2. Responsibility towards our customers

2.1. Convenient digital banking



We want to see mBank's customers willing, capable and able to manage their finances effectively. That is why we are developing the *Finance Manager* (the so-called PFM) – an individual who enjoys healthy finances knows how much and on what he/she spends. Through the PFM, customers can track their expenses, set budget limits and monitor their financial situation on an ongoing basis. This is important for financial health, because it helps to make informed decisions and avoid problems related to overspending or debt.

The six principles of financial health that we encourage to apply on a daily basis are a step in the process of educating and supporting customers in responsible financial management. They make it possible not only to control expenditure but also to build a 'financial cushion', to ensure internet security and to invest in the future.

I am convinced that these initiatives bring real benefits to our customers. They help them achieve financial stability and pursue their life goals.



Cezary Kocik,
Vice-President
of the Management Board,
Head of Retail Banking

3,3 million customers

of mBank digital platform

1.9 million customers

using the mobile application in digital channels only

83% of customer logins

to mBank digital services via the mobile application in 2023

37 times a month

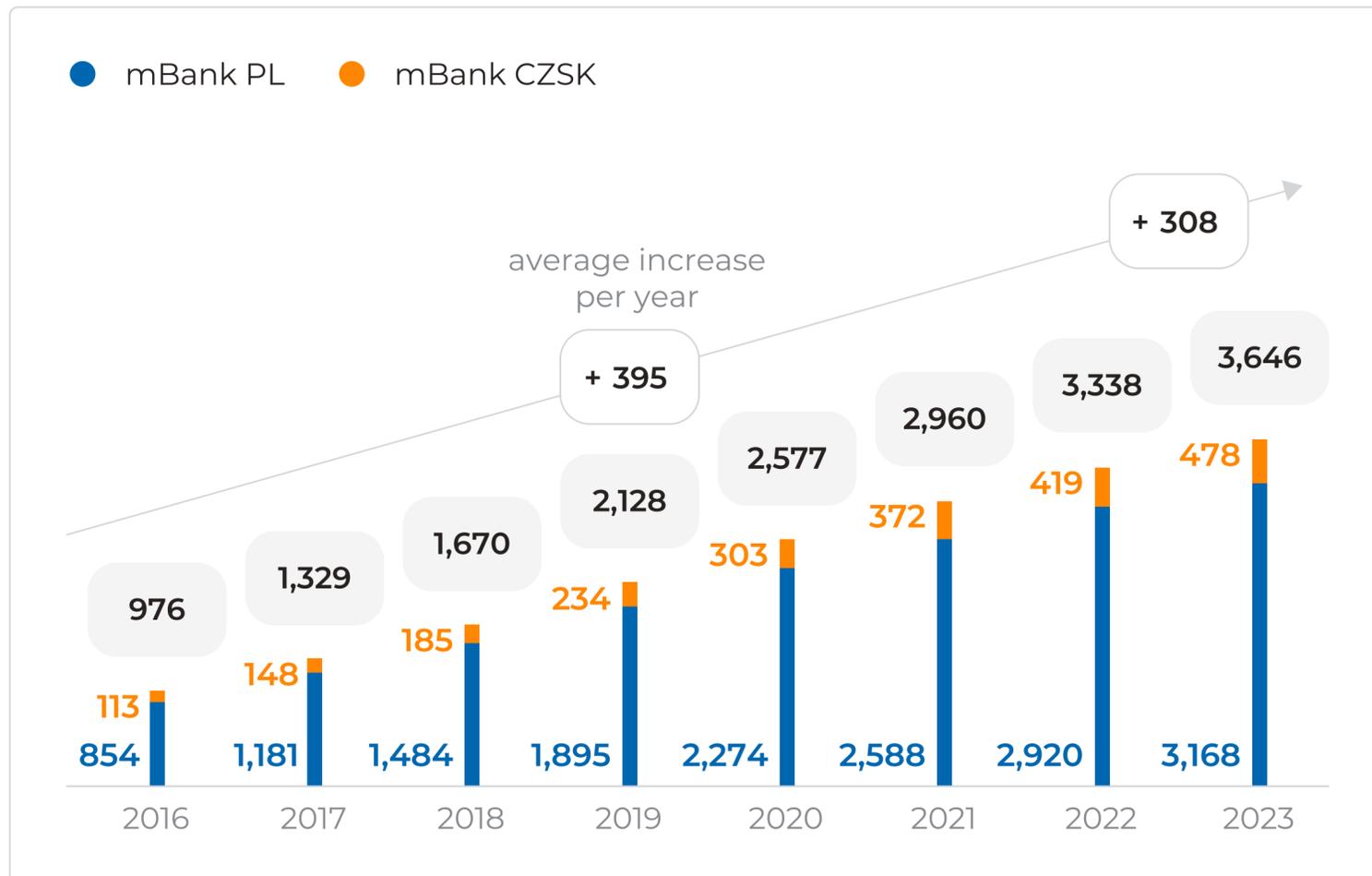
active customers of mBank logged in on average to the application

2.1.1. Retail banking area

We want to build competitive advantage based on user-friendly, secure service and digital communication. We offer various digital products and processes that are available remotely, and the mobile application is the main channel of customers' interaction with the bank.

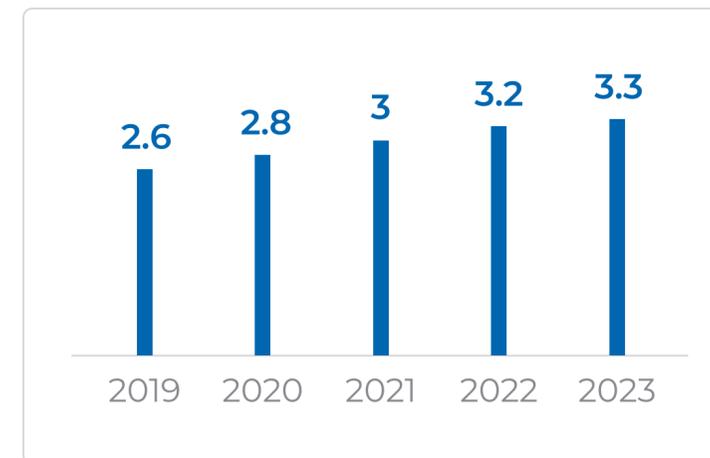
The mBank digital platform has become a universal channel for distribution of all banking products and services. At the end of 2023, it was used by more than 3.3 million customers.

number of active users of the mBank mobile application in '000



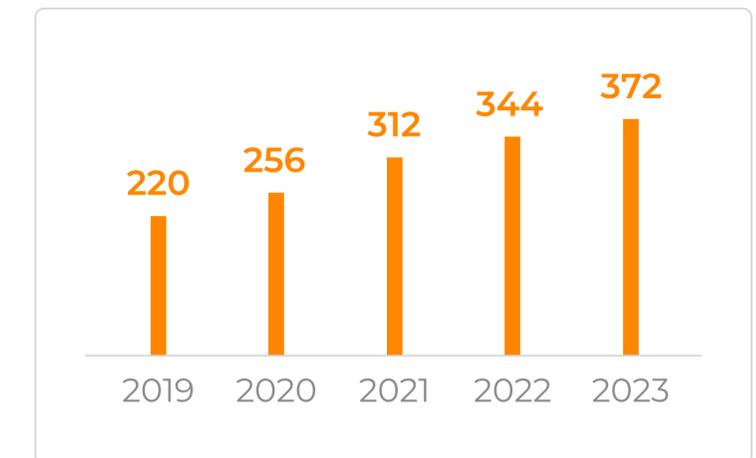
Active users of online banking

(million)



Logins to online banking

(million)

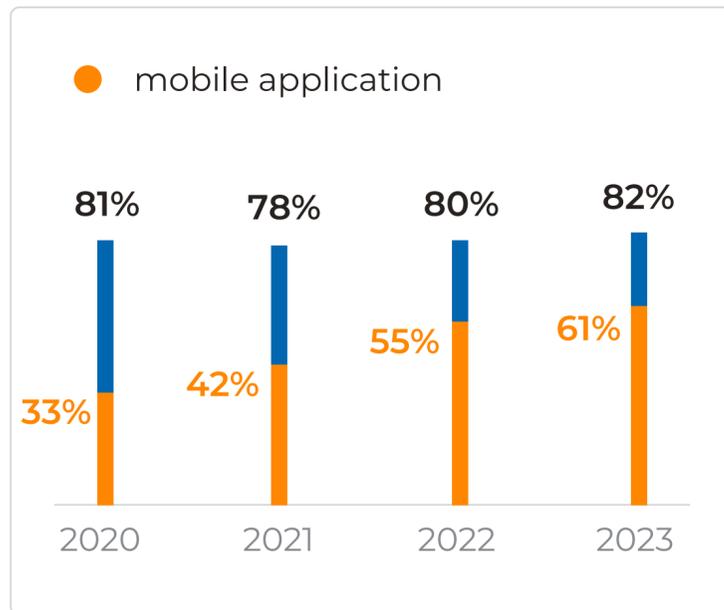


 At the end of 2023, mBank had over 1.9 million customers using the mobile application in digital channels only.

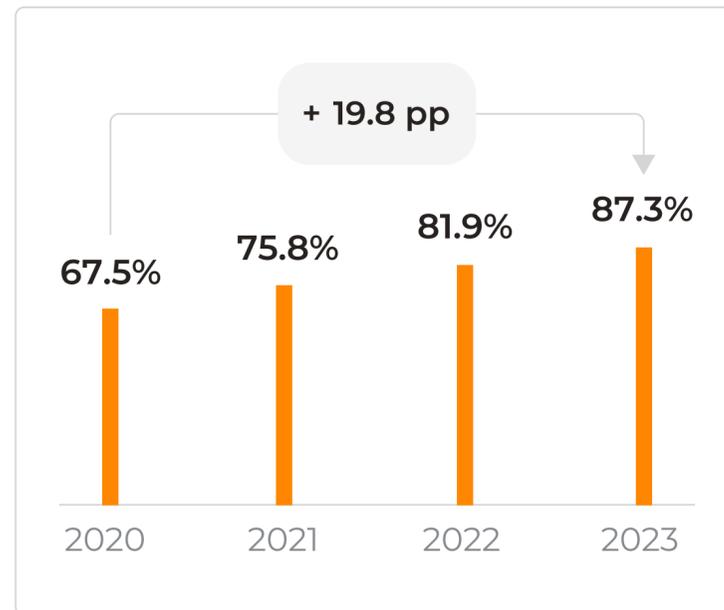
We are committed to the efficiency of automation and digitalisation processes, thereby saving the time of our customers. They can sign an agreement and launch and manage almost every product from our portfolio without having to arrange a personal meeting at mBank. Digitisation also means better control of processes thanks to the possibility of remotely monitoring the status of any matter – both by the bank and by customers.

We encourage customers to use products on their own. Contact with an employee of the bank is reserved for difficult situations and support for customers who encounter problems which prevent them from satisfying their needs in the virtual space. During direct and telephone conversations with customers, our advisors and consultants help customers perform operations on their own devices or on a dedicated workstation. At the end of 2023, assistance in our digital services was used for every other customer case handled at branches and the Contact Centre.

share of the digital channel in the sales of non-mortgage loans
(number)



share of retail processes initiated by customers in digital channels



Digital services in 2023:

- 76,600** accounts opened online using e-ID/selfie
- 600,000** e-government matters handled through mBank
- 26%** of telephone cases resolved by mArek, the mBank's voicebot



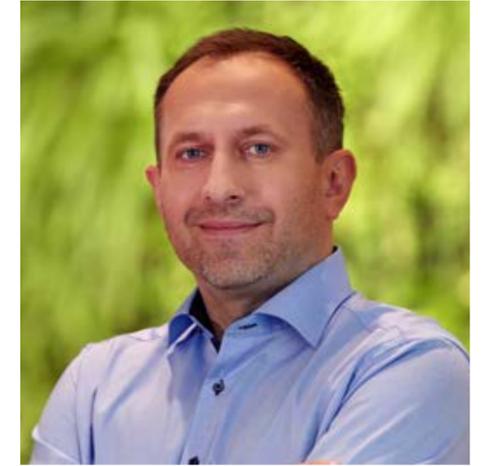
good practice

In 2023, we developed *Finance Manager* – a tool which is to present the customers with a summary of income and expenses in an understandable manner. We have made it easier to compare expenses by month and to check in what categories money is spent. In the second half of 2023, we implemented the possibility of budget planning which allows for a better analysis of expenses. We have added an overview of the savings and investments, as well as all assets of the customer. We have also made the most important information available on the app’s desktop so that the customer can track changes on an ongoing basis.

At the end of 2023, 1.5 million of our customers were actively using *Finance Manager*.



For a long time now, this application has been so much more than just a simple medium providing information about account balances or transaction history. This is about awareness and knowledge. We do not intend to suggest to anyone whether they should save money or spend it, whether they spend it well or not. We want the user to establish a deeper relationship with us and find added value in the application. *Finance Manager* will look after the user just like the Financial Advisor looked after a customer whom they have known for years. We want our customers to develop their financial knowledge and awareness with our help. I was motivated by this goal throughout 2023.



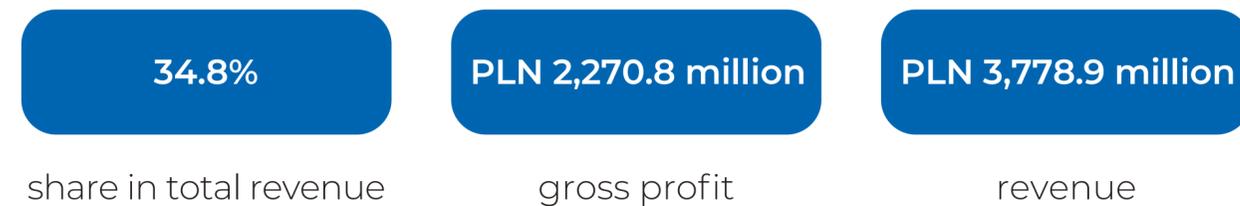
Lukasz Wiktor,
Director
Omnichannel Department

2.1.2. Corporate and investment banking area

At the end of 2023, the Corporate and Investment Banking segment provided services to more than 34,500 customers, i.e. 4.6% more than in 2022. Our offer for corporate customers includes:

- traditional banking products and services (including corporate accounts, domestic and international money transfers, payment cards, cash services, and liquidity management products),
- corporate finance products,
- hedging instruments,
- equity capital market and debt capital market services,
- mergers and acquisitions (M&A) services,
- leasing and factoring.

2023 in the Corporate and Investment Banking Segment:



good practice

90% of corporate customers use Company Mobile, mBank's mobile application. In 2023, we improved certain mobile solutions for corporate customers – now, they can customise the view and individual options, and the new FX module in the application enables them to send currencies to their business partners right after the exchange.

2.1.3. Digital transformation of our customers

We aspire to be the first-choice bank for e-commerce market participants. Therefore, we are developing the technology and expanding the functionality of the Paynow online payment gateway. In 2023, the volume of corporate customer transactions processed by Paynow increased by over 200% year on year, reaching over a billion zlotys of turnover, and over a thousand customers chose the gateway as a way of making fast online payments.

In 2023, we introduced Google Pay, Apple Pay and OneClick payments into Paynow. We have also implemented a payment link generator. This enables the customers of our sellers to pay for their orders without having to go through the entire purchasing process.

2.2. Data and money security

[GRI 418-1] [GRI 3-3]

Substantiated complaints concerning breaches of customer privacy and losses of customer data

The identified cases concern mBank S.A., mFinanse in Poland and LeaseLink.

The presented numerical value concerning our parent company, mBank S.A., refers to complaints filed by data subjects with the President of the Personal Data Protection Office (PUODO). Complaints concerning the protection of personal data are recorded in the complaints register. Complaints are handled in accordance with the procedures adopted in individual areas of the bank, taking into account the provisions of the GDPR. If a complaint concerning a personal data breach is identified, it is immediately forwarded to the PDO, who analyses the complaint in accordance with the GDPR breach handling procedure adopted at the bank. In 2023, we received 689 complaints concerning the processing of personal data.

The number of identified cases of leakage, theft or loss of data of our parent company's customers refers to the number of breaches reported to PUODO. Most cases concerned loss of letter mail delivered by Poczta Polska. A similar case concerns data from LeaseLink, where three incidents were recorded in 2023, two of which were reported to the supervisory authority (following an analysis that showed a high seriousness of the breach) and consisted in incorrect return delivery of consignments by a courier company. The third incident was also due to the fault of the courier company.

As a result of these incidents, the bank's Data Protection Officer issued a recommendation to minimize the risks involved. Changes to the process included anonymizing some of the digits in the PESEL number in shipments. PESEL in combination with First Name and Last Name is a risk factor. After implementation of the recommendations, incidents of this type are at a low risk level.

number of received substantiated ⁵ complaints concerning breaches of customer privacy and losses of customer data		
	mBank S.A.	mBank Group*
complaints received from third parties and deemed substantiated by the organisation	0	6
complaints from regulators	30	30
total number of complaints received for customer privacy breaches	30	36
identified customer personal data breaches		
total number of identified cases of leakage, theft or loss of customer data	107	163

* The Group without taking into account foreign branches, mBank Hipoteczny, mElements.

2.2.1. Policy on information security and cybersecurity

[own indicators MB-DB-1] [MB-DB-2] [GRI 3-3]

Our Group is committed to the security of its IT resources. We duly protect the confidentiality, integrity, availability and authenticity of information. We respond to all data incidents and information security management is viewed as an important part of bank management. This issue is governed by the *Information Security Policy* as described in more detail in the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 171–173.

We also take particular care of IT security. This issue is dealt with by the employees of the Security Department which is managed by the Chief Security Officer. The Department has a Security Operations Centre team which continuously monitors security and handles cyber incidents and payment incidents.

The Information Security Management System we have implemented is compliant with ISO 27001 and the real level of cybersecurity is verified through security audits and advanced tests. The issues of IT security and related activities are governed by the *Cybersecurity Policy* described in the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on page 172.

2.2.2. Security of personal data

[own indicators MB-DB-1] [MB-DB-2] [GRI 3-3]

We treat all personal data as information subject to formal protection in accordance with the GDPR, the Personal Data Protection Act, ISO 27001, Recommendation D issued by the Polish Financial Supervision Authority (KNF) and Information Security Forum (ISF) guidelines. The *Personal Data Security Policy* and the *Policy for personal data management over time (retention)* govern the rights of personal data subjects and the obligations of mBank as their controller, including confidentiality of data, minimisation of the scope of processing or processing in accordance with the law and for a specific purpose. To find out more about the protection of personal data in the Group, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 171–173.

All data subjects can find out how we process personal data in the bank at www.mbank.pl/rodo.

2.2.3. Banking secrecy

In accordance with the provisions of the Banking Law, we strictly respect banking secrecy. Any disclosure is investigated – if the breach of banking secrecy was committed by our employee, we take appropriate measures provided for in the Labour Code, the work regulations, or we report a suspected criminal offence.

Banking secrecy training is obligatory for employees. Relevant materials are also available on the intranet and the Compliance Department consults employees and monitors potential disclosures.

2.3. Customer focus

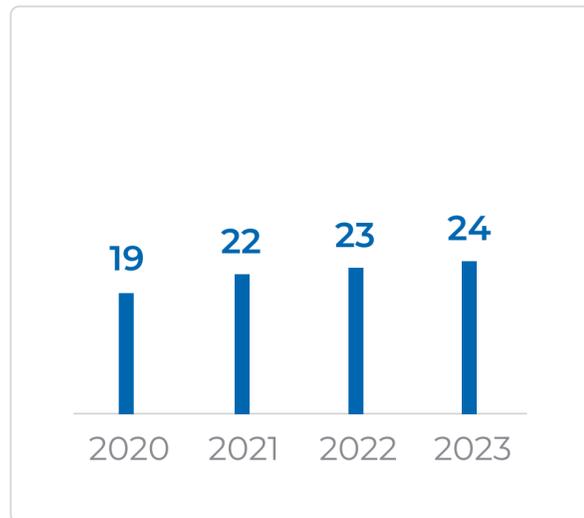
2.3.1. Surveying customer satisfaction

[GRI 3-3]

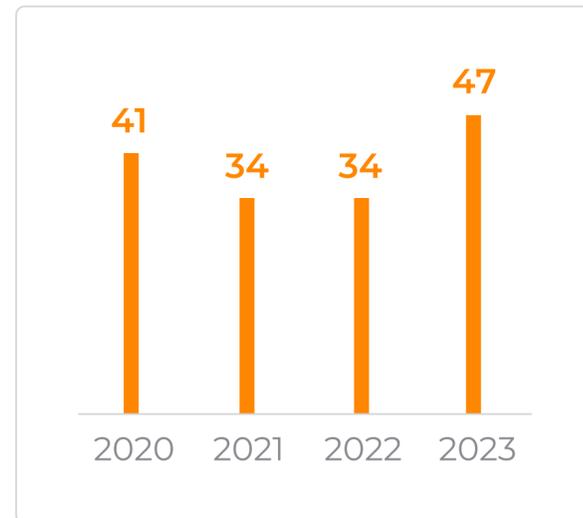
We want to learn customers' opinions about the bank in a measurable and systematic way. Therefore, we regularly conduct customer satisfaction surveys (NPS) for mBank's retail and corporate areas. We analyse the results and report them to the teams responsible for product and process development.

NPS values⁷:

retail



corporate



good practice

We survey satisfaction of corporate customers on a regular basis. We conduct a relational satisfaction survey in spring. We ask our customers about their readiness to recommend mBank to other business partners, general satisfaction with cooperation with the bank, their satisfaction with the Relationship Manager, mBank Company Net, or complaint handling processes. In 2023, we additionally asked about ESG issues. We approach virtually all customers and obtain approx. 25% of responses. In autumn, we are starting transactional research on the customer's specific points of contact with the bank. Examples of interactions subject to assessment include: commencement of cooperation with the bank, obtaining financing, process of granting bank guarantees, corporate card and service in the Customer Centre.

The 'Closed Loop' contact is the key component of the process of surveying satisfaction of mBank's corporate customers. Once the customer completes the survey, with the customer's consent, he/she is contacted by the Relationship Manager or Product Manager in order to thoroughly discuss the issues raised in the interview or survey. In 2023, we contacted nearly 4,800 customers as part of the Closed Loop contacts.

⁷ The indicator shows the difference between those who want to recommend and those who definitely do not want to recommend mBank. 46

[GRI 206-1]

Legal action against our company for breaches of free competition and monopolistic practices.

In 2023, the Group faced five court proceedings, which pertained to mBank S.A. exclusively. These cases are related to the alleged use of restrictive practices on the Polish card payments market in the form of illegal price arrangements, the so-called interchange. The first case was initiated as a result of the decision by the Office for Competition and Consumer Protection of 2006 and another four court cases were brought by commercial law companies, namely: LPP S.A. (suit dated 17 May 2018), Grosar sp. z o.o. (suit dated 10 September 2018), Orlen S.A. (suit dated 7 February 2020), AmRest sp. z o.o. (suit dated 24 September 2020). All cases are still pending.

In 2023, one court proceeding, which related to the alleged use of restrictive practices on the Polish card payments market in the form of illegal price arrangements, the so-called interchange, was concluded. The court case brought by the commercial law company Intertank sp. z o.o. (suit dated 16 October 2018) resulted in a final judgement in favour of mBank S.A. of 9 November 2022.

Legal action against our company for breaches of free competition and monopolistic practices

	mBank S.A.
proceedings concerning breaches of free competition and antitrust laws pending (uncompleted) in the reporting period in which our company acts as a party to the proceedings	5
proceedings concerning breaches of free competition and antitrust laws concluded in the reporting period in which our company acts as a party to the proceedings	1

2.3.2. Complaints handling

In 2023, we processed a total of 3,667 complaints in the corporate area. We handle them as soon as possible and within a maximum of 15 working days, but in particularly justified cases we may extend this time limit up to 35 working days. We analyse the reasons for the complaints and take measures to reduce their number.

- we processed 53% of last year's complaints within 5 business days (36% in 2022),
- the average complaint processing time was 8 days (9 days in 2022),
- percentage of complaints resolved in favour of the customer – 49%.

In the retail segment, mBank processed a total of 317,800 complaints in 2023. Complaints are analysed on an ongoing basis and the outcome of the analyses serves as the foundation for initiatives to reduce the number of complaints. Decisions on the initiatives are taken in tandem with business managers.

- 47% of complaints were processed within 1 business day (in 2022, it was 55%),
- 73% of complaints were resolved in favour of the customer.



good practice

The complaints handling process at mBank is overseen by dedicated customer experience officers. As a general rule, complaints are not examined by the persons who originally handled the case. If a complaint concerns an employee of the bank, it is examined by that employee's superior.



2.4. Responsible products and sales

2.4.1. Healthy finances

Since the end of 2022, mBank has been the first bank headquartered in Poland to sign the Commitment to Financial Health and Inclusion. It was developed by UNEP-FI, part of the United Nations.

The Commitment confirms mBank's pledge to ensure that different consumer groups have wide and equal access to our services. We also assist them in managing their liabilities in a smooth way and securing their financial future.



good practice

In 2023, we launched an educational project dedicated primarily to young customers and related to building a positive credit record. We explained the concepts associated with the credit process on our websites and suggested what steps are necessary to prepare for it.

In addition, we have been running the website twojaspokojnaglowa.pl since 2022, which helps ensure healthy personal finances. The viewer can set his/her priorities for healthy finances there, use guidance texts, and find links to our product and service offerings that help ensure financial soundness. The content on the website is organised in accordance with six principles. They assume that a person who has healthy finances:

- 1 uses the Internet safely,
- 2 consciously spends his/her money,
- 3 maintains a financial cushion,
- 4 borrows carefully only for absolutely necessary things,
- 5 cares for his/her own and relatives' safety, insures what is the most precious for him/her,
- 6 invests for the future.



good practice

In 2023, we conducted the eighth edition of the educational campaign 'Uważni w sieci' ['Vigilant online'] by inviting customers to take part in a course of online self-defence against criminals. Videos presenting the most popular forms of fraud encountered by many customers have been broadcast on TV and the internet. Each of the presented individuals was faced with an attacking ninja who symbolises a fraudster in the spots and attempts to force a quick and careless response. However, the characters do not succumb to the fraudster's pressure, calmly analyse the situation and thus avoid fraud.

As part of the campaign, we have also prepared a [dedicated website](#) where everyone can learn more about how to effectively defend themselves against online fraud. Within the framework of our educational activities, we have also prepared, in cooperation with Voice House, a criminal audio series 'Jazgot' which explains how fraudsters work. Its script was written by the writer, Łukasz Orbitowski, and Jarosław Kuźniar is the narrator. The series presented the 'fake investment' fraud methods revealing the practices used by financial fraudsters. For details, see: www.mbank.pl/jazgot.



good practice

From January 2023, emails sent from mBank to customers who use electronic mail on popular websites are marked as sent by a verified sender. Furthermore, since March, the employee's identity has to be confirmed in the application for all calls made by consultants or advisors from the outlets. In this way, customers can be sure that they are talking to an actual employee of mBank, and employees can be sure that there is a customer on the other side. This solution was ranked first in the competition for banking innovations organised by Forbes.



good practice

In 2023, we continued our cooperation with the Warsaw Institute of Banking and Professor Witold Orłowski, economist, in the project titled 'Porwani przez Ekonomię' ['Captivated by Economics']. Together, we have taught young people a healthy attitude towards finances. The project began with an inaugural lesson entitled 'Why do people dislike inflation' with the President of mBank Cezary Stypułkowski and Prof. Orłowski.

We have also prepared three lesson scenarios – dedicated to cybersecurity, saving, and ideas for your first business. Lessons based on our scenarios are held in schools across Poland.

2.4.2. Products matched to customers' needs

When preparing new banking products or modifying existing ones, we observe the Policy for launching new products to mBank's offer and modifying existing ones. The provisions of the Policy oblige us to check whether novelties or modifications are consistent with mBank's strategy and values, including the principle of empathy and the customer-centric philosophy. Each product must be safe for the customer and for mBank and compliant with the applicable external and internal regulations.

Each new product is reviewed, and the scale of modifications and the level of risk involved determine who issues opinions thereon. This allows us to effectively reduce the risk of products presented in the offer that do not match customer needs and negatively affect ESG aspects and mBank's reputation.

The Policy for launching new products also upholds customers rights. We do not tolerate improper sales of products, i.e. misleading, negligent or unprofessional.

Selected products and initiatives developed in 2023:



'Tower Views' – key developments in the securities market and analysis of trends in investments – for everyone, in simple language and an attractive form. In 2023, the materials were displayed nearly 25,000 times.



Investment breakfasts for approximately 500 private banking customers on family foundations



Start of informing investment customers about how their strategy promotes pro-environmental and social activities.



Addition of information on the ESG risk to the catalogue of risks related to investing in the MIFID Booklet.



Regional meetings in which approx. 100 customers participated. The topics discussed were investments, succession and philanthropy.



Tools to apply a fair pricing approach and to provide transparent information about charges, such as a card transaction counter in the application that allows customers to verify whether they have met the activity criterion that exempts them from charges.



Development of the mBank mobile application: increased security by means of mobile identification of employees of the bank making a call.

2.4.3. Straightforward communication and ethical marketing

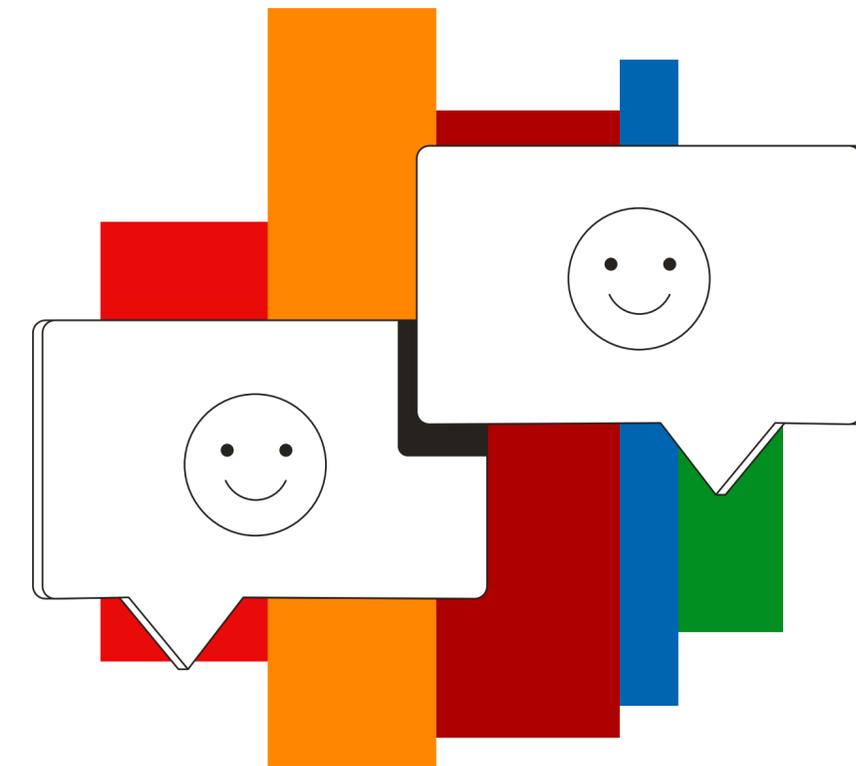
We try to describe our products comprehensively and fairly. We avoid financial jargon and we do not assume that customers have specialist knowledge. We inform them about all essential product features and always warn about the risk. We also communicate changes to the price lists well in advance.



good practice

We use mKanon in the mBank Group. This is our communication standard according to which we use plain, intelligible language and avoid incomprehensible phrases and illegible messages when communicating with customers. In 2023, we trained 650 employees on the principles of simple and clear communication in line with mKanon. The Polish Language Foundation, with which we cooperate in this area, has certified another group of mKanon ambassadors – a total of 60 people from various units, who ensure that the principles of mKanon are followed on a daily basis.

We counteract selling products which are not intended for a particular customer group (misselling). We strictly comply with the relevant legal regulations and our own guidelines. Our advisors are responsible for researching customer needs and only offering products that are suitable for them. If misselling is discovered, we do not pay any commission to our advisors. If customers – on their own initiative – want to purchase a banking product which based on our analysis does not meet their needs, then the employee is obliged to read them a statement to this effect. Customers who wish to purchase investment products must complete the MiFID questionnaire, which will help them make the right decisions.



2.4.4. Borrowing wisely

We assess the creditworthiness of any person who wants to borrow funds from mBank. In this process, we take into account the internal regulations and recommendations of the Polish Financial Supervision Authority and the European Banking Authority.

Before signing a credit agreement, each customer receives full information about the terms and conditions of the agreement, the total cost and the amount of instalments. We also make customers aware of the potential risks associated with excessive debt and stress the need to tailor the monthly instalment to their financial capacity.

2.4.5. Responsible debt collection

We engage in debt collection for customers who do not repay their debts on time. Our activities are based on the law, recommendations of the Polish Financial Supervision Authority, regulations of the European Parliament, as well as our internal debt collection policy. The key features of our policy include responsibility towards our customers and taking care of the quality of credit portfolios and the financial result.

We carry out debt collection both independently and with the assistance of debt collection companies and law firms that meet our strict requirements regarding customer service standards and quality.

At each stage of the debt collection process, customers are offered debt restructuring – an option to amend or re-arrange the terms of repaying their liabilities. We offer our customers the solutions most suited to their current and projected financial situation, while respecting the applicable lending requirements.

Customers of mBank subject to the debt collection process have individually assigned advisors, which facilitates communication and allows to build good relationships, while ensuring a positive financial outcome. We carry out debt collection correspondence in accordance with the principles of simple and empathetic communication. We provide customers with information that is important to them in a transparent and understandable manner, including information on the consequences of non-payment and the next steps we can take. We perform our activities on weekdays between 8:00 a.m. and 8:00 p.m.

Moreover, to support customers in difficult situations, we have made available an information service on debt collection and restructuring on the mBank website: [Problem with repayment](#).

In the debt collection process – in accordance with the Code of Banking Ethics of the Polish Bank Association and our Code of Conduct – our key value is respect for the dignity of our customers.

We rely on the following principles:

- respect and mutual trust,
- honesty and sincerity of intent,
- partnership and dialogue,
- friendly and helpful communication.

2.5. Inclusive banking

To ensure that everyone has equal access to banking services, we offer free products:

- Junior account with a card and mobile app for children up to the age of 13,
- a basic payment account, i.e. an account which supports basic banking operations (cash withdrawals and deposits, contactless and mobile payments).

Conditionally free of charge are cards issued for the personal account eKonto and ATM cash withdrawals.

2.5.1. Solutions for customers with disabilities

Since 2018, mBank has maintained a model for servicing customers with disabilities, according to which we provide them with an option to express their consent to the processing of data regarding their disability. Customers are also offered video calls with the bank's employees who use Polish Sign Language. In 2022, we signed agreements with the Integracja Foundation covering an architectural audit of selected bank outlets and a survey of customer contact channels with the bank using the mystery shopper method.

Since 2022, we have been also checking the accessibility of our digital channels. The audit was conducted by the Widzialni Foundation, and the results together with the recommendations for changes were forwarded to the IT Department.



In 2023, together with the Widzialni Foundation, we trained employees on the WCAG, i.e. recommendations concerning the development of websites for them to be accessible to people with disabilities. Nearly 250 people have been trained, including developers, testers, editors, designers and product managers.

Our agreement with the Widzialni Foundation provides for substantive support at least until the end of 2024. Any employee involved in the development of digital channels may consult the Foundation's experts. mBank also has access to the Foundation's training platform.



3. Responsibility towards employees

“

‘We want to create a work environment in which every employee feels respected, that his or her opinions and perspective are taken into account, and diversity is considered an asset. I am convinced that building such an environment not only boosts the morale but also positively contributes to efficiency and innovation. With this in mind, we also implemented diversity measures in 2023: we increased employee awareness and skills regarding equality and inclusion, and we implemented initiatives to increase representation of women and minorities at all organisational levels. In this way, we increase innovation and resilience to change, and thus we better satisfy the needs of our employees and the communities we serve’.



Agnieszka Kowalska,
Management Board Representative for Ethics,
Diversity and Inclusion

3.1. Our people make the difference

In 2023, 7,322 people worked in the Group, i.e. almost 4.5% more than at the end of 2022. Most of them are employed for an indefinite period under full-time employment contracts. 622 persons cooperated with the Group companies on the basis of contracts of mandate – the majority of them were employees of mFinanse. The figures refer to the headcount as at 31 December 2023. In this publication, the headcount figures have been recalculated in accordance with the requirements of GRI Universal 2021, which required us to change the reporting method as compared to other publications for 2023. This year's total headcount is higher than in the previous year as this year's disclosure covers all mBank Group companies, while the previous report included selected companies.

Over 90% of the Group's employees are employed by mBank S.A. In 2023, the company employed 6,632 people including foreign branches, i.e. 273 more than in 2022. Most employees of mBank SA – 6,263 people – work in branches located in Poland. The employees of mBank are relatively young; 36% are under 35 years of age. 82% of our employees are graduates of higher education institutions and some are also studying or increasing their qualifications at post-graduate and MBA studies.

Employment structure in mBank Group companies:

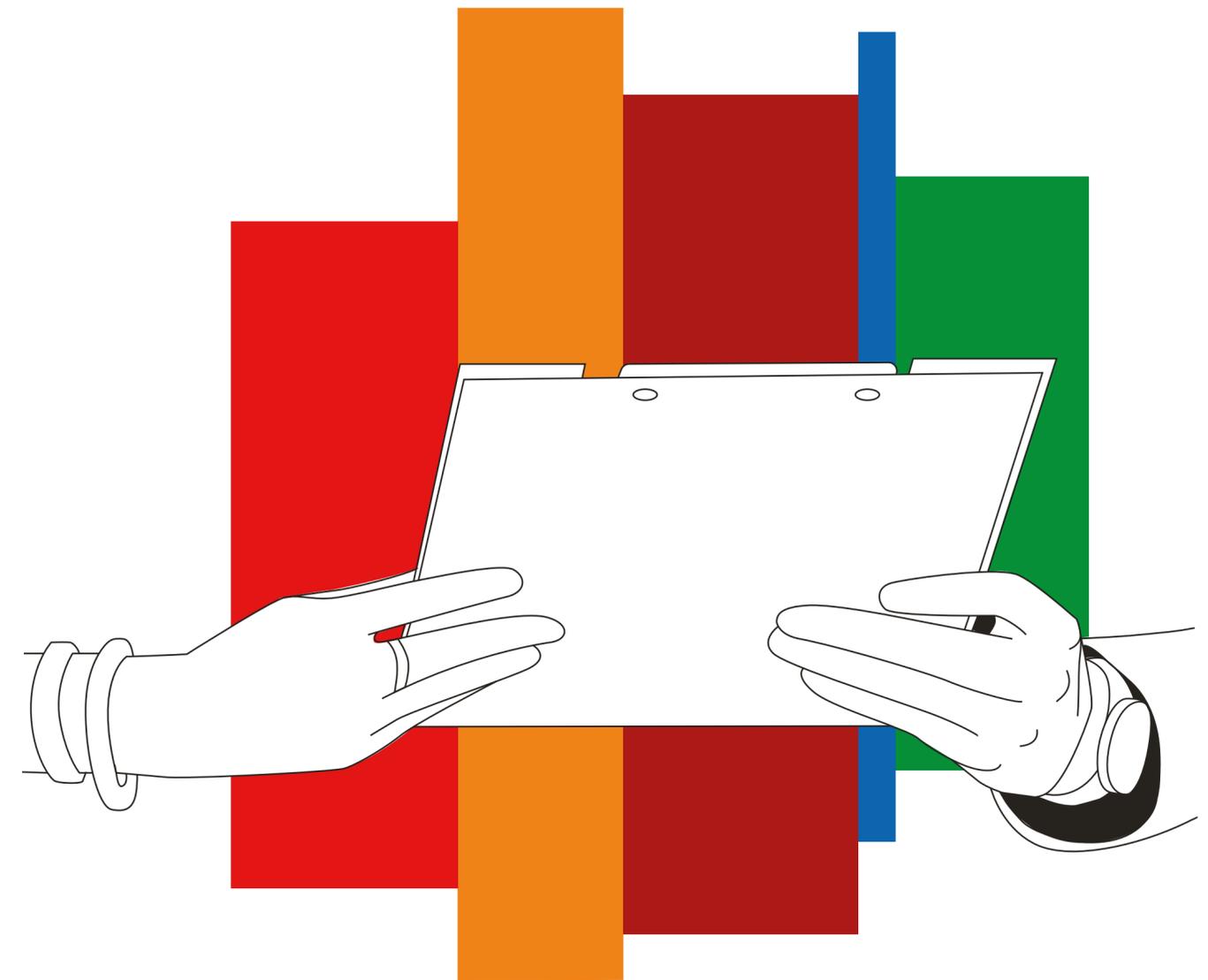
- mBank (with branches in the Czech Republic and Slovakia) – 6,632 FTEs,
- mBank Hipoteczny – 97 FTEs,
- mLeasing – 317 FTEs,
- mFinanse (branches in Poland) – 95 persons⁸,
- mFactoring – 69 FTEs,
- mElements – 21 FTEs,
- Asekum – 22 FTEs,
- LeaseLink – 46 FTEs,
- mTFI – 23 FTEs.

[GRI 2-7]

Employees

number of employees broken down by gender and type of contract						
type of employment contract	mBank S.A.			mBank Group		
	women	men	total	women	men	total
definite period	467	324	791	545	365	910
indefinite period	3,199	2,273	5,472	3,812	2,600	6,412
total	3,666	2,597	6,263	4,357	2,965	7,322

number of employees broken down by gender and working time						
working time	women	men	total	women	men	total
full time	3,603	2,583	6,186	4,234	2,937	7,171
part time	63	14	77	123	28	151
total	3,666	2,597	6,263	4,357	2,965	7,322



number of employees broken down by region and type of contract							
region	type of employment contract	mBank S.A.			mBank Group		
		women	men	total	women	men	total
Warsaw	full time	1,173	1,101	2,274	1,436	1,247	2,683
	part time	16	6	22	29	12	41
large agglomerations	full time	0	0	0	28	16	44
	part time	0	0	0	7	0	7
large cities	full time	2,351	1,433	3,784	2,477	1,487	3,964
	part time	46	8	54	61	10	71
other	full time	79	49	128	292	188	480
	part time	1	0	1	27	5	32
total		3,666	2,597	6,263	4,357	2,965	7,322

number of employees per workplace						
workplace	mBank S.A.			mBank Group		
	women	men	total	women	men	total
Business Support Centre	2,843	2,108	4,951	3,451	2,448	5,899
branches	823	489	1,312	906	517	1,423
total	3,666	2,597	6,263	4,357	2,965	7,322

[GRI 2-8]

Persons providing services for the organisation

In 2023, the Group hired more than 700 new employees. The percentage of new hires was 10.73% and the employee turnover rate was 11.98%.



number of persons providing work for the organisation, other than its employees, whose work is controlled by the organisation, broken down by gender and type of contract

employment category	mBank S.A. ⁹			mBank Group		
	women	men	total	women	men	total
hourly rate mandate agreement (incl. trainee agreements)	10	11	21	390	232	622
cooperation agreement ¹⁰	0	0	0	415	442	857
other mandate agreements	0	0	0	18	55	73

agreements typical of branches/foreign companies in the Group

employment by an employment agency	0	0	0	4	2	6
self-employment (including B2B hires)	0	0	0	100	114	214
managerial contracts	0	0	0	1	3	4
total	10	11	21	928	848	1,776

⁹ Data on persons employed at mBank S.A. in Poland are not complete due to the fact that not all data were available.

¹⁰ Cooperation agreements represent all contracts of employees from mmFinanse companies in the Czech Republic and Slovakia, which cannot be classified in accordance with the GRI 2-7 guidelines.

[GRI 401-1]

Total number of new hires, departures and employee turnover rate.

new hires and employee turnover rate, broken down by gender						
	mBank S.A.			mBank Group*		
	women	men	total	women	men	total
headcount	3,666	2,597	6,263	4,357	2,965	7,322
number of new hires	293	310	603	400	386	786
percentage of new hires	7.99%	11.94%	9.63%	9.18%	13.02%	10.73%
number of departures	269	228	497	497	380	877
employee turnover rate	7.34%	8.8%	7.94%	11.41%	12.82%	11.98%

* The Group excluding mFinanse companies in the Czech Republic and Slovakia.

new hires and employee turnover rate, broken down by age								
	mBank S.A.				mBank Group*			
	up to 29 years	30–49 years	>50 years	total	up to 29 years	30–49 years	>50 years	total
headcount	983	4,366	914	6,263	1,165	5,093	1,064	7,322
number of new hires	232	329	42	603	295	433	58	786
percentage of new hires	23.60%	7.54%	4.60%	9.63%	25.32%	8.50%	5.45%	10.73%
number of departures	140	264	93	497	225	527	125	877
employee turnover rate	14.24%	6.05%	10.18%	7.94%	19.31%	10.35%	11.75%	11.98%

* The Group excluding mFinanse companies in the Czech Republic and Slovakia.

In 2023, 374 employees of the Group took parental leave. The employee return ratio was 51.87% and the employee retention ratio was 84.33%.

[GRI 401-3]

return to work and retention ratio after maternity leave, by gender

	mBank S.A.			mBank Group*		
	women	men	total	women	men	total
number of employees entitled to parental leave**	250	14	264	347	22	369
number of employees who took parental leave during the reporting period (2023)	250	14	264	355	19	374
number of employees who returned to work in 2023 after the end of parental leave	154	13	167	179	15	194
number of employees who returned to work after the end of parental leave and who continued to work after 12 months of their return to work	146	3	149	178	5	183
total number of employees who returned to work in the previous reporting period (2022) after the end of parental leave	167	4	171	212	5	217
employee return ratio *** [%]	61.60%	92.86%	63.26%	50.42%	78.95%	51.87%
employee retention ratio **** [%]	87.43%	75.00%	87.13%	83.96%	100.00%	84.33%

* The Group excluding mFinanse companies in the Czech Republic and Slovakia.

** Employees entitled to parental leave are persons covered by business policies, agreements or contracts granting them parental leave entitlements. In all companies of the mBank Group, all employees who have an employment relationship with the company (e.g. in Poland – those working under an employment contract) are entitled to take parental leave.

*** Employee return ratio corresponds to the percentage of employees who returned to work after parental leave during the reporting period.

**** Employee retention ratio corresponds to the percentage of employees who returned from parental leave in 2022 and continued to work at the company 12 months later.

3.2. Dialogue with employees

[own indicator MB-DHR-11]

mBank is engaged in a regular and open dialogue with its employees. We invite all people employed every year to several meetings with the Management Board during which there is time for questions and answers.



good practice

In autumn 2023, we organised a series of meetings *‘Kiedy wszystko dookoła się zmienia, jedyną stałą są relacje’* [‘When everything changes, relationships are what remains’] for the employees of the sales network. Representatives of the Management Board – Cezary Stypułkowski, Adam Pers, Cezary Kocik and Krzysztof Dąbrowski – talked to employees in the fifteen largest Polish cities about the war in Ukraine, high inflation and the turmoil in the global banking sector. Approximately 1,300 employees attended the meetings.

Members of the mBank’s Management Board also participated in meetings with employees as part of the ‘It’s good to meet’ series – discussions pertaining to key elements of the strategy, the economic situation in Poland and its impact on the bank.

The status, structure and anticipated changes in employment, as well as possible significant changes in the company are discussed at meetings of the Employees’ Council with HR partners and with the President. The Employees’ Council operates under an agreement with the bank. It is composed of seven persons selected by the employees for a four-year term of office. In May 2023, new Council members were elected, who wish to focus on:

- remuneration methodology and the use of wage indicators,
- the disbursement of funds from the Company Social Benefits Fund,
- improvements to private medical care for employees,
- the ways to reward long service,
- informing employees about their right to benefit from the company’s hardship assistance.

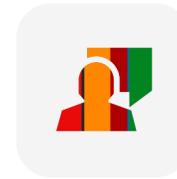
[GRI 2-30]

Since 2021, there has been an Independent Trade Union of mBank Employees at mBank. with which the bank cooperates within the scope prescribed by law. No collective bargaining agreement has been signed in any of the mBank Group companies.

The employees of the companies can express their opinions about their working conditions in the regular Pulse Check survey. In 2023, we conducted two editions of this survey – the first one in April and the second one in October. The survey was completed by 90% and 88% of respondents, respectively, and the results are at the level of the results observed at top employers.

	selected topics of the survey	engagement ratio
Pulse Check spring 2023	<ul style="list-style-type: none"> ■ mBank’s values ■ cooperation between organisational units ■ working atmosphere 	64%
Pulse Check autumn 2023	<ul style="list-style-type: none"> ■ working atmosphere ■ hybrid working 	67%

The engagement ratio is the percentage of employees who feel motivated by an organisation to show three types of behaviour at the same time:



speaks - they are willing to recommend the company as a good workplace,



stays - they plan their future within the company,



acts - they feel motivated by the company to perform their work as best as possible.

3.3. Incentive system

[GRI 2-19] [GRI 2-20]

Our system includes remuneration policies for employees of mBank and Group companies, remuneration policies for employees having a material impact on the risk profile of mBank, mBank Hipoteczny and mTFI, bonus regulations for employees and commission schemes, mainly concerning employees who perform sales activities.

Our remuneration policies:

- define principles of remuneration,
- determine the fixed and variable components of remuneration,
- support sound and effective risk management,
- ensure that decisions made do not entail excessive risk (i.e. risk exceeding the level of risk appetite accepted by mBank's Supervisory Board),
- facilitate the implementation of the strategy,
- improve capital management,
- eliminate conflict of interest,
- conform to gender neutrality.

In 2023, we applied an incentive programme in the Group for persons having material impact on the risk profile of the mBank Group. Detailed principles of the programme are described in the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 131–134.

[GRI 401-2]

Compensation of mBank employees is accompanied by a wide range of non-salary benefits available to all employees, regardless of whether they are full-time or part-time employees of the bank. In 2023, these included:

- life insurance,
- health care,
- co-financing of the Multisport card,
- co-financing of the development and support of the passions of employees associated in clubs,
- co-financing of holidays from the Company Social Benefits Fund,
- Christmas subsidy from the Company Social Benefits Fund,
- two extra free days of childcare for parents of children up to 14 years of age.

In order to calculate the annual total compensation ratio, we used the compensation of the highest-paid individual, i.e. the President of the Management Board of mBank, and the median total compensation of mBank employees, excluding the highest-paid individual. The compensation of the highest-paid individual is the sum of the fixed pay and variable pay paid in 2023. The calculation takes into account the compensation converted into full-time employment. Members of the Management Board are included. As at 31 December 2023:

The annual compensation of the highest-paid individual in mBank S.A. increased by 17% in 2023 as compared to 2022. In the analysed period, the median increase in total compensation of all employees of mBank S.A., excluding the highest-paid individual, increased by 19% and the total annual compensation ratio decreased by 2%. Due to a different scope of the Group consolidated disclosure, the data are not comparable to the previous reporting period.

[GRI 2-21]

annual total compensation ratio			
	mBank S.A.		mBank Group*
	2022	2023	2023
annual total compensation of the highest-paid individual in the organisation in PLN	5,109,465	5,994,292	5,994,292
median annual total compensation for all employees of the organisation, excluding the highest-paid individual in PLN	106,728	127,338	126,687
annual total compensation ratio	47.87	47.07	47.32

* mBank S.A. including mBank Hipoteczny, mLeasing, mFaktoring, mElements, Asekum, LeaseLink, mTFI.

[GRI 202-1]

ratio of standard entry level wage in the organisation compared to minimum wage				
	mBank S.A.		mBank Group*	
	women	men	women	men
standard entry level wage in the organisation	6,335	6,377	6,350	6,375
ratio of standard entry level wage in the organisation compared to minimum wage	176%	177%	176%	177%

* mBank S.A. including mBank Hipoteczny, mLeasing, mFaktoring, mElements, Asekum, LeaseLink, mTFI. The scope of this year's calculation for the Group differs from that adopted in 2022, hence the values are not comparable.

In the above analysis, the standard entry level positions were considered to be specialised positions where the compensation is lower than the average monthly salary in the corporate sector according to Statistics Poland but national minimum wage.

GRI 202-1, broken down into the companies of the mBank Group included in the disclosure, is presented below.

company name	country	ratio of standard entry level wage by gender compared to local minimum wage	
		women	men
mBank S.A.	Poland	176%	177%
mBank Hipoteczny S.A.	Poland	194%	177%
mLeasing Sp. z o. o.	Poland	180%	184%
mFaktoring S.A.	Poland	184%	178%
mElements S.A.	Poland	181%	155%
Asekum Sp. z o. o.	Poland	173%	125%
LeaseLink Sp. z o. o.	Poland	176%	176%

[GRI 405-2]

Ratio of basic salary and remuneration of women to men for each employee category

ratio of remuneration of women to men in PLN				
employment category	mBank S.A.		mBank Group*	
	ratio of basic remuneration of women to men	ratio of full remuneration of women to men	ratio of basic remuneration of women to men	ratio of full remuneration of women to men
key managers	75.18%	66.88%	75.35%	68.50%
senior management without the Management Board	77.37%	76.14%	73.59%	73.05%
other managers	80.41%	81.27%	79.35%	79.68%
other staff members	78.38%	76.60%	77.89%	76.41%

* mBank S.A. including mBank Hipoteczny, mLeasing, mFaktoring, mElements, Asekum, LeaseLink, mTFI.

The gender pay gap was calculated on the basis of two categories of remuneration – basic remuneration and full remuneration. Basic remuneration is a fixed amount resulting from the employment contract. Full remuneration includes the basic remuneration together with the additional amounts paid to an employee (bonuses, commissions, benefits, overtime pay, other allowances paid). These figures were converted to full-time equivalents (FTEs) and calculated on an annual basis.

The breakdown includes employees who had an employment relationship with the company (e.g. in Poland, those working under an employment contract) as at 31 December 2023. We continue to calculate the gender pay gap based on a previously developed approach, but this year it was disclosed on the basis of a different breakdown of the categories of employees.

3.4. Employee development

[GRI 3-3]

We enable employees of mBank to develop within the framework of the strategic initiative *Competences of the Future*. The qualifications with which we want to equip our employees as a company were selected on the basis of an internal survey conducted among the managerial staff in early 2021. These include:

- creativity,
- critical thinking,
- AI/ML/automation,
- data analytics and data science,
- cybersecurity.

The list of competences of the future is updated every year.

Implementation of the objectives of the Competences of the Future initiative is facilitated by Mission Innovation, a conference combined with a competition for employees. This is a grass-roots initiative implemented by a diverse team (from IT, finance, HR, risk areas) of enthusiasts of innovation and future competences. In 2023, we conducted the second edition of Mission Innovation, with particular emphasis on the use of artificial intelligence. We invited our employees to webinars entitled Pills with AI and to participate in the competition for innovative ideas for improvements within the mBank Group. We have also organised an Oxford-style debate on artificial intelligence and its practical applications.

The mBank Group develops on the basis of the strengths and talents of its employees, using the Gallup Institute's approach. We also want each employee to understand the behaviours that reflect the Value and Behaviour Model, and to be able to translate them into day-to-day activities in line with their own talents and strengths. Therefore, we invite all employees every year to attend Holiday with Talents and Values, i.e. a development workshop for those who want to discover their talents and those who already know them and want to develop them further or combine them with values. In 2023, as part of Holiday with Talents and Values, we prepared the following:

- *It's Good to Have Values* programme,
- *Discover your Talent* workshop,
- *Talent Lever* workshop,
- *Strengthen up! – Talents for the Welfare* workshop,
- *From Talking to Acting* workshop,
- *Feel the Ground. Talents and Values and Action* workshop.

Mission Innovation and Holiday with Talents complement the regular development offer that has been available for years at mBank. We enable employees to choose the direction and path of their professional development by providing free access to multimedia resources, training and learning platforms, and development events. In 2023, mBank was also preparing for the implementation of the LMS (Learning Management System), an innovative IT system enabling comprehensive management of development activities throughout the company.

Training courses are open to all employees, regardless of their working time and type of contract.

[GRI 404-2]

Selected programmes included in the regular development offer in 2023:

mBank Academies

2,445 employees attended the Data Academy, Agile Academy, Risk Academy, Security Academy and other in 2023.

Leader in a New Reality

a programme for new managers dedicated to remote management. In 2023, 119 managers participated in nine cycles of the programme.

Individual Diagnostic and Development Programme

a development programme for TOP100 managers, including members of the Management Board, in the field of executive development, conducted by external experts.

Postgraduate courses

in the academic year 2022/2023, we financed postgraduate courses of 38 employees. Their substantive scope is related to strategic areas for the continuity of the bank's operations, with particular emphasis on ESG.

Development Fridays

Friday presentations, lectures, workshops and webinars dedicated to social skills, efficiency gains and project management. In 2023, more than 16,600 people attended 770 events.



good practice

2023 marks the launch of the ESG & Sustainable Finance Academy at mBank. Experts conduct training courses for employees of the Corporate and Investment Banking Division, as well as for representatives of other areas of mBank, aimed at increasing competences in environmental, social (including employee and human rights issues), managerial and corporate governance issues, with particular emphasis on sustainable finances. The discussion panel opening the Academy was attended by members of the Management Board and Chairwoman of the Supervisory Board. Debates, workshops and webinars were held from October 2023 to April 2024. The Academy continues in 2024, in the form of webinars and expert workshops for employees from the area of corporate and investment banking, but all mBank employees are welcome to use the materials. This is why an internal website, a knowledge base, a group on MS Teams and a monthly newsletter have been created, where current updates and inspirations in this field are made available to those interested.

The first edition of the ESG and Sustainable Finance Academy in numbers:

- 38 speeches/expert panels,
- a total of 11 days during which dedicated events were held as part of the Academy (10 events – the conclusion of the initiative lasted 2 days),
- 32 hours 50 minutes of the programme,
- 60 experts, including 20 external ones and 40 from mBank,
- 88 Ambassadors of the ESG & SF Academy at mBank,
- several hundred participants in educational activities.



In 2023, we organised 59 team integration trips to deepen cooperation and analyse values or talents. In 2023, 6,389 employees (i.e. 83.6% of the company's employees) took part in at least one development initiative (apart from obligatory training courses).

Additional information on training courses is available in the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 126–131.

3.5. Employee well-being

3.5.1. Enthusiasm for Healthy Life [Z energiią po zdrowie]

[GRI 3-3]

Our ‘Enthusiasm for Healthy Life’ initiative has four pillars:

- mental health,
- physical health,
- healthy eating,
- healthy lifestyle.

As part of this project, we undertake a number of initiatives, such as charity runs or free preventive tests and examinations, which we organise on a regular basis. Each month, we organise a workshop week during which experts from various fields educate on physical and mental health. In 2023, we registered more than 18,000 participants.

We dedicated the autumn edition of the *Enthusiasm for Healthy Life* programme to mental health. We have organised a series of online workshops on empathetic communication and mindfulness training under the slogan *For well-being with empathy!*. The classes were conducted by our mBank coaches. Employees could also benefit from free consultations with psychologists – in December, we launched a special consultation pool for the Christmas season available in the evenings, during the weekends and on holidays.



good practice

Over 1,400 people took part in the Family Days at mBank, organised in head offices in Łódź and Warsaw. Employees could invite their loved ones (children, parents, partners or friends) and enjoy the events related to education for children and adults, preventive healthcare and lifestyle together. The agenda of Family Days at mBank included:

- dietary consultations (attended by more than 100 people)
- eye test (attended by more than 110 people)
- first aid workshop (several dozen participants)
- 50 coaching and psychological consultations for parents and guardians
- 120 vouchers for preventive tests for diabetes
- a webinar titled ‘experiments with density’, prepared for children
- a tour of our offices attended by around 200 visitors
- service for 70 bicycles
- ‘Let’s talk about the future and finances’ campaign (our advisors talked about how to manage money wisely).

Since 2022, we have been conducting the Hello Mum, Hello Dad programme. This initiative supports employees returning from parental leave, planning parenthood and already raising children. The programme supports positive experiences, strengthens relationships, and allows for effective energy management. Participation in the programme is voluntary, free of charge and accessible to employees regardless of their working time.

Pillars of the programme:

- Partner parenthood,
- Development of new competences,
- Strengthening the strengths of parents and children.

Approximately 250 employees signed up for the extended version of the programme.



3.6. Diversity and inclusion

[GRI 3-3]

We build and strengthen the awareness of diversity issues among employees, counter discrimination, maintain gender neutrality in internal processes and increase the employment of people with disabilities. These issues are regulated in mBank by the *Diversity and Inclusion Policy* which is complemented, among others, by the mBank (Code of Conduct), *Remuneration Policy*, *Policy on preventing mobbing, discrimination and other unacceptable behaviour*, and the *Value and Behaviour Model*. We described these documents in our [ESG Report for 2022](#) on pages 106–107.

Procedures supporting diversity at mBank are supervised by the Management Board Representative for Ethics, Diversity and Inclusion, who is responsible for ensuring a diverse work environment and supervising initiatives that comply with the *Policy*. The Representative submits recommendations and results of activities taken to the Management Board, the Supervisory Board and the Sustainable Development Committee. In 2023, we also established a Business Ethics and Inclusion Team.

Diversity considerations are important when appointing members of the bank's Management Board and Supervisory Board. This is regulated in the special policy providing guidance on the assessment of qualifications (suitability). The Appointments Committee of mBank's Supervisory Board and the General Shareholders' Meeting verify annually whether members of the Supervisory Board and the Management Board meet the diversity criteria.



good practice

In autumn 2022, we introduced mandatory e-training on diversity and inclusion, ESG, counteracting mobbing and discrimination at the workplace and ethics. Employees undergo training on diversity, inclusion and ESG every two years. The course on counteracting mobbing and discrimination at the workplace and ethics is conducted annually. New hires undergo training within three months of the employment date. Statistics on the completion of ethics training courses are reported on a quarterly basis to the Management Board Representative for Ethics, Diversity and Inclusion, and once a quarter, members of the bank's Management Board receive a report on the conducted training courses. By the end of 2023, 6,961 employees attended our courses and classes.

Additionally, we organised workshops, webinars and training courses on gender equality, mental health, inclusion of LGBTQ+ people and neurodiversity during the year. Employees of mBank also participate in events that promote diversity and inclusion and deepen their market knowledge in this respect – Open Forum, Bloomberg conference and 30% Club Poland, D&I Changemakers Conference.

Our support for diversity and inclusion in 2023:



In March, we organised a Gender Equality Month 2023 which emphasised gender neutrality of the processes at mBank.



Between July and September 2023, we organised an internal campaign to raise awareness of issues relating to people with disabilities at the workplace. We have prepared educational posts, training courses, workshops and activities for people with disabilities who work at mBank.



We have prepared e-learning, training courses and workshops, both online and on-site, which strengthen inclusion practices among the managerial staff and our teams – over 2,000 employees attended them at mBank. We have developed educational materials in the form of brochures with the key information concerning employees with disabilities.



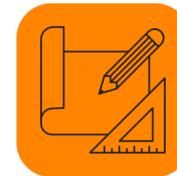
We added a tab in the intranet with the most important information for people with disabilities and their superiors, we also communicated this on a regular basis.



We have prepared a guide to assist in the day-to-day service of the LGBTQ+ community together with UNIQA. The guide contains answers to the most common questions about financial and insurance products.



As part of the International Day of Persons with Disabilities, we organised an interactive workshop in Łódź and Warsaw titled ‘Change your Perspective. Experience the world through the lens of people with disabilities – at a multi-sensory level’. During the meeting, its participants could visit interactive stations which showed employees the surroundings from the perspective of people with disabilities (including people in wheelchairs, visually-impaired and hearing-impaired people).



Experts from the ‘Integracja’ Foundation have audited the architectural accessibility of spaces where we receive our customers.



We added 2 cyclical online training programmes on accessibility, savoir-vivre and servicing customers with disabilities, which are intended for new hires of the Contact Centre and outlets to the onboarding training programme.



We have prepared a guide for managers on communication of behaviours towards LGBTQ+ people.



On the Coming Out Day, i.e. on 11 October, we organised a meeting with the Patron of the LGBTQ+ Network at mBank and the Management Board Representative for Ethics, Diversity and Inclusion.



good practice

Since the end of 2022, mBank has had employee groups and networks focused on various aspects of diversity. Any employee can join them. In 2023, there were the following groups in our bank:

- women's networking;
- mBank's generations;
- accessibility for everyone;
- rainbow crew (LGBTQ+ and their allies);
- mental health;
- neurodiversity;
- inclusion in branches, networks and Contact Centre;
- multiculturalism;
- inclusive communication.

Selected diversity and anti-discrimination results:

- In the 2023 Pulse Check survey, **96.5%** of respondents were positive about the bank's attitude towards diversity and inclusion.
- As many as **92%** of employees confirmed that they knew how and where to report unfair treatment in the workplace (Pulse Check survey).
- The overall proportion of women in all managerial positions remains at **43%**.
- The goal of equal gender representation in hiring and promotion processes was achieved – **51%** of recruited or promoted managers were women.
- The pay gap at the end of 2023 was **3.9%** – in 2023, the first raises were introduced to bridge the pay gap¹¹.
- The representation of women in management bodies of mBank's main subsidiaries was **23%**.

For the full list of the mBank Group's diversity and anti-discrimination results, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 164–165 and 166.

¹¹ The pay gap was calculated at the level of mBank S.A. in accordance with the EBA Guidelines on benchmarking remuneration practices, gender pay differentiation and approved higher ratios of variable remuneration components to fixed components under Directive 2013/36/EU.



In January 2023, mBank was included in the Bloomberg Gender-Equality Index for the third time. The index comprises 484 companies from 45 countries across 54 sectors. The index companies are assessed in terms of their commitment to gender equality and transparent disclosures in this regard.

[GRI 2-9] [GRI 405-1]

Diversity in supervisory bodies.

diversity of governing body staffing, broken down by age and gender – percentage of employees [%]

age	Management Board of mBank S.A.		Supervisory Board of mBank S.A.	
	women	men	women	men
up to 29 years	0.00%	0.00%	0.00%	0.00%
30–49 years	14.29%	57.14%	12.50%	12.50%
over 50 years	0.00%	28.57%	25.00%	50.00%
total	14.29%	85.71%	37.50%	62.50%



[GRI 405-1]

Diversity of governance bodies and employees per employee category by gender, age group and other indicators of diversity.

employee diversity, broken down by age group, gender and employment category				
employee category by age group	mBank S.A.		mBank Group	
	women	men	women	men
senior management				
up to 29 years	0.00%	0.00%	0.00%	0.00%
30–49 years	18.39%	54.02%	22.56%	48.87%
over 50 years	6.90%	20.69%	7.52%	20.30%
total	25.29%	74.71%	30.83%	69.17%

employee category by age group	mBank S.A.		mBank Group	
	women	men	women	men
junior management				
up to 29 years	0.17%	0.35%	0.31%	0,31%
30–49 years	33.80%	44.43%	34.15%	43.38%
over 50 years	9.41%	11.85%	10.15%	11.69%
total	43.38%	56.62%	44.62%	55.38%
other staff members				
up to 29 years	10.17%	7.32%	10.55%	7.02%
30–49 years	41.70%	27.10%	42.33%	26.34%
over 50 years	8.73%	4.98%	8.72%	5.04%
total	60.60%	39.40%	61.60%	38.40%

3.7. Preventing mobbing

[GRI 3-3]

We oppose any unacceptable behaviour that we consider to be any form of mobbing, harassment, discrimination and unethical behaviour. Any such behaviour is a serious breach of duty and leads to consequences provided for in the Labour Law and the *Work Regulations* of mBank.

These issues are regulated in detail in our *Policy on preventing mobbing, discrimination and other unacceptable behaviour*. It requires every employee to avoid such conduct and clearly describes the procedure to be followed in the event of such conduct.

Employees who believe they encountered unacceptable behaviour may report it, also anonymously, via the mSygnał application or a dedicated email address. The reports are examined by the Unacceptable Behaviour Committee and, upon investigation, it decides whether there has been an unacceptable behaviour as described in the report. In addition, the Unacceptable Behaviour Committee can recommend what solutions should be applied and what should be done to avoid similar situations in the future. In the case of mFinanse, there is an additional dedicated reporting channel.

[GRI 406-1]

In 2023, 10 cases of unacceptable behaviour were recorded among employees of mBank S.A., and one of these cases was confirmed. Four cases of discrimination were reported in mFinanse, but they were not confirmed.¹²

In each of these situations, the Unacceptable Behaviour Committee of mBank S.A. indicated recommendations for corrective actions, and in one case, due to the Committee's identification of unacceptable behaviour towards a team member, the contract with the employee was terminated. In two cases, the Committee's proceedings continued in 2024. Webinars on unacceptable behaviours were organised for the entire organisation in mFinanse.

3.8. Employee security

[GRI 3-3]

In the mBank Group, we respect occupational health and safety regulations and rules, as well as internal regulations in this regard. Our *OHS Policy* ensures safe and ergonomic working conditions for all employees. Thanks to regularly updated *Occupational Risk Assessments* and *OHS Instructions*, we have identified the risks at individual workstations and implemented appropriate accident prevention mechanisms.

We are committed to safety at work, which is why we have introduced fire protection systems, we follow the recommendations of the occupational health service, including those on medical examinations, and we organise OHS training. Accidents and near misses are reported to the OHS experts. OHS risk assessments are updated at least once every two years and every new hire is required to know them. Occupational risk is assessed by OHS officers in consultation with the bank's employees.

The OHS management system is based on general provisions of the Labour Code and assumes the following:

- involvement of all employees in the definition and implementation of the OHS policy, identification of threats and assessment of occupational risk,
- monitoring of the OHS conditions and analysis of the causes of accidents at work, periodic reviews and inspections of outlets,
- organisation of initial and periodic OHS training, during which employees are informed of the right not to perform work in the event of danger to their health or life.

4. Responsibility for climate change and sustainable finance

“

ESG and sustainable development call for our action at multiple levels. In 2023, a dedicated team for sustainable financing and ESG was established in the Corporate and Investment Banking Division. We have focused on the education of our employees (we have created the ESG & Sustainable Finance Academy) and our customers for whom we organise numerous events, conferences, training courses and webinars.

We are consistently implementing a strategy which assumes that by the end of 2025, the value of sustainable financing and the funds mobilised will amount to PLN 10 billion. According to the data as at the end of 2023, we spent more than PLN 5.3 billion of our own funds on investments in RES, we also financed Sustainability-Linked Loans and green loans, and we participated in the placement of our customers' green bonds as the arranger/dealer of corporate bonds. In order to take into account the requirements of the new regulations and the implementation of the strategy, we introduced the ESG and EU Taxonomy criteria into the credit process.

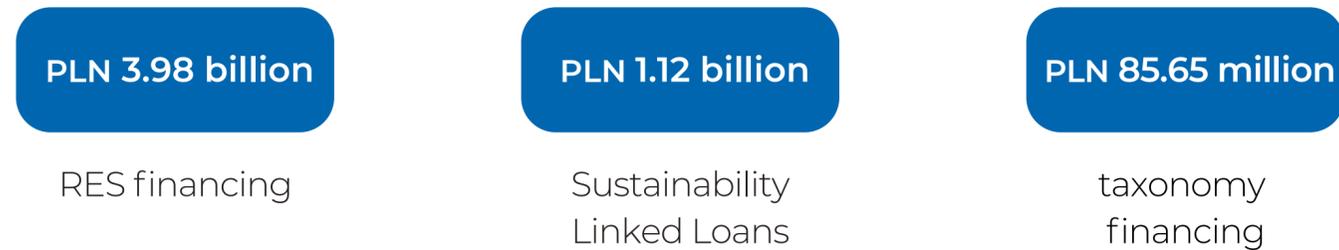
ESG is a catchy slogan, but from our perspective the development of this area is a way to structure mBank's activities that have been carried out on a daily basis for a long time. A few years ago, we took a deliberate decision that we would give up cooperation with customers operating in the fossil fuel sector. As a result, our portfolio is based on renewable energy, not on coal. We support our customers in their transition, because we know that in order to become market leaders and compete, companies need to integrate ESG into their structures and strategies. Short-term solutions are not enough; sustainable development needs to be integrated smoothly with core activities.



Adam Pers,
Vice-President
of the Management Board,
Head of Corporate
and Investment Banking,
Member of the
Programming Board
of the UN Global Compact

ESG factors are an important criterion for us, for example in credit policies and when we provide services to investment customers. As the Group, we are developing a sustainable financing offer. At the same time, we are improving our methodology for calculating the carbon footprint, which would enable us to create a science-based decarbonisation path.

Sustainable financing in the mBank Group – as at the end of 2023:



In addition, mBank, as the arranger of the issue of corporate bonds, participated in the placement of green bonds for its customers for a total amount of PLN 520 million in 2023.

4.1. ESG-related services and products

[own indicator MB-DPR-1] [GRI 3-3]

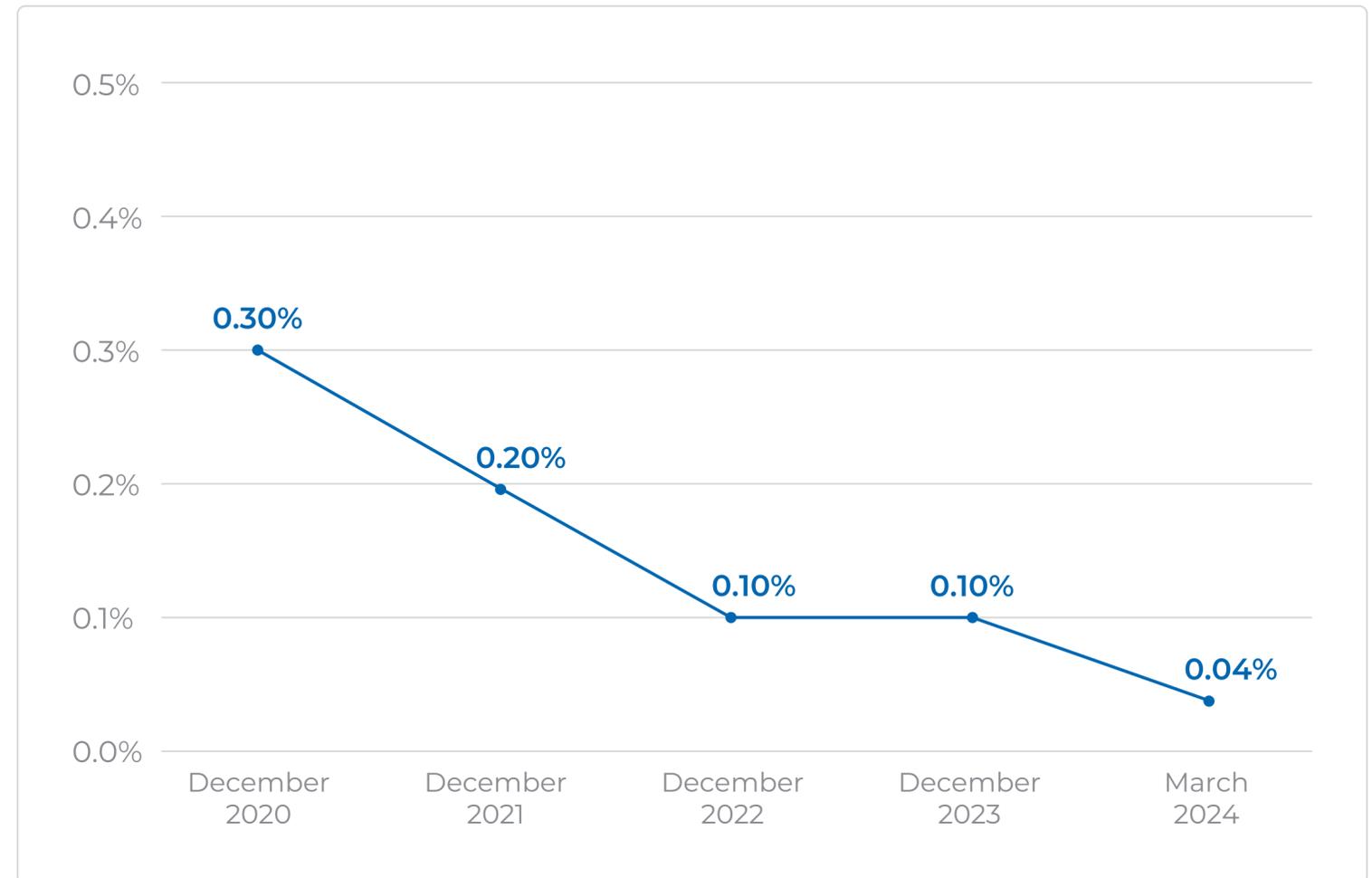
4.1.1. Responsible credit policies

In the area of corporate financing, we have been applying the *Credit Policy for Industries Relevant to EU Climate Policy* since 2019, which complements other sectoral policies that also take into account the aspect of sustainable financing and apply to the following industries: agri-food, automotive, metals, construction in general, real property, CRE and healthcare. The *Credit Policy for Industries Relevant to EU Climate*

Policy is also an essential tool for the bank to manage climate risk appetite and exposure to high-carbon industries.

The chart below shows a rapid reduction in the exposure to coal and mining sectors following the introduction of the climate policy in 2019.

Share of financing of coal mining operations in the entire corporate portfolio of mBank



In 2023, we tightened up the criteria for our climate policy and we are currently using exclusions, including: financing of hard coal mines, lignite mines, shale gas exploration and nuclear power. We also limit the possibility of financing the broadly defined coal-fired power generation and heating based on fossil fuels.

In 2022, we introduced guidelines related to the requirements for decarbonisation strategies for entities from the energy sector and, in 2023, we further clarified these regulations. Our policy defines the conditions for financing technology and service providers to the coal mining and conventional power generation value chain and the fuel sector.

Additionally, we indicate areas of financing preferred by the bank, such as projects supporting biodiversity and electric vehicle charging stations in entities which do not provide vehicle charging services against payment.

We keep track of market trends and exposures to new and existing risks in individual industries (including risks related to the transformation of the economy towards climate neutrality). We also publish cyclical sectoral analyses.

Regardless of the industry, we carry out an expert assessment of sustainability risk, with particular emphasis on the level of direct and indirect greenhouse gas emissions generated by business activities.

4.1.2. Financing investments in renewable energy

In 2018, we implemented the *Credit Policy for Financing Renewable Energy Source (RES) Systems*. We originally earmarked PLN 0.5 billion for this purpose, but together with the development of the market, we gradually increased the indicated limit – currently, we allocate PLN 5 billion to financing such investment projects. We verify annually whether the boundary conditions contained in the *Policy* are consistent with the current market situation in the context of the credit risk assessment and the ability to respond to current customer demand.



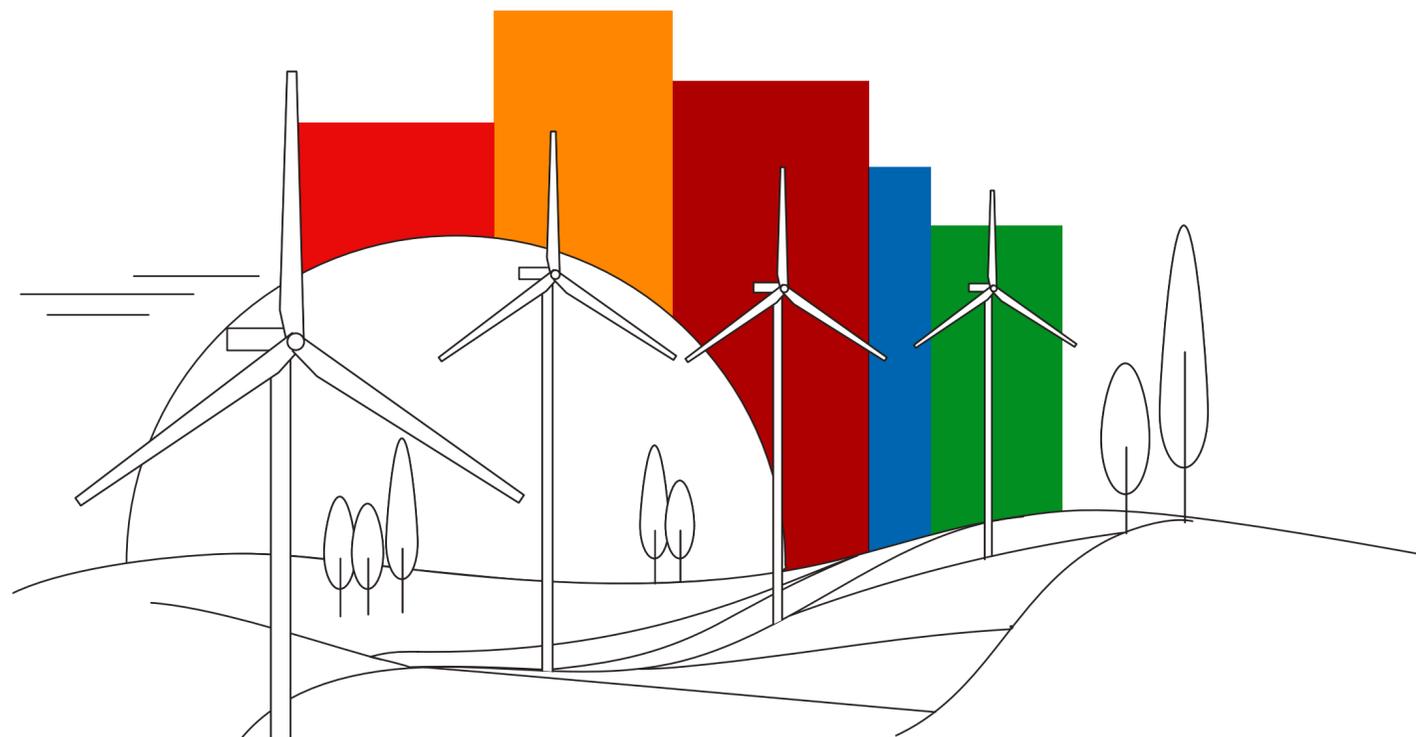
At the end of December 2023, mBank’s RES portfolio reached PLN 3.98 billion (with limit utilisation of 79.5%) and consisted of several dozen projects.

mBank’s portfolio includes wind farms, photovoltaic farms and hybrid projects (wind + photovoltaics). Financing is provided through bilateral loans and consortia with participation of other commercial banks and the European Bank for Reconstruction and Development. mBank acts as an arranger, credit agent or security agent and ESC agent in syndicated loans and green bond issues.

Only in 2023 did we finance seven photovoltaic investment projects, two investments in wind farms and two hybrid investment projects (photovoltaics and wind farm) with a total capacity of 641 MW. We spent approx. PLN 1.15 billion on that purpose.

As at the end of 2023, the RES portfolio reached nearly PLN 4 billion in mBank and covered several dozen wind farm projects, photovoltaic projects and hybrid investment projects. In 2023, they generated approx. 904,360 MWh of renewable energy, which is equivalent to 712,365 tonnes of conventional carbon dioxide emissions (as estimated by the KOBIZE index).

mBank also finances small RES investment projects (up to 5 MWh) and offers the leasing of photovoltaics and electric cars.



4.1.3. Corporate banking area

4.1.3.1. Sustainability Linked Loans

In 2023, mBank provided financing under the Sustainability Linked Loans (SLL) formula, i.e. loans linked to sustainable development in the amount of PLN 1.12 billion. SLL are all kinds of loan facilities and/or contingent facilities that incentivise the borrower to achieve ambitious, predefined sustainability objectives.

The characteristics of such loans include:

- linking the objectives set to the ESG strategy,
- setting ambitious, predefined, regularly monitored and externally verifiable objectives (KPIs),
- periodic (at least annual) reporting of information to lenders for monitoring purposes,
- independent, external verification against objectives (so-called SPO).

As part of the syndicated cooperation, mBank granted SLLs to companies from the media, logistics and medical sectors. The financing involved establishing specific objectives (KPIs) and their impact on the margin.

4.1.3.2. Green bond issues to corporate customers

mBank supports its customers in obtaining financing also in the form of green bonds. Green bonds are a type of bond that contain additional, green components (according to the ICMA standard), including:

- earmarking – indication of specific green projects for which the funds from the issue may be allocated,
- project evaluation and selection process, including classification criteria and potential risks to the implementation of these projects and their mitigation,
- fund management – separate funds in a separate issuer’s account,
- periodic reporting – at least an annual report on the allocation of funds and on the effects of the use of revenues on the environment.

4.1.3.3. Loan with a subsidy to finance sustainability linked investment projects

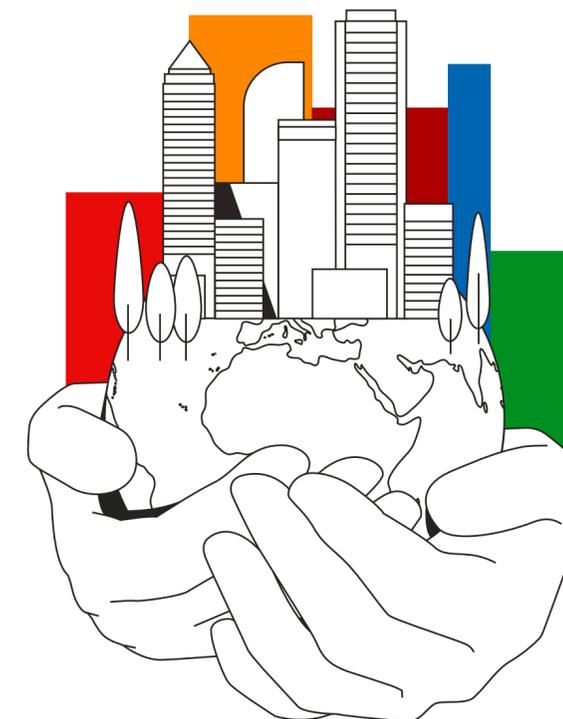
In January 2023, mBank signed a portfolio agreement with Bank Gospodarstwa Krajowego (BGK) and thus it became one of the Lending Banks granting Green Loans, which BGK repays from the so-called ecological bonus. The ecological bonus is an EU subsidy under measure 3.01. European Funds for a Modern Economy granted by BGK to entrepreneurs in open calls for applications.

A Green Loan is addressed to SMEs and small MID-CAPS and MID-CAPS (up to 3,000 employees), and provides financial support for energy efficiency transformation of these enterprises by modernising their infrastructure: buildings, process lines, machinery and equipment, systems, as well as the purchase of RES installations.

As a result of the investment, the primary energy consumption in the modernised facilities should decrease by at least 30%, which is verified on the basis of an audit document.

The first call for applications for funding under measure 3.01. European Funds for a Modern Economy ‘Green Loan’ was carried out by BGK in 2023. A mandatory appendix to the application submitted to BGK was the promise of the Lending Bank. mBank issued 25 such loan promises in 2023. The list of subsidised investment projects was published in 2023 and included nine investment projects with mBank’s promise. Green loan agreements were signed in January 2024. The total amount of loans (green loan – bridge portion and investment loan) granted by mBank amounted to PLN 35,111,821.73. As a result of the appeal procedure completed in April 2024, the ecological bonus was received by two more investment projects with mBank’s promises.

In 2024, two new calls for applications under the Green Loan were planned.



4.1.4. Retail banking area

4.1.4.1. Mortgage loan for energy-efficient properties

In 2023, mBank continued to offer loans for a house or an apartment with documented low energy consumption, determined on the basis of an indicator of annual demand for non-renewable primary energy.

The offer was highly popular – its volume represented 10.1% of total sales in 2023, and the price reduction caused this credit to be most often considered the best offer on the market.

4.1.4.2. Eco-advance for micro-enterprises

In 2023, we offered an eco-advance for micro-enterprises and thus supported entities operating in the micro sector in their transition to low-carbon energy sources. Almost 90% of the advances granted were allocated for the purchase and installation of pro-consumer photovoltaic systems, while the remainder helped finance heat pumps, energy storage facilities and carbon neutral means of transport. Customers who documented the spending of funds on purposes consistent with the regulations were able to benefit from preferential conditions – a margin lower by 1 p.p. than promotional rates and a zero-interest commission for granting the advance.

4.1.4.3. Leasing supporting transition

Since 2019, mLeasing has provided financing for photovoltaic systems, and since 2022, the company’s offer has enabled entrepreneurs to finance photovoltaic systems regardless of their capacity. The condition is that the generated power is used for the entrepreneur’s own needs. The financing period is up to seven years and the entrepreneur’s own contribution is at least 10%. We are gradually expanding our lease offer related to the financing of the climate transition: in 2022, the company expanded the scope of its services by financing energy storage facilities and heat pumps, and in 2023, electric vehicle charging infrastructure was added to the project list. In 2023, mLeasing spent PLN 66 million on investments in this market segment.

In 2023, mLeasing also financed 1,131 electric cars worth PLN 178 million.



good practice

In 2023, mLeasing participated in the ‘My electric car’ programme and enabled entrepreneurs to use the subsidies from the National Fund for Environmental Protection and Water Management. 811 electric cars were financed by the programme.

4.1.4.4. ESG-compliant investing

Retail customers and private banking customers can invest responsibly and taking into account the ESG standards (if they so prefer) in mBank.

As part of our services, including:

- acceptance and forwarding of orders concerning investment funds,
- investment consultancy,
- management of a portfolio of financial instruments (available only to private banking customers),

we strive to take into account ESG factors.

In each model investment strategy, with respect to the portfolio management and investment consultancy services, we assumed that at least half of the assets within the managed portfolios or assets for which we issue recommendations will consist of financial instruments that take into account sustainable development factors. For this purpose, we use the ESG assessments published by MSCI (our investment strategies include at least half of their composition based on financial instruments with an ESG MSCI rating of at least BBB or higher).

To our two portfolio management strategies (Article 8 of the SFDR) that promote environmental or social aspects (but do not aim at sustainable investments):

- ESG Sustainable Strategy, and
- ESG Dynamic Growth Strategy,

we apply higher ESG requirements when selecting financial instruments for the portfolio. We aim to ensure that the entities we invest in as part of these strategies take the ESG aspects into account to the fullest extent and have a high ESG rating.

We combine our own asset management and investment consultancy services with access to the funds of the mBank Group’s mTFI S.A. and to external funds of Investment Fund Companies (TFI), for which we also use ESG assessments published by MSCI.

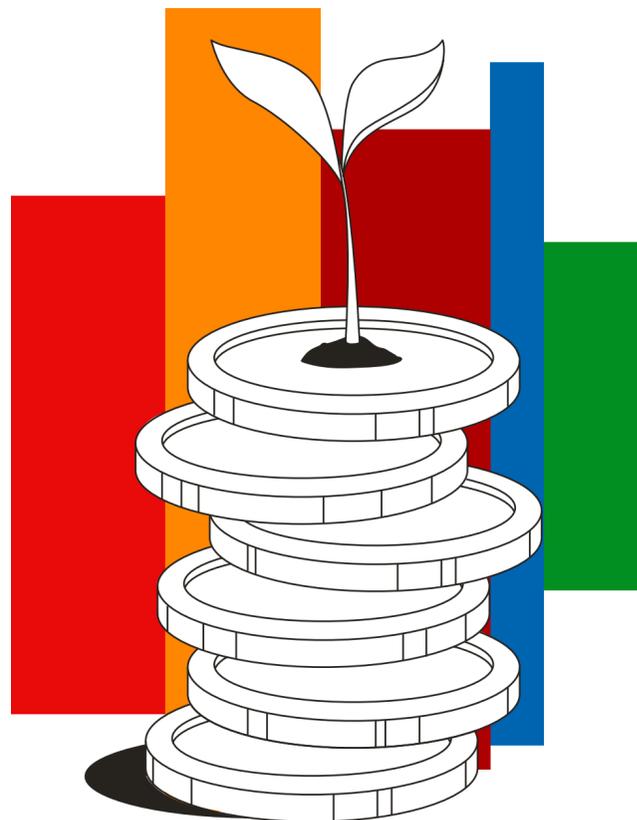
The selection of sustainability linked financial instruments is carried out by specialised committees operating at mBank’s Brokerage Office. The bank has also implemented the *Strategy for Sustainability Risks in the Investment Consultancy and Financial Instruments Portfolio Management Service at the mBank Brokerage Office*. The document describes how we take into account the sustainability impact of decisions in the provision of portfolio management and investment consultancy services.

4.1.5. Issue of mBank’s own green bonds

In September 2023, mBank carried out the second issue of non-preferred senior green bonds (NPS) based on the 2021 Green Bond Principles (as revised in June 2022).



The issue with a nominal value of EUR 750 million is the largest issue of NPS green bonds placed by a Polish bank in history and the largest bond issue in the mBank Group.



Instruments with a maturity of 4 years, redeemable after 3 years, were issued at face value. The bonds were admitted to trading on the regulated market of the stock exchange in Luxembourg.

Prior to the issue, a number of meetings were held with domestic and foreign investors, which enabled to build the largest bond demand book in mBank’s history, both in terms of volume and number of investors. A total of 121 investors expressed their willingness to subscribe for debt securities of mBank for a total amount of EUR 1.48 billion, which translated into almost double coverage in relation to the issue value. This resulted in a record-breaking transaction nominal value and its cost was reduced by 37.5 base points compared to the initial margin.

Proceeds from this issue will be used to finance and refinance retail mortgage loans for energy-efficient residential buildings (75% of proceeds from the issue) and onshore wind and photovoltaic farms (25% of proceeds from the issue). In addition, 25% of these proceeds will be used by mBank to finance contracts that were disbursed after the issue date. These assets were selected in accordance with the criteria set in the mBank S.A. Group Green Bond Framework; they were also verified for compliance with the requirements of the Climate Bonds Initiative by Sustainalytics, an independent reviewer. The Climate Bonds Initiative certificate, the Pre-issuance verification letter issued by Sustainalytics, and the allocation report are available [here](#).

4.2. Portfolio emissions

In October 2022, we joined the Science Based Targets initiative (SBTi) as the first bank in Poland. This organisation helps companies set decarbonisation targets that are in line with the current state of scientific knowledge on climate change. By joining the SBTi, we made a commitment as a Group to devise a decarbonisation path for the next five to fifteen years within two years.

In order to fulfil this commitment, the Group companies are engaging in ongoing activities, which include the reduction in the environmental impact of office and branch work and scaling down of business travel or the reduction in energy consumption at the bank's own branches.

In 2023, we analysed the requirements of SBTi, identified gaps in data and information, and constructed a framework action plan which formed the basis for further work on calculating portfolio emissions and preparing for reporting targets to SBTi.

Based on the methodology of the Partnership for Carbon Accounting Financials (PCAF – an organisation of which mBank has been a member since 2022), we have identified the corporate portfolio of mBank broken down into asset categories in accordance with SBTi. In the next step, we have estimated the carbon footprint of the portfolio of corporate assets. We have also involved selected companies from the mBank Group in our activities. Thanks to these preparations, we are ready to develop and submit an application to SBTi in 2024.

The greenhouse gas emission estimates refer to the entire corporate portfolio and not only to the part corresponding to the intended report to SBTi. In this way, we have also managed to respond to the reporting needs (Pillar III of capital adequacy for intra-group purposes, domestic disclosures and reporting related to CSRD and ESRS E1 Climate change – planned for 2025).

Our carbon footprint calculation methodology for the portfolio of corporate assets is based on best market practices and guidelines and concerns category 15 of Scope 3. Our calculation procedures and methodology have been validated externally by PwC and cover a wide range of asset categories we have included in the calculation of financed emissions in 2022 and 2023.

In calculating the financed emissions, we used both internal data of the bank, real data on energy generation obtained directly from customers, and average sectoral emission indicators obtained from PCAF EXIOBASE.

4.3. mBank Group’s greenhouse gas emissions

In 2023, the mBank Group’s GHG emissions were measured using the same approach as in the previous year, taking into account all three emission scopes:

- 1 **Scope 1** – direct emissions from the combustion of fuels in company-owned sources, as well as from escaped refrigerants,
- 2 **Scope 2** – indirect emissions from the consumption of externally purchased or supplied energy,
- 3 **Scope 3** – other indirect emissions generated in the value chain:
 - **Category 1** ‘Purchased goods and services’ – emissions resulting from the consumption of office and marketing paper, purchased payment cards and car fleet cards, as well as courier services,
 - **Category 2** ‘Capital goods’ – emissions generated by purchased IT equipment (printers, printers with scanner, laptops, PC towers, PC monitors, marketing campaign displays, smartphones, mobile phones, tablets),
 - **Category 3** ‘Energy and fuel-related emissions not included in Scopes 1 and 2’ – emissions resulting from electricity and heat transmission losses and ‘well-to-tank’ emissions upstream in the energy and fuel production chain,

- **Category 7** ‘Employee commuting’ – transportation of employees from home to work during the reporting period, using means of transport that are neither owned nor operated by the company (in 2022, we added this category for the first time).

In addition, the carbon footprint of the portfolio was also calculated in accordance with the PCAF (Partnership for Carbon Accounting Financials) methodology – thus the Group’s carbon footprint also includes Scope 3, category 15:

- **Category 15** ‘Investments’ – emissions within the framework of mBank’s financing activities in 2023: mortgages, motor vehicle loans, general purpose corporate loans, commercial real estate, project financing, financial instruments – corporate bonds. Data relating to this category were disclosed this year for the first time for both mBank S.A. and the Group as a whole.

The following tables present emissions in Scopes 1, 2 and 3. Emissions in Scopes 1, 2 and 3 (without category 15) refer to the mBank Group. Emissions in Scope 3 in category 15 pertain to mBank S.A. and mBank Hipoteczny S.A.

[GRI 305-1] [305-2] [305-3]

		mBank S.A.		mBank Group	
emission scope according to the GHG methodology	emission category	emission volume [tonnes of CO2e]		emission volume [tonnes of CO2e]	
		2022	2023	2022*	2023**
Scope 1	combustion of fuels in mobile sources	2,363	2,055	3,030	2,620
	combustion of fuels in stationary sources	200	165	202	168
	leakage of refrigerants	109	184	109	184
	total	2,673	2,404	3,342	2,972
Scope 2 (market-based)	thermal energy – district heating	3,327	3,640	3,868	4,068
	thermal energy – electric energy	n/a	33	n/a	33
	electric energy	196	361	758	910
	total	3,523	4,034	4,626	5,012
Scope 2 (location-based)	electric energy	14,831	13,573	16,338	15,317
	thermal energy – district heating	3,338	3,390	3,881	3,792
	total	18,169	16,964	20,219	19,109

Scope 3	Category 1: purchased goods and services	72	55	102	93
	Category 2: capital goods	1,201	461	1,886	913
	Category 3: energy and fuel-related emissions not included in Scopes 1 and 2	5,180	4,608	5,860	5,276
	Category 7: employee commuting***	2,250	2,429	3,190	4,009
	total	8,704	7,553	11,039	10,292
total (including Scope 2 market-based)		14,900	13,991	19,006	18,276
total (including Scope 2 location-based)		29,545	26,920	34,600	32,374

[GRI 305-4]

emissions intensity (mBank Group)		
	2022*	2023
emissions – Scopes 1 and 2 (market based) per employee (Mg CO2e/person)	2.65	2.50
emissions – Scopes 1 and 2 (market based) per PLN 1 million of revenue (Mg CO2e/PLN 1 million of revenue)	2.42	1.69

* Data for 2022 have been updated in accordance with the new calculation of baseline and comparison data for that year. The change in emissions is due to improvements in the quality of collected data and changes in the ADEME database indicators. In addition, we have made the intensity calculation methodology more consistent. We have included the emissions from all scopes but without the calculation of category 15 due to the absence of calculation for 2022. The number of people refers to the total number of employees disclosed in GRI 2-7.

The decrease in intensity for 2023 per revenue is mainly due to the higher total revenue for 2023.

The analysed entities calculated their carbon footprint applying the GHG Protocol standard. They used emission indicators developed by: DEFRA (for car petrol and natural gas consumption), the National Centre of Emission Balancing and Management KOBiZE (for electricity consumption), the Energy Regulatory Office URE (for heating in buildings), and the Association of Issuing Bodies AIB (for electricity consumption in the Czech Republic and Slovakia). The organisational boundaries of the figures included in the report include the following companies: mBank (including its Czech and Slovak branches), mBank Hipoteczny, mLeasing, mFinanse, mFinanse Czech Republic, mFinanse Slovakia, mLeasing, mBank Hipoteczny, mFaktoring, Asekum, mElements, LeaseLink and for the first time – mTFI.

Greenhouse gas emissions, expressed in CO2 equivalent (CO2e), also include greenhouse gases other than carbon dioxide: methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and nitrogen trifluoride (NF3). For Scope 2, we use a market-based methodology, i.e. an emission factor provided by energy supplier, and a location-based methodology, i.e. a national factor.

Scope 1 includes emissions from refrigerants escaping from air-conditioning units, as well as emissions from the combustion of fuel fully paid for by mBank and consumed by company cars, even if employees used them for their private purposes. As a general rule, year-on-year changes in values are very often associated with changes in the methodology and approach to calculation – e.g. we have significantly improved the availability of data in Scope 3, category 7, which resulted in the disclosure of higher emissions. In addition to improving methodologies, some changes in our operations, such as less equipment purchased or higher air conditioning needs, also led to slight data differences.

[GRI 305-3]

		mBank S.A.***		mBank Group***	
scope and emission category according to the GHG methodology	assets	emission volume [Mt CO2e]		emission volume [Mt CO2e]	
		2022	2023	2022	2023
Scope 3 Category 15: investment	mortgages (retail customers) *	0.39	0.32	0.50	0.41
	motor vehicle loans (retail customers) *	0.01	0.01	0.01	0.01
	general purpose corporate loans (corporate customers) **	11.65	10.22	11.65	10.22
	commercial real estate (CRE) (corporate customers) **	0.09	0.11	0.09	0.11
	project financing (corporate customers) **	-	-	-	-
	financial instruments – corporate bonds (corporate customers) **	0.12	0.11	0.12	0.11
	total	12,26	10,77	12,36	10,86

Comments on the calculation methods: The corporate portfolio calculations exclude SMEs included in the retail portfolio. For listed companies, equity from their financial statements was used instead of EVIC due to data availability. The ability to include the remaining financing with known use of proceeds provided to special purpose vehicles and corporate loans with known use of proceeds was restricted due to the identified gaps in data on emissions from financed activities. Consequently, we classified them as general corporate lending. We applied certain exclusions from the CRE category by taking into account completed projects only.

* Calculation for Scopes 1 and 2.

** Calculation for Scopes 1, 2 and 3

*** Emission volume provided only for mBank S.A. in Poland, without the Czech Republic and Slovakia.

**** In the case of this indicator, the Group is to be understood as mBank S.A. and mBank Hipoteczny S.A.

The general principles of the PCAF methodology adopted for the above calculation of category 15 of Scope 3:

- **recognition** – all financed greenhouse gas emissions in Scope 3 have to be recognised, or exemptions have to be disclosed and justified;
- **measurement of financed emissions** – measurement of absolute emissions is considered as a minimum. The extension of Scope 3 may include an estimation of avoided or removed emissions;
- **attribution** – the financial institution’s share in the borrower’s emissions is proportional to the exposure in the total value of the subject matter of the investment. The carbon footprint financed is calculated by multiplying the relevant attribution factor and the annual emissions of the financed investment;
- **data quality** – data are evaluated on a scale from 1 to 5, where the lowest value means the highest quality of data. The lowest quality data are estimations based on sectoral data and the highest quality data are verified emissions reported by specific entities;
- **disclosure** – the PCAF methodology requires the results of the calculations to be disclosed, which allows for comparisons between individual financial sector participants and assessment of the commitment to the goals of the Paris Agreement.

The drop in emissions for mortgage loans is due to the update of PCAF indicators, which are based on CRREM indicators. PCAF indicators are updated on an annual basis, resulting in lower values for 2023. In addition, the volume of the mortgage loan portfolio has decreased.

In the case of motor vehicle loans, the decline in the value of emissions in 2023 results from the end of sale of car loans by the bank (change since 31 December 2022). Since then, the portfolio of motor vehicle loans has been gradually decreasing.

The increase in emissions for commercial real estate results from acquiring the portfolio of mBank Hipoteczny. At the end of 2023, the emissions of acquired loans accounted for 21.6% of all CRE emissions.

The difference in the value of emissions of listed shares and corporate bonds is due to a decrease in the volume of the portfolio of these assets.

Measurement methodology used for each category¹³

In order to measure GHG emissions in category 15 in Scope 3, mBank used six out of seven asset categories described by the PCAF standard, which are relevant for retail and corporate customers alike¹⁴.

¹³ Simplified description for the declaration.
¹⁴ The analysis ignores the sovereign debt category.

asset categories relevant to corporate customers	asset categories relevant to retail customers
<ul style="list-style-type: none"> ■ business loans and unlisted equity ■ project finance ■ commercial real estate (CRE) ■ listed equity and corporate bonds 	<ul style="list-style-type: none"> ■ mortgages ■ motor vehicle loans



mortgages (retail customers)

mBank included the purchase and refinancing of residential real properties from both primary and secondary markets in the calculation of emissions. The real properties not commissioned in 2023 were excluded from the calculation. Data about the surface area¹⁵ were obtained from the bank’s own system and emission indicators – dependent on the surface area of the premises – were prepared according to PCAF.

In accordance with the PCAF methodology, emissions from real properties were attributed to mBank’s emissions using the LTV attribution factor, which is the ratio of the outstanding amount to the property value at origination, understood as the initial value of the property at the time of granting the loan¹⁶.

formula to calculate the attribution factor: (b = building)

$$\text{attribution factor}_b = \frac{\text{outstanding amount}_b}{\text{property value at origination}_b}$$

The outstanding amount which represents the numerator of the attribution factor is defined by mBank as the outstanding amount of exposure.

The financed emissions were calculated by multiplying the attribution factor by the estimated annual energy consumption of the property concerned and by the specific emission factor of the property type at the location.

formula to calculate financed emissions: (b = building, e = energy source)

$$\text{financed emissions} = \sum_{b,e} \frac{\text{outstanding amount}_b}{\text{property value at origination}_b} \times \text{energy consumption} \times \text{emission factor}$$

¹⁵The surface area of residential premises in multi-family buildings does not include the balcony and the garage which forms a part of the common area.

¹⁶Data on the property value at origination are available to mBank in Alramira.

In order to calculate energy consumption in a given real property, information on the surface area from the NBN database was used and emission indicators from the PCAF database were adopted, broken down by type of residential real property and emissions in kg CO2e/m²/year.



motor vehicle loans (retail customers)

In accordance with the PCAF standard, mBank determined the attribution factor by dividing the outstanding amount of the loan by the value of the vehicle at the time of granting the financing. PCAF indicates that emissions should be calculated on the basis of mileage, the calorific value of fuel and a relevant emission factor. As mBank does not have data on the actual mileage of credited cars or data on the actual fuel consumption in these vehicles, it used averaged data from the following sources:

- nationwide data on the average annual mileage of passenger cars and mLeasing data in this respect,
- data on combustion efficiency from a calculation carried out on the mLeasing fleet and from an external source,
- the most recent emission indicators for vehicles from the DEFRA database,
- average distance-based electricity consumption for electric vehicles and the emission indicator for Polish electric energy (KOBiZE).

The sources of data are differentiated with respect to vehicles for individual customers and SME customers.

Additional assumptions were made for HGVs owned by SME customers, where the weight of the vehicle exceeds 3.5 tonnes and the average mileage exceeds 40–95,000 kilometres (depending on the type).



general purpose corporate loans (corporate customers)

mBank estimated absolute GHG emissions in Scopes 1, 2 and 3 for all analysed customers (except for commercial real estate) on the basis of emission indicators for individual Scopes. The attribution factor for general purpose loans was calculated as the ratio of the outstanding amount to the total financing of the company’s business, expressed as the sum of equity and debt. The factor’s denominator is the sum of equity and debt.

formula to calculate the attribution factor for loans to unlisted companies:

$$\text{attribution factor}_c = \frac{\text{outstanding amount}_c}{\text{equity} + \text{financial liabilities}_c}$$

(c = company)

Emission calculations were based on the financial data from customers and emission factors from the PCAF Exiobase which take into account the division into business sectors. According to the PCAF methodology, the following formula was used¹⁷:

$$\text{financed emissions} = \sum \frac{\text{outstanding amount}}{\text{equity} + \text{company debt}} \times \text{company revenues} \times \text{PKD code emission factor}$$



**commercial real estate (CRE)
(corporate customers)**

With respect to commercial real estate, mBank used emission indicators prepared by PCAF for Poland. In addition, due to the lack of precise information on the intended purpose of the commercial building, the average of all indicators for such buildings (shopping mall, shopping arcade, shopping centre, etc.) was determined. For buildings other than commercial, office, storage or industrial buildings, the PCAF emission factor for hotels was used. Industrial buildings of a general nature were classified to the emission factor for CRE (general PCAF indicator).

The bank adopted the first valuation after the real property had been commissioned as the property value. For syndicated loans, the calculation takes into account a part of the building area equal to the bank's percentage share in the consortium.

When calculating energy consumption of a building, the building area in m² and emission indicators from the PCAF database were used.

formula to calculate financed emissions:

(b = building, e = energy source)

$$\text{financed emissions} = \sum_{b,e} \frac{\text{outstanding amount}_b}{\text{property value at origination}_b} \times \text{emission factor}_e$$

The result is the sum of emissions from commercial real estate in Scopes 1 and 2. In 2023, mBank did not disclose Scope 3 emissions for this asset category.



project finance (corporate customers)

When calculating emissions related to the projects financed in 2023, mBank took into account only projects involving renewable energy sources. Other targeted financing is included in corporate loans.

The calculation of emissions was based on:

- customer financial data,
- emission factors for solar energy, wind energy and biogas plants from the PCAF Exiobase,
- the amount of generated energy in MWh.

¹⁷ With regard to selected customers for whom mBank has information about emissions, the financed emissions were calculated by multiplying the attribution factor by company emissions. 96

Financed emissions were calculated by multiplying the attribution factor by project emissions¹⁸:

$$\text{financed emissions} = \sum \frac{\text{outstanding amount}}{\text{equity} + \text{project debt}} \times \text{project emissions}$$

With regard to financed projects, mBank also estimated the avoided emissions in 2023 on the basis of average emissivity of kWh of electricity of end customers for the Polish energy mix (data from KOBiZE). The calculation was carried out by multiplying the attribution factor by the sum of project activities in MWh and the avoided emission factor (energy mix indicator for Poland).



financial instruments – corporate bonds (corporate customers)

Emission calculations were based on the financial data from customers and emission factors developed using data from the PCAF Exiobase. Emissions related to financial instruments are estimated using the formula developed for general purpose corporate loans – corporate portfolio.

$$\text{financed emissions} = \sum \frac{\text{outstanding amount}}{\text{equity} + \text{project debt}} \times \text{company revenues}$$

The attribution factor’s numerator always refers to the value of the investment itself, while the denominator refers to the data of the entire entity in which the investment was made.

Emission calculations were prepared using internationally recognised methodologies and with due diligence. The greenhouse gas emission indicators presented in the report were calculated on the basis of available data and adopted estimates. In the years ahead, we will improve and develop our calculation methodologies.

¹⁸ Project emissions were estimated on the basis of basic data collected from the project (project activity expressed in MWh of energy generated) and then attributed using the attribution factor.

4.4. Energy consumption

[GRI 302-1]

Direct and indirect energy consumption within the organisation¹⁹.

total amount of energy consumed within the organisation [GJ]	
energy source	mBank Group
energy from non-renewable raw materials	
electric energy	5,356.6
thermal energy	38,011.63
total (energy from non-renewable raw materials)	43,368.23
renewable energy	
total (renewable energy)	0
total	43,368.23

total amount of fuels consumed within the organisation [GJ]	
energy source	mBank Group
non-renewable fuels	
natural gas	2,998.81
diesel fuel from power generators	14.02
diesel fuel from vehicles	1,969.1
petrol from vehicles	38,160.1
total (non-renewable fuels)	43,142.03
renewable fuels	
total ((renewable fuels)	75,406.43
total	118,548.46

¹⁹Data on the consumption of thermal energy – natural gas (included in Scope 1) and thermal energy – district heating (included in Scope 2) were analysed on the basis of settlement invoices for the period from 1 January 2023 to 31 December 2023. In the absence of data for the full reporting year, the calculations were based on projected consumption prepared by the relevant data providers. The consumption values reported for natural gas in m³/year were converted into final energy consumption at calorific value (CV of 36.56 MJ/m³), for methane-rich natural gas, as reported in the KOBIZE Report titled 'Wartości opałowe (WO) i wskaźniki emisji CO₂ (WE) w roku 2021 do raportowania w ramach Systemu Handlu Uprawnieniami do Emisji za rok 2024' ['Calorific values (CV) and CO₂ emission indicators (EI) in 2021 for reporting under the Emission Trading System for 2024'], December 2023. The consumption values provided for thermal energy – district heating in MWh/year were converted into GJ according to the tables from Greenhouse gas reporting: conversion factors 2023, Conversions, DEFRA. The consumption values provided for thermal energy – electricity in kWh/year – were converted into GJ according to the tables from Greenhouse gas reporting: conversion factors 2023, Conversions, DEFRA. Data on the consumption of fuels used in vehicles (included in Scope 1) owned by mBank Group companies were aggregated for all companies, in the same unit in which they were reported, i.e. litres/year. The data were analysed by fuel type – diesel and petrol. The conversion of fuel consumption in vehicles owned by the mBank Group into GJ was carried out on the basis of the calorific value (CV, 9.885 kWh/L for diesel and 8.965/L for petrol) from the DEFRA report for 2024. The data in kWh/year were converted into GJ according to the tables from Greenhouse gas reporting: conversion factors 2023, Conversions, DEFRA. Data on the consumption of fuel used in emergency power generators (included in Scope 1) owned by mBank Group companies were aggregated for all companies, in the same unit in which they were reported, i.e. Mg/year. The conversion of fuel consumption into GJ was carried out on the basis of the calorific value (CV, CV = 43 MJ/kg for diesel fuel) from the KOBIZE Report for 2024. Data on the consumption of electricity (included in Scope 2) reported in summary reports are treated as final energy consumption. The analysis included data on the consumption of electricity from the office space, data centre area, branches and electricity in electric cars and plug-in cars owned by mBank Group companies. The analysis covered data for the period from 1 January 2023 to 31 December 2023. In the absence of data for the full reporting year, the calculations were based on projected consumption prepared by the relevant data providers. For Group companies that did not report electricity consumption of their electric cars or plug-in cars, consumption estimates were based on data provided by other companies. Data on the consumption of electricity in companies were aggregated in the same unit in which they were reported, i.e. kWh/year, and then converted into GJ according to the tables from Greenhouse gas reporting: conversion factors 2023, Conversions, DEFRA.

[GRI 302-3]

Energy intensity.

energy intensity in mBank Group [GJ]		
	total energy per employee	Total energy per PLN 1 million of revenue
energy consumption within the organisation	5.89	3.99

Data showing the consumption of energy in our Group were collected for the purpose of calculating own emissions of the mBank Group.

4.5. Materials and raw materials management

We optimise processes and implement operational practices that make it possible to reduce waste and use raw materials efficiently. We consistently replace our car fleet, ensure proper management of used fixed assets and reasonable use of paper.

low-emission fleet

In 2023, mBank's car fleet expanded by 66 electric cars and 9 plug-in hybrids – the bank owned a total of 83 low-emission cars at the end of 2023. 51 electric vehicle chargers were installed at mBank's headquarters in Warsaw, 6 – at the head office in Łódź, and in other outlets there are 10 chargers.

paper consumption

In 2023, mBank purchased for its own purposes:

- 8,465 reams of A4 80 g ordinary paper,
- 8,151 reams of A4 70 g eco paper.



good practice

Electronic Credit Application helps to save paper in mBank. In 2023, its use increased by 54.9% in corporate customers and SMEs segments.

fixed assets

In 2023, mBank donated 2,485 fixed assets, while 3,768 fixed assets were resold.

4.6. Taxonomy disclosures

As a credit institution, the mBank Group is obliged to publish taxonomy disclosures. The disclosure for 2023 was prepared in accordance with the Group’s internal processes and took into account the most recent amendments to Delegated Regulations 2023/2485 and 2023/2486. The disclosure includes information concerning the exposures of mBank Group companies to activities eligible and not eligible for the EU Taxonomy, leading into calculation of the Green Asset Ratio (GAR) indicator.

In case of the mBank Group, the numerator of the GAR indicator included only exposures related to general purpose financing of the non-financial companies subject to non-financial reporting obligations. As opposed to majority of banks from the peer industry group, exposures to mortgage and renovation loans for households, exposures to financial undertakings, as well as financing to local governments were not included. Due to system limitations related to identification and verification of project finance for corporate clients, such exposures were also not included. Furthermore, a precautionary approach has been taken in relation to verification of technical screening criteria and adherence to minimum social safeguards by customers, following European Commission Notice from 21st December 2023. Abovementioned decisions led to mBank Group GAR being lower in comparison to the peer group.

The content of the taxonomy disclosure for 2023 is available in the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 174–211.

In the course of further work we aim to update and enhance our methodologies to support future reporting obligations. We’re building organisational, process and IT

system capabilities, and in parallel are engaging into dialogue with clients to obtain high quality data to allow qualifying more of our current and future exposures as Taxonomy-aligned. We’re also working within the banking sector towards identification of consistent market practices of taxonomy reporting, including the approach to verification of the level of meeting minimum social safeguards.



good practice

mBank develops a platform for collecting and exchanging ESG data in cooperation with the Credit Information Bureau. Launched by the Credit Information Bureau in September 2023, the platform introduced a data exchange and reporting standard which significantly facilitates banks’ compliance with regulatory obligations. The task of the jointly developed tool is also to monitor and gather in one place indicators of the sustainability characteristics of the banks’ portfolio. The project prepares financial institutions to fulfil their obligations under both the current and the announced provisions on the implementation of ESG guidelines.

During the initial phase of the project, the participating banks may use a database containing data collected from publicly available reports for 2022. The database covered more than 165 entities subject to a quality review.

5. Social responsibility

“

Since 2020, we have been building our collection of contemporary Polish paintings. In this way, we activate Polish art market, which becomes more open to emerging Polish artists. In 2023, our collection expanded by 33 works, signed by 25 young artists. In total, our collection already consists of 131 extremely varied works. Although 'p for painting' – as the name suggests – focuses on painting, the items in the collection sometimes go beyond its classic definition. The works of young contemporary artists can be surprising and often not that obvious. They make you pause to think.



Cezary Stypułkowski,
President of mBank
and author of the project

“

We want to show children that mathematics is a key skill in the modern world and that it can not only be useful but also interesting and engaging. Without it, there would be no computer games, artificial intelligence or space travel. But it would also be difficult to bake a cake, make trousers or build a house. A world without mathematics simply does not exist.

We believe that mathematics provides the foundation for logical thinking and helps us understand reality. Cause and effect thinking which is characteristic of mathematics fosters making informed decisions, including financial ones. We believe that – through our actions – we are contributing both to an increase in skills that will make a difference in the lives of participants of our programmes and to the development of inspiring methods of education.



Iwona Ryniewicz,
President of the
mBank Foundation

Mathematics, painting and the Great Orchestra of Christmas Charity (WOŚP) – we have been focusing our social responsibility in these three areas in the mBank Group for years through projects implemented by the mBank Foundation or directly by our companies.

2023 in numbers:

PLN 3 million

for mathematics education

33

works by young Polish artists purchased

PLN 2 million

donated to WOŚP

5.1. Maths is Everywhere

Since 2014, we have been allocating 100% of statutory funds to the development of mathematics education in Poland in line with the adopted ‘m for mathematics’ strategy. We focus on a creative and non-standard approach to the mother of all sciences. We support people with passion – teachers, educators, social workers and parents – in fostering mathematical thinking in children and young people, and also engage in activities aimed at students. We carry out our mission through partnership, grant, subsidy and scholarship programmes, through the organisation of mathematical events and our free publications. Over the last decade, we have spent more than PLN 27 million for this purpose.



In 2023, the mFoundation allocated more than PLN 3 million for statutory activities related to mathematics education. Subsidies for educational projects have been granted to approx. 450 entities: public schools and kindergartens, non-governmental organisations, universities and libraries. Approximately 35,000 people took part in the activities organised with these funds.

5.1.1. 10th edition of the ‘mPower’ programme

In March, the tenth, last edition of the flagship grant programme ‘mPower’ began. The project promoted the interesting side of mathematics, helped pupils and teachers to become familiar with it, and rewarded engaging approach to mathematical education.

We selected the winners of the competition in June. We awarded 183 projects with grants: 92 projects for pupils in grades 4–6 and 91 projects in the category of grades 7–8 of primary school received funding. In 2023, the total amount spent on grants amounted to over PLN 1 million. Moreover, two initiatives that secured the largest number of votes in the online poll received additional funds in the amount of PLN 5,000 each. All projects were carried out from September to December 2023.



During the ten years of the mPower programme, the mFoundation allocated more than PLN 8.6 million to educational mathematical projects carried out in nearly 1,500 schools, libraries and NGOs.

5.1.2. 'mFactorial' workshop

In June, the mFoundation invited nearly 50 maths teachers from all over Poland to a meeting where ten years of the mPower grant programme were summarised and the assumptions for a new programme – mFactorial – were jointly developed. Such a meeting was held for the first time in our history. Once the conference part was over, our guests participated in a workshop during which they were jointly developing an outline of the new grant programme so that it responds to the actual needs of teachers and pupils.

5.1.3. 7th edition of the competition 'A Step into the Future'

On 30 March, like every year, on the anniversary of the birth of Stefan Banach, an outstanding mathematician, we announce the results of the competition 'A Step into the Future'. The jury, chaired by Prof. Paweł Strzelecki, Ph.D., Dean of the Faculty of Mathematics, Informatics and Mechanics at the University of Warsaw, distinguishes the best student works in mathematics that promote novel, original solutions or indicate new directions and methods of research. 5 out of 21 entries qualified for the final of the seventh edition. The jury awarded the main prize of PLN 20,000 and two equal distinctions of PLN 10,000 each. We announced the eighth edition of the competition on 30 June 2023.



Mathematics is part of our civilisation's culture – it is not that noticeable as literature or music, but no less important. It is present in education for several reasons: firstly, it helps to organise one's thoughts; secondly, it is useful; thirdly, it is beautiful – in the same sense as literature or music are beautiful. Finally, thanks to mathematics we learn that there are tasks and problems in life with no ready-made solutions, that it is important and difficult to deal with them, and that 'I don't know (yet)' is an excellent answer to many questions.

By supporting mathematical education, the mBank Foundation supports the development of critical, courageous and independent thinking that is necessary in a democratic society.



Professor Paweł Strzelecki, Ph.D.,
Dean of the
Faculty of Mathematics,
Informatics and Mechanics
at the University of Warsaw

5.1.4. 3rd edition of the programme 'Growing with maths'

In September, we announced a call for proposals for the third edition of the 'Growing with maths' programme. Kindergartens, schools with kindergarten units and non-governmental organisations from all over Poland could participate in it. 518 ideas for mathematical education for children aged 3–7 were submitted for the previous year's edition. The jury selected as many as 209 projects and awarded them with grants in a record-breaking amount of more than PLN 1 million. These funds will translate into hundreds of hours of creative activities supporting the mathematical education of the youngest pupils.

5.1.5. 'Masters of mathematics' scholarship programme

We award our scholarships to the winners of the Mathematics Olympiad and Junior Mathematics Olympiad who have achieved the best results in these prestigious contests. We carry out the scholarship programme in cooperation with the Association for Mathematical Education.



In 2023, we provided scholarships of a total value of PLN 42,000, including 21 scholarships for the winners of the Junior Mathematics Olympiad and 8 scholarships for the winners of the Mathematics Olympiad.

5.1.6. Subsidy programmes

Starting in 2022, we launched new thematic subsidy programmes. Once a year, in autumn, the mFoundation announces the main theme for the next 12 months. From October 2022 to September 2023, the foundation awarded subsidies to projects that combined mathematical education with ecology. Since October 2023, geometry has been the main theme. As part of the 'Practical dimension of geometry' programme, we support ideas demonstrating that geometry is interesting, inspiring and that it can be taught otherwise than just by a school board, for example through competitions, special lessons, extra-curricular activities, and meetings and workshops.



In 2023, the mFoundation subsidised 56 projects for a total amount of over PLN 600,000.

5.1.7. Partnership programmes

In 2023, we continued our partnership with the Gdańsk-based Hevelianum science centre on the 'Thinking counts' programme. This is a nationwide initiative intended for maths and science teachers in grades 4–8 of primary school. Its goal is to popularise modern teaching methods based on interdisciplinary transfer of knowledge and mathematical thinking. The main theme in 2023 was gamification. Approximately 650 teachers participated in the webinars organised under the programme.

'*Matematyka na zielono*' ['Maths in Green'] is a project inspired by the publication of the mFoundation with the same title, carried out in partnership with the Information Society Development Foundation. Its aim was to develop non-formal STEAM education in public, school and pedagogical libraries. As part of the project activities, a number of events (meetings, classes, workshops, urban games, etc.) were held with maths 'in green' in the lead role. 122 libraries participated in the programme.

The annual reports and financial statements related to the foundation's activities are available at www.mfundacja.pl.

5.2. 'p for painting' ['*m jak malarstwo*'] fund

Since 2020, mBank has been consistently building a collection of works of Polish artists under the watchful gaze of a committee consisting of contemporary art market experts. This way, one of the few corporate collections of this kind in Poland is created.

In its decisions, the purchasing committee seeks to strike a balance between two groups of young artists. On the one hand, it includes in the collection the works of artists who have already been noticed and have interesting individual and collective exhibitions, represented by prestigious galleries. On the other hand, it looks for artists who are only entering the adult world of art, often fresh out of university, not yet discovered by professional private galleries, but who show exceptional talent.

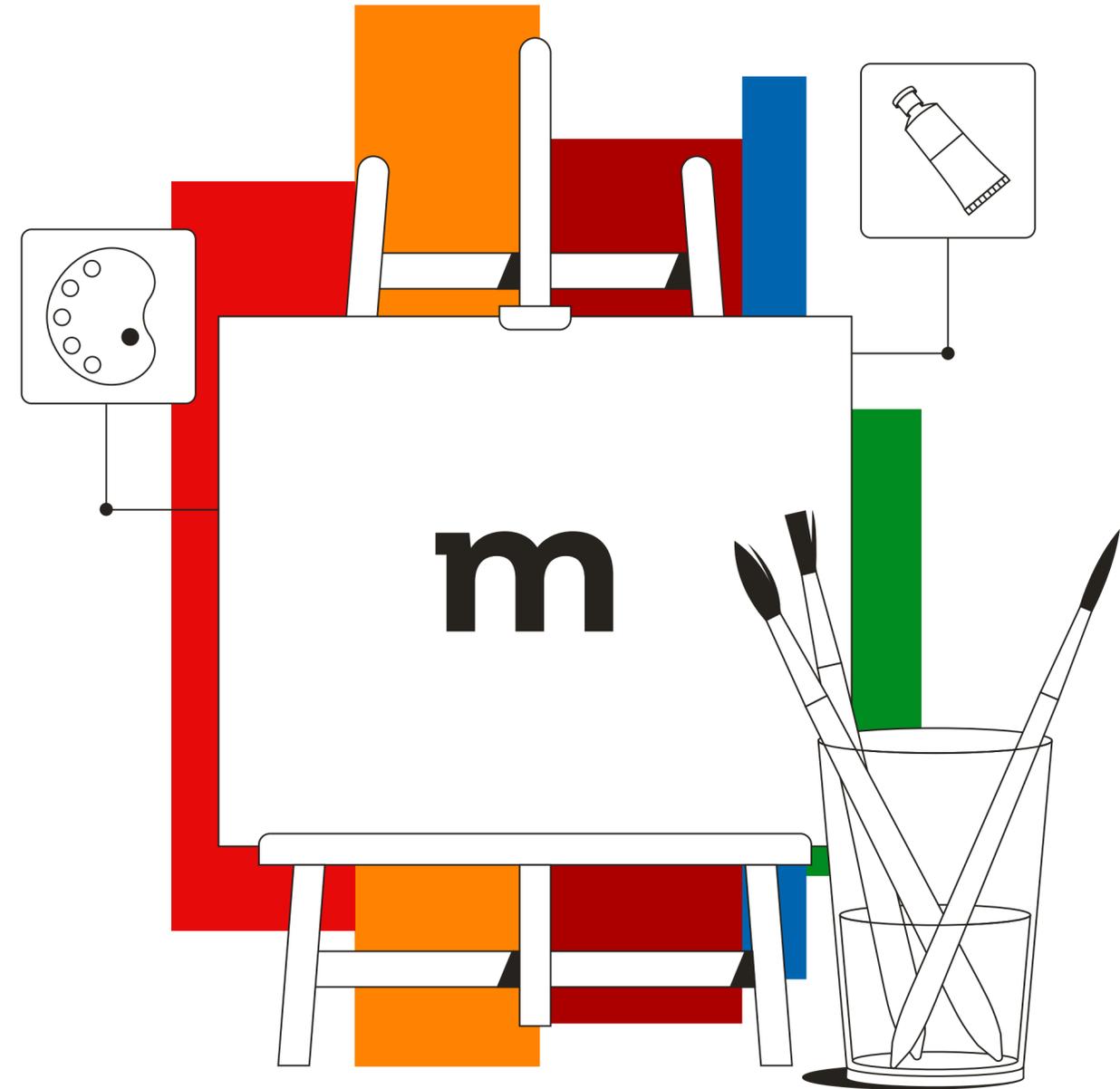
At the beginning of 2023, we presented some of the paintings from our bank collection at the ASP *Rondo Sztuki* Gallery in Katowice at the 'Bad romance' exhibition. Its opening attracted more than 500 people, which is a turnout record for exhibition openings at the ASP *Rondo Sztuki* Gallery in Katowice of more than a decade.

“

Last year, we watched young artists closely, discussed, travelled around Poland, visited exhibitions and studios in search of true gems of painting. In building our collection, we try to look at painting without standard and repetitive patterns, to notice and incorporate less conventional examples. We had quite a few such ‘violations’ of traditional boundaries in painting in the previous year.



Piotr Sarzyński,
Chairman of the
Purchasing Committee



5.3. Partnership with the Great Orchestra of Christmas Charity

In 2023, mBank was a strategic partner and sponsor of the Great Orchestra of Christmas Charity for the sixth time in a row. Traditionally, the bank was transferring PLN 1 per payment made by customers, which was facilitated by a special heart icon in the mobile application – mBank paid PLN 1 to WOŚP per click on the heart. We have also prepared a collector’s payment card with a commemorative pattern designed by Jurek Owsiak.

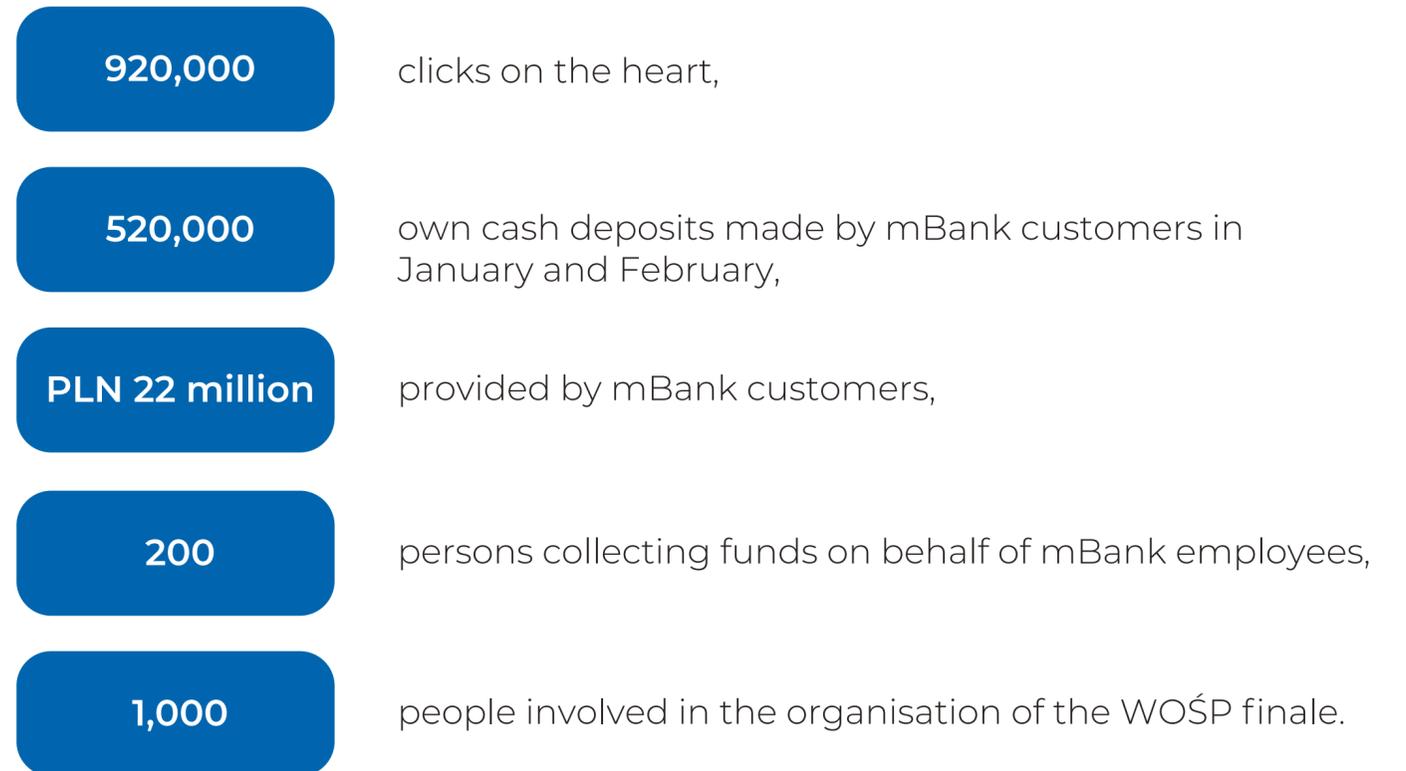


Thanks to the involvement of our customers, mBank transferred PLN 2 million to the WOŚP account. mBank is one of the most recognisable partners of WOŚP²⁰.

mBank also made companies serviced within the framework of corporate and investment banking part of WOŚP support: it transferred the equivalent of six-month fees for the accounts opened by the companies from January to the end of February 2023.



mBank and WOŚP in 2023:



6. Responsibility towards investors

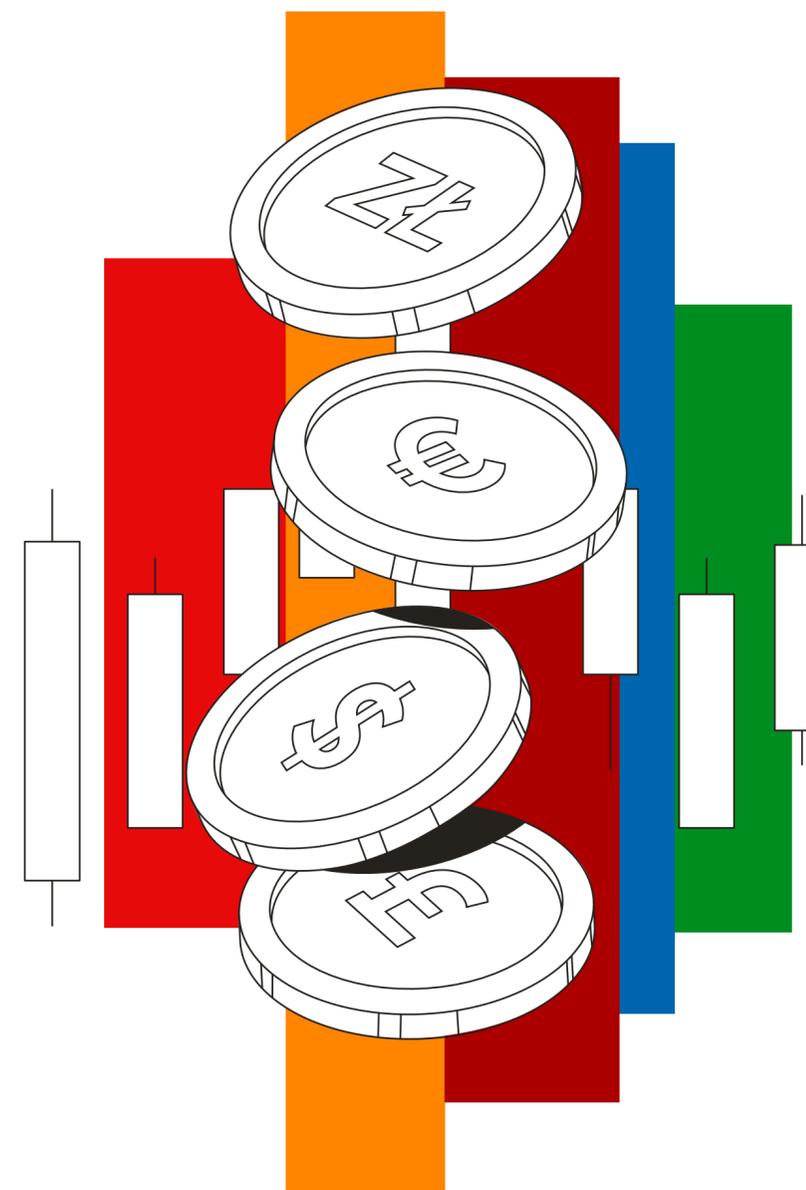


In order to express mBank’s commitment to sustainable development and to strengthen the confidence of our stakeholders, we are developing communication on environmental, social and corporate governance objectives. We have created a specialised unit responsible for sustainability reports, which reports to the CFO – such a business relationship allows us – as a company – to pursue objectives based on both financial and non-financial data. We want our efforts to be visible, which is why we seek greater transparency through extended disclosures.



Pascal Ruhland,
Vice-President of the
Management Board,
Chief Financial Officer

We consistently work on extending ESG disclosures in the mBank Group and fairly present them to investors. In 2023, we started preparations for reporting in accordance with the EU’s CSRD and in accordance with the ESRS – we conducted training on CSRD and initiated the double materiality assessment process.



6.1. Transparent communication

We build investors' trust and loyalty through transparent, open and reliable communication. Its rules are described in the [Information Policy](#), which defines the scope of disclosed information and ensures equal access to it. At the same time, we meet all regulatory requirements related to confidentiality and information security.

Investor communication channels:



website



individual and group meetings



current and periodical reports



telephone, email and Microsoft Teams contacts



quarterly performance presentations



participation in investor conferences

6.2. ESG ratings and indices

6.2.1. Sustainalytics



In June 2023, we received the ESG Risk Rating of 13.0 (low risk) as the mBank Group. Morningstar Sustainalytics estimated that the risk of significant financial impact related to ESG factors is low in our Group – our rating turned out to be one of the best results in the country.

The ESG risk assessment prepared by Morningstar Sustainalytics measures the company's exposure to material industry-specific ESG risk and assesses the manner in which the company manages it. This multi-dimensional measurement method combines management and exposure concepts to obtain a comprehensive ESG risk assessment, and the quantitative ESG risk score or ESG Risk Rating is comparable to other industries. The ESG risk assessment according to Sustainalytics distinguishes five risk levels: negligible, low, medium, high and severe.

During the previous year, the ESG Risk Rating of the mBank Group has improved within the scope of ESG risk management, in particular in the Product Management and Business Ethics category which is assessed by Sustainalytics.

To find out more about the **Information Policy**, see the [Management Board Report on Performance of the mBank S.A. Group in 2023](#) on pages 169 and 228.

The Sustainalytics ESG Risk Rating report, issued on 16 June 2023, together with the legal note, is presented [here](#).

Under no circumstances may the ESG Risk Assessment Report be construed as an investment advice or expert opinion within the meaning of applicable laws. The rating may vary over the year as a result of the impact of various ESG factors on the assessment. Investors may request Sustainalytics to provide them with an up-to-date rating.

Legal note: <https://www.sustainalytics.com/legal-disclaimers>.

6.2.2. MSCI ESG Rating



In October 2023, MSCI ESG Ratings maintained mBank’s A rating (on a scale from AAA to CCC).

The report indicates that mBank applies leading human resources management practices in the banking sector, such as the annual employee engagement survey and traineeship programmes. The bank adopts sector-wide solutions in the areas of corporate governance, business ethics and consumer protection. Data protection policy also falls within the average for global industry players and includes employee training on data security and audits of IT systems.

The MSCI ESG Rating measures the resistance of the audited company to the long-term ESG risk. Companies are rated according to a scale from AAA (leader) to CCC (‘marauder’) on the basis of the sector-specific exposures to risks and the ability to manage them in comparison to the peer group.

The MSCI ESG Rating of mBank, together with the legal note, is available on [our website](#). It should be emphasised that this rating may vary over the year as a result of the impact of various ESG factors. Investors can download the current company rating from MSCI.

6.2.3. WIG-ESG

Our bank has been a member of WIG-ESG on the Warsaw Stock Exchange since the introduction of this index, i.e. since September 2019. This confirms that the bank is one of the socially responsible companies, i.e. companies which comply with environmental, social, economic and corporate governance principles. In the previous years, mBank was a member of the Respect Index. In accordance with the announcement of GPW Benchmark, the last day of publication of WIG-ESG will be 28 June 2024.

6.2.4. Bloomberg Gender-Equality Index 2023

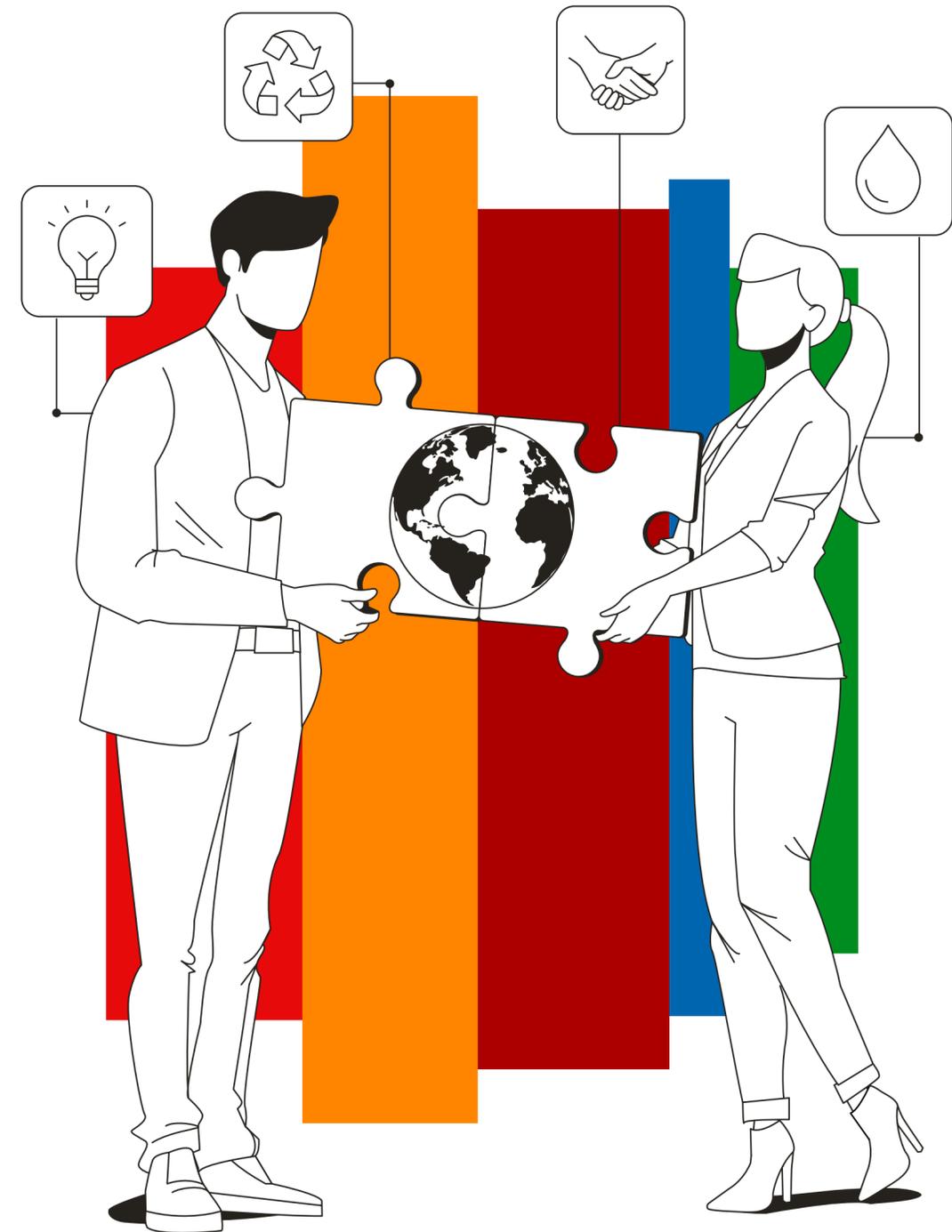
In January 2023, mBank for the third time became a member of the Bloomberg Gender-Equality Index. The index includes publicly listed companies that actively support gender equality in the work environment. Bloomberg experts appreciated mBank’s actions, in particular in the area of equal pay for men and women and an inclusive work culture.

mBank is one of the 484 companies from 45 countries which were distinguished in this year’s Bloomberg GEI edition. Bloomberg Gender-Equality Index analyses the performance of listed companies whose value exceeds USD 1 billion in terms of gender equality in the work environment, measured in five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive work culture, anti-sexual harassment policy and pro-women brand. Only companies with a score that exceeds a globally defined threshold are eligible for the index.

6.2.5. Disclosure Insight Action (CDP)

In 2023, CDP assessed our contribution to the fight against climate change at C on a scale from A to F. The CDP report presents, at the request of 680 institutional investors, information on the impact on climate and the environment, which was revealed by 18,700 companies worldwide.

The obtained result is not satisfactory for us, therefore, in the course of preparations to meet the CSRD/ESRS requirements, we want to improve it, among others, through activities undertaken as part of the transformation plan currently being developed. It is worth noting that our Group is subject to CDP assessment on its own, whereas in the case of other banks in Poland, the assessment often covers the entire international group.



7. About the Report

[GRI 2-2] [GRI 2-3]

This publication constitutes the ESG Report of the mBank Capital Group, including branches in the Czech Republic and Slovakia, as well as the companies indicated in Chapter 1.1.2. Management structure of mBank Group. For indicators or excerpts that do not relate to all entities, we have added notes identifying the entities included in the disclosure. We have assumed that our parent company, whose employees account for 90.6% of all employees, is the most important one for the recipients of our report. The report has been prepared in accordance with the *Global Reporting Initiative Standard* (GRI Standards 2021) and takes into account the guidelines contained in the *Principles of Responsible Banking* (PRB). The publication covers the period from 1 January to 31 December 2023. In the mBank Group, we report on an annual basis. The report for 2023 is also our Communication on Progress report required by the UN Global Compact. We have also assigned GRI indicators to the relevant United Nations Sustainable Development Goals (SDGs) on the basis of the document entitled '*Linking the SDGs and the GRI Standards*' published by the Global Reporting Initiative.

[GRI 2-4] [GRI 2-14]

There were no changes in the company's size, structure, form of ownership or value chain in the reporting period. No adjustments were made to the information and figures presented with respect to the last publication for 2022.

[GRI 2-5]

The data contained in the report were verified externally. Attestation was carried out by an independent entity, KPMG, in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board.

The external auditor was selected on the basis of the criteria such as the auditor's experience in auditing non-financial reports and experience in auditing the financial statements of the Group.

Preparation of this publication has been supervised by the Chief Sustainability Officer who should be contacted in case of any queries.
 contact: Anna Miazga, esg@mbank.pl

[GRI 3-1]

The material topics that were addressed in the non-financial report and in the ESG Report were defined during the dialogue session organised in 2022 for key stakeholder groups. During the session, opinions on the material topics related to the sustainable

development of the mBank Group were investigated, both in terms of their impact on the organisation and the impact of the organisation on specific issues. The session was attended by representatives of key external stakeholders: suppliers, industry and non-governmental organisations, as well as experts on sustainable development and the financial sector. The participants adopted the perspective of five pillars of the ESG strategy and discussed three main topics:

- expectations under the ESG priorities,
- proposals for the ESG strategy,
- issues relevant from the perspective of stakeholders.

The following three areas: environmental (E), social (S) and governance (G), were discussed during the meeting. As part of their work on the non-financial report for 2023, external advisors verified the list of topics indicated in 2022. It was decided to delete the topic *'New forms of work (remote work, etc.)'*. Other issues have been further elaborated in order to prepare our organisation for CSRD/ESRS requirements.

In 2023, the mBank Group commenced a double materiality assessment, which we continue to carry out and which takes into account the analysis of the impact of the Group's portfolio on the ESG area. The results of the double materiality assessment will influence the selection of material topics – the new list must take into account the mBank Group ESG strategy updated in 2023 and preparation for meeting the requirements of the European Sustainability Reporting Standards (ESRS). This process also affected the determination of this year's list of important topics.

[GRI 3-2]

List of material topics in 2023:

- responsible promotion and sales (responsible financial products, understandable and tailor-made, responsible communication and marketing, no misselling),
- cybersecurity,
- security of customers' money,
- security of customer personal data,
- employee rights,
- sustainable financing (financing of investments consistent with social/environmental objectives),
- education and development of employees,
- well-being of employees,
- diversity and equal opportunity.

[GRI 3-3]

The manner of managing each of the above material topics is detailed in the individual chapters of the report.

7.1. GRI compliance index

indicator category	indicator	indicator title	location in the report	omissions	reference to ESRS requirements ²¹
GRI 1	reporting assumptions and bases				
profile-related indicators					
GRI 2 the organisation and its reporting practices	2-1	organisational details	8		
	2-2	entities included in the organisation’s sustainability reporting	112		ESRS 2 BP-1
	2-3	reporting period, frequency and contact point	112		
	2-4	explanations regarding the effects of any restatements to the information contained in previous reports	112		ESRS 2 BP-2
	2-5	policy and current practice for seeking external assurance of the report	112		
GRI 2 activities and workers	2-6	activities, value chain and other business relationships	18		ESRS 2 SBM-1
	2-7, SDG 8, SDG 10	employees	57		ESRS 2 SBM-1; ESRS S1-6
	2-8, 2-8, SDG 8	persons providing services for the organisation	59	data on people employed by mBank S.A. in Poland are not complete due to the lack of all available data	ESRS S1-7

²¹ It is not subject to attestation. The reference was drawn up on the basis of the official communication from EFRAG: [gri-standards-and-esrs-draft-interopability-index_20231130-final.pdf \(globalreporting.org\)](https://www.efrag.org/gri-standards-and-esrs-draft-interopability-index-20231130-final.pdf).

GRI 2 corporate governance	2-9, SDG 5, SDG 16	structure and management	10, 76	collaboration agreements represent all employee contracts from mFinanse companies in the Czech Republic and Slovakia that cannot be classified according to the guidelines of GRI indicator 2-7	ESRS 1 GOV-1; ESRS G1
	2-10, SDG 5, SDG 16	nomination and selection of the highest governance body members	11		
	2-11, SDG 16	chair of the highest governance body	12		
	2-12, SDG 16	role of the highest governance body in overseeing the management of impacts	27		ESRS 2 GOV-1, GOV-2, SBM-2; ESRS G1
	2-13	delegation of responsibility for managing impacts	27		ESRS 2 GOV-1, GOV-2; ESRS G1-3
	2-14	role of the highest governance body in sustainability reporting	27, 112		ESRS 2 GOV-5, IRO-1
	2-15, SDG 16	conflicts of interest	35		
	2-16	communication of critical concerns	31		ESRS 2 GOV-2; ESRS G1-1, G1-3
	2-17	collective knowledge of the highest governance body on sustainable development	27		ESRS 2 GOV-1
	2-18	evaluation of the performance of the highest governance body	27		
	2-19	remuneration policy	64		ESRS 2 GOV-3; ESRS E1
	2-20	process for designing remuneration policy	64		ESRS 2 GOV-3
2-21	annual total compensation ratio	65		ESRS S1-16	

GRI 2 strategy, policies and practices	2-22	statement on sustainable development strategy	4-6		ESRS 2 SBM-1
	2-23, SDG 16	policy commitments	31-36		ESRS 2 GOV-4; ESRS S1-1; ESRS S2-1; ESRS S3- 1; ESRS S4-1; ESRS G1-1
	2-24	policy commitments in business relationships	31-36		ESRS 2 GOV-2; ESRS S1-4; ESRS S2-4; ESRS S3- 4; ESRS S4-4; ESRS G1-1
	2-25	processes to remediate negative impacts	31		ESRS S1-1, S1-3; ESRS S2-1, S2-3, S2-4; ESRS S3-1, S3-3; S3-4; ESRS S4-1
	2-26, SDG 16	mechanisms for raising concerns	31		ESRS S1-3; ESRS S2-3; ESRS S3- 3; ESRS S4-3; ESRS G1-1, G1-3
	2-27	compliance with laws and regulations	32		ESRS 2 SMB-3; ESRS E2-4; ESRS S1-17; ESRS G1- 4
	2-28	membership in organisations and associations	22-23		
GRI 2 stakeholder engagement	2-29	approach to stakeholder engagement	37		ESRS 2 SMB-2; ESRS S1-1, S1-2; ESRS S2-1, S2-2; ESRS S3-1, S3-2; ESRS S4-1, S4-2
	2-30, SDG 8	employees covered by collective bargaining agreements	63		ESRS S1-8
GRI 3 management approach	3-1	process to determine material topics	112		ESRS 2 BP-1, IRO-1
	3-2	list of material topics	113		ESRS 2 SBM-3
	3-3	management of material topics	113		ESRS 2 SBM-1, SBM-3; ESRS S1-2, S1-4, S1-5; ESRS S2-2, S2-4, S2-5; ESRS S3-2, S3-4, S3-5; ESRS S4-2, S4-4, S4-5

thematic indicators

well-being of employees

GRI 3 management approach	3-3	management of material topics	71		
GRI 401 employment	401-1, SDG 5, SDG 8, SDG 10	total number and rate of new employee hires and total number and rate of employee turnover during the reporting period	60	group excluding mFinance companies in the Czech Republic and Slovakia	ESRS S1-6
	401-2, SDG 3, SDG 5, SDG 8	benefits provided to full-time employees	64		ESRS S1-11

diversity and equal opportunity

GRI 3 management approach	3-3	management of material topics	73		
GRI 202 market presence	202-1	ratios of standard entry level wage by gender compared to local minimum wage	66		
GRI 401 employment	401-3, SDG 5, SDG 8	parental leave	61		ESRS S1-15
GRI 405 diversity and equal opportunity	405-1, SDG 5, SDG 8	diversity of governance bodies and employees per employee category by gender, age group, minority group and other indicators of diversity	76		ESRS 2 GOV- 1; ESRS S1-6, S1- 9, S1-12
	405-2, SDG 5, SDG 8, SDG 10	ratio of basic salary and remuneration of women to men for each employee category	67		

GRI 406 non-discrimination	406-1, SDG 5, SDG 8	total number of incidents of discrimination	78		ESRS S1-17
education and development of employees					
GRI 3 management approach	3-3	management of material topics	68		
GRI 404 training and education	404-2, SDG 8	programmes for upgrading employee skills	69		ESRS S1-1
employee rights					
GRI 3 management approach	3-3	management of material topics	78-79		
mBank's own indicator	MB-DHR-11	dialogue with employees	81		
responsible promotion and sales (responsible financial products, understandable and tailor-made, responsible communication and marketing, no misselling)					
GRI 3 management approach	3-3	management of material topics	52		
GRI 202 anti-competitive behaviour	206-1, SDG 16	legal actions for anti-competitive behaviour, antitrust and monopoly practices	47		

sustainable financing (financing of investments consistent with social/environmental objectives)

GRI 3 management approach	3-3	management of material topics	81		
mBank's own indicator	MB-DPR-1	ESG factors in credit processes	81		
GRI 302 energy	302-1, SDG 7, SDG 8, SDG 12, SDG 13	energy consumption within the organisation	98		ESRS E1-5
	302-3 SDG 7, SDG 8, SDG 12, SDG 13	energy intensity	99		
GRI 305 emissions	305-1, SDG 3, SDG 12, SDG 13, SDG 14, SDG 15	direct greenhouse gas emissions (Scope 1)	90		ESRS E1-4, E1-6
	305-2, SDG 3, SDG 12, SDG 13, SDG 14, SDG 15	indirect greenhouse gas emissions (Scope 2)	90		ESRS E1-4, E1-6
	305-3, SDG 3, SDG 12, SDG 13, SDG 14, SDG 15	other indirect greenhouse gas emissions (Scope 3)	90, 92	omissions described on page 92	ESRS E1-3, E1- 4, E1-7
	305-4, SDG 13, SDG 14, SDG 15	greenhouse gas emissions intensity	91		

cybersecurity

GRI 3 management approach	3-3	management of material topics	45		
mBank's own indicator	MB-DB-1	responsibility of the Security Committee	45		
	MB-DB-2	responsibility of the Management Board for security	45		

security of customers' money

GRI 3 management approach	3-3	management of material topics	44		
mBank's own indicator	MB-DB-1	responsibility of the Security Committee	45, 81		
	MB-DB-2	responsibility of the Management Board for security	45		

security of personal data

GRI 3 management approach	3-3	management of material topics	44, 45		
GRI 418 customer privacy	418-1, SDG 16	total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	44	group excluding foreign branches, mBank Mortgage, mElements	ESRS S4-3, S4-4

anti-corruption

GRI 205 anti-corruption	205-2, SDG 16	training for employees and governing body members about anti-corruption policies and procedures	35		ESRS G1-3
	205-3, SDG 16	confirmed incidents of corruption and actions taken	34		ESRS G1-4

7.2. PRB Reporting and Self-Assessment

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

mBank Group conducts business based on the universal banking model and specialises in serving all client and

customer groups. It offers retail, corporate and investment banking services as well as other financial services, such as leasing, factoring, financing of commercial real estate, brokerage operations, wealth management, corporate finance and advisory in the scope of capital markets.

All activities of mBank Group are based on our core values – authenticity, empathy, courage, responsibility and cooperation. Our value model is specifically focused on our customers, shareholders, employees and other stakeholders. We identify their real needs and implement appropriate solutions to meet the existing and future requirements.

mBank's widely recognised operational excellence relies on the state-of-the-art user interface for online banking, next-generation mobile apps, video banking, as well as real-time, event-driven customer relationship management (CRM) based on customer behaviour patterns. The entire product range is centred around the current account with a broad spectrum of one-click financial services in pursue of mBank's strategic aim to be the most convenient transactional bank on the market. Our internet platform for customers is modern, convenient, easy to access and user friendly. We have also been systematically expanding our mobile app to allow our customers to manage their finances wherever they are.

To read more about our business model and recent results, please refer to Chapter 1.1. Business model and to our [Management Board Report on Performance of mBank S.A. Group in 2023](#) (pages 8–11).

mBank in numbers:

- 5,716k individual and 34,5k corporate customers,
- 7,316 employees of our Group,
- approx. 3.5M users of our mobile application,
- 12.6% market share in terms of card transaction value.

numbers of retail customers
(refers to mBank and mBank Hipoteczny)

('000)	31.12.2021	31.12.2022	31.12.2023	annual change
number of retail clients, including	5,514.6	5,642.8	5,716.2	1.3%
Poland	4,487.8	4,590.1	4,614.3	0.5%
foreign branches	1,026.9	1,052.7	1,102.0	4.7%
The Czech Republic	717.8	732.3	775.5	5.9%
Slovakia	309.0	320.4	326.5	1.9%
mobile application users	2,959.8	3,338.5	3,646.1	9.2%
Poland	2,587.9	2,920.0	3,167.6	8.5%
foreign branches	371.9	418.5	478.5	14.3%

contribution of business segments and business lines to the financial results

PLN million	2022	2023	change in PLN	change in %	share in income (in %)
retail banking	4,027.1	6,809.2	2,782.1	69.1%	62.6%
corporate and investment banking	3,470.4	3,778.9	308.5	8.9%	34.8%
treasury and other	343.6	281.2	-62.4	-18.2%	2.6%
core business income	7,841.1	10,869.3	3,028.2	38.6%	100.0%
FX mortgage loans	15.8	-67.0	-82.8	-/+	-0.6%
income of mBank Group	7,856.9	10,802.3	2,945.4	37.5%	100.0%

number of corporate customers (refers to mBank only)

PLN million	31.12.2021	31.12.2022	31.12.2023	annual change in %
number of corporate clients	31,315	33,025	34,546	4.6%
K1	2,272	2,218	2,379	7.3%
K2	9,740	10,329	10,607	2.7%
K3	19,303	20,478	21,560	5.3%

strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

- yes no

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
<https://www.mbank.pl/pdf/esg/standardy-esg-prawa-czlowieka-en.pdf>
- UN Global Compact
<https://www.mbank.pl/pdf/esg/standardy-esg-prawa-czlowieka-en.pdf>
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Science-Based Targets Initiatives, Partnership for Carbon Accounting Financials (PCAF), EU Taxonomy
<https://www.mbank.pl/pdf/relacje-inwestorskie/pozostale/information-on-esg-strategy.pdf>
<https://www.mbank.pl/en/news/other/post,9981,joining-the-science-based-targets-initiative-stbi-%E2%80%93-yet-another-step-towards-climate-neutrality.html>

- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones:

- None of the above

We are firmly committed to driving inclusive and sustainable banking. Our operations and investments contribute to 13 of the 17 United Nations' Sustainable Development Goals (SDGs) and to the Paris Agreement. We comply with all regulatory requirements regarding ESG disclosures. The Responsible Banking index is part of our ESG Report for 2023.

All those alignments were implemented in *mBank Group's Strategy for 2021–2025 From an Icon of Mobility to an Icon of Possibility*, which was adopted by the Management Board and approved by the Supervisory Board in autumn 2021. Our ESG agenda constitutes an integral part of that document and our activities.

In defining the Group's aspirations and goals included originally in the strategy, we took into account the expected economic and market prospects, regulatory requirements, technological progress, evolution of consumer behaviour, local constraints and internal conditions. Given the rapid changes in most of these dimensions over the last two years, a comprehensive review of the strategy was performed in

To read more about our approach to ESG strategy, please go to Chapter 1.1.3. Strategy for 2021-2025. ESG aspects are included in our business strategy which is available on our webpage
<https://www.mbank.pl/pdf/relacje-inwestorskie/strategy-of-mbank-group-for-2021-2025-pol.pdf>

the middle of its implementation horizon. As a result, the ESG portion was updated in Q4 2023 to reflect and respond to heightened expectations and pressure from stakeholders, including customers, investors, regulators, and supervisory bodies.

As a financial institution, we have a special responsibility and a key role to play in supporting global and national efforts to address transformation towards sustainable development and especially towards climate-neutral economy. We recognise two main dimensions for banks in this respect: on the one hand, partnering with customers and clients and supporting them in the green transition as well as raising capital for sustainable economic activities and projects, and on the other – leading by example in environmentally and socially sustainable growth. We aim to empower individuals, businesses, and communities to thrive economically but also contribute meaningfully to a sustainable world, based on ecosystems that satisfy human needs while also tackling societal challenges. We want to remain a leader of sustainable banking in Poland. We are aware of our responsibility for the climate, society, finances of our customers and for preserving the declared ESG values.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly²² and fulfil the following requirements/elements (a-d)²³:

a) scope

What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Our impact analysis covered the entire mBank Group which means that we have extended the scope of the analysis

compared to the previous PRB report (in 2022 the analysis concerned mBank S.A. only).

mBank Group conducts annual materiality assessments to identify the most material sustainability issues. In 2023, the Group launched a double materiality analysis which is still in progress and which includes examination of the ESG impact of the Group's portfolio. The results of the double materiality analysis will define a new list of material topics which will also take into account the Group's ESG strategy updated in 2023 and our preparation for meeting the requirements of the European Sustainability Reporting Standards (ESRS). We used the UNEP FI impact tool to assess the materiality of our portfolio’s impact.

The assessment covered the entire Group, including information on all our businesses (Retail Banking and Corporate and Investment Banking), and it took into account the entire value chain: upstream, own operations and downstream.

b) portfolio composition

Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope:

For background details, you may want to look at:

<https://www.mbank.pl/en/investor-relations/>

- Financial and business spreadsheet,

- Retail Banking,

- Corporate and Investment Banking.

²² That means that where the initial impact analysis was carried out in a previous period, the information should be updated accordingly, the scope expanded and the quality of the impact analysis improved over time.

²³ Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#). 125

- by sectors & industries²⁴ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

We used both available modules: Consumer Banking and Institutional Banking.

1. Consumer Banking refers to our retail banking segment [core, excluding non-core, i.e. excluding CHF loans separated in the mBank report]. The retail banking segment offers products to individual customers as well as sole proprietorships and micro-businesses. For the purposes of the portfolio analysis exercise, exposures to sole proprietorships and micro-businesses were not separated.

retail banking portfolio composition by products and services (consumers)

credit (amount)

current accounts with payment services (cheques, debit cards)	51.29%
saving accounts	23.45%
certificates of deposit	25.26%

accounts and savings (amount)

credit cards	3.24%
consumer loans and overdraft	28.03%
housing loans / mortgages	58.93%
vehicle-related loans	7.33%
other specialised credit	2.47%

2. Institutional Banking refers to the sum of exposures after sectors' data (corporate banking segment), i.e. PLN 50,743,742,550.90, is aligned to the balance sheet value of mBank Group's exposure at the end of 2022, as shown in Note.

3.4. – "Concentration of assets, liabilities and off-balance sheet items" of the Consolidated Financial Statements of the mBank Group S.A. under International Financial Reporting Standards for 2022 (p. 66 in the Polish version).

²⁴ 'Key sectors' relative to different impact areas, i.e. sectors whose positive and negative impacts are particularly strong, are of key relevance here. 126

Proportional composition of the corporate banking loan portfolio (top 20)

#	NACE	sector	% of portfolio
1	68.20	renting and operating of own or leased real estate	7.58%
2	41.10	development of building projects	5.58%
3	64.99	other financial service activities, except insurance and pension funds n.e.c.	4.50%
4	35.11	production of electricity	2.94%
5	49.41	freight transport by road	2.92%
6	68.10	buying and selling of own real estate	2.76%
7	70.22	business and other management consultancy activities	2.64%
8	41.20	construction of residential and non-residential buildings	2.28%
9	46.90	non-specialised wholesale trade	2.18%
10	70.10	activities of head offices	1.94%
11	45.11	sale of cars and light motor vehicles	1.56%
12	45.31	wholesale of motor vehicle parts and accessories	1.41%
13	46.73	wholesale of wood, construction materials and sanitary equipment	1.25%
14	64.19	other monetary intermediation	1.24%
15	62.01	computer programming activities	1.14%

16	64.20	activities of holding companies	1.09%
17	46.75	wholesale of chemical products	0.96%
18	31.09	manufacture of other furniture	0.95%
19	46.71	wholesale of solid, liquid and gaseous fuels and related products	0.94%
20	77.11	rental and leasing of cars and light motor vehicles	0.82%

c) context

What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?²⁵ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

During our first double materiality assessment we used the UNEP FI – Context Module tool to determine the main challenges and priorities for Poland. We also relied on our expertise. The key challenges and priorities related to sustainable development which we included in the non-financial statements and the ESG Report had also been defined during the dialogue session organised for key stakeholder groups in 2022. To be aware of changes in the

²⁵ Global priorities might alternatively be considered for banks with highly diversified and international portfolios. 127

current local situation, we regularly engage with organisations such as United Nations Global Compact Poland. We participate in working groups composed of the representatives of various sectors of economy, NGOs and academia, such as the *Climate Positive* and *Business and Human Rights* programmes. We also take part in meetings and workshops arranged by the Polish Bank Association, including the Sustainable Banking and Taxonomy Working Group.

The areas of our most significant impacts are as follows (based on the Impact Radar):

1. within Retail Banking: finance,
2. within Institutional Banking: livelihood, healthy economies, availability, accessibility, affordability, quality of resources and services.

In view of the bank’s business models, we believe that the above-mentioned areas of impact:

- promote the financial health and inclusion of our (individual) customers; and
- help our customers transition to a low-carbon economy.

To read more about our approach to materiality assessment and our understanding of topics that are material for the Group, refer to Chapter 7. About the Report.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)²⁶? Please disclose.

Full results of the double materiality analysis will be disclosed in our sustainability statement for 2024 (in line with the CSRD/ESRS), as the assessment is still an ongoing process.

d) For these (min. two prioritized impact areas): Performance measurement

Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank’s context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

²⁶ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation. 128

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

In addition to performing our impact analysis with the help of UNEP FI identification tools and the double materiality assessment, in 2022 we joined the Partnership for Carbon Accounting Financials (PCAF) and used their methodology to assess our financed emissions. Currently we are preparing our decarbonisation strategy and setting targets under PRB and SBTi. We are also in the process of drafting our transformation plan in line with the CSRD/ESRS, which we intend to complete in the upcoming reporting year.

We also analysed our portfolio for the purpose of Taxonomy eligibility reporting. Generally, we report information on mBank Group's exposures to economic activities that are Taxonomy-eligible and Taxonomy non-eligible. When calculating the values of these indicators, we take into consideration financing for both corporate and individual customers.

We have not yet conducted an in-depth performance measurement, but we assume that our CSRD-readiness allows us to disclose all material ESRS data points by

To learn more about our approach to materiality assessment and our understanding of topics that are material for the Group, refer to Chapter 7. About the Report.

presenting our material impacts as well as methods of managing risks and opportunities.

self-assessment summary

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?²⁷

scope	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> in progress	<input type="checkbox"/> no
portfolio composition	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> in progress	<input type="checkbox"/> no
context	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> in progress	<input type="checkbox"/> no
performance measurement	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify.

²⁷ You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted. 129

How recent is the data used for and disclosed in the impact analysis?

up to 6 months prior to publication	<input type="checkbox"/>
up to 12 months prior to publication	<input type="checkbox"/>
up to 18 months prior to publication	<input type="checkbox"/>
longer than 18 months prior to publication	<input checked="" type="checkbox"/>

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets²⁸ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) alignment

which international, regional or national policy frameworks to align your bank's

portfolio with²⁹ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

In October 2022 we joined the Science Based Targets initiative and now we have two years to prepare our decarbonisation strategy. Meanwhile, we are in the process of preparing our transition plan in accordance with the CSRD.

b) baseline

Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

²⁸ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.
²⁹ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

impact area	indicator code	response
climate change mitigation	...	
	...	
	...	
financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

The baseline for climate change mitigation is to be determined in 2024, as an outcome of our SBTi preparation.

c) SMART targets (incl. key performance indicators (KPIs)³⁰)

Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Climate targets will be set in 2024/2025 based on the SBTi methodology. The Finance Health targets are to be set in 2024.

c) action plan

which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

This will be done following the target setting.

self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... <i>(please name it)</i>			... second area of most significant impact: ... <i>(please name it)</i>			(if you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... <i>(please name it)</i>		
alignment	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no
baseline	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no
SMART targets	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no
action plan	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> in progress	<input type="checkbox"/> no

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor the progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

This will be done following the target setting.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers³¹ in place to encourage sustainable practices?

yes in progress no

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

yes in progress no

mBank Reputation Risk Sensitive Industries Handling Policy. Credit Policy for Industries Relevant to EU Climate Policy.

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities³². It should include information on relevant policies, actions planned/implemented to support clients' transition, selected

indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Healthy finance of individual customers

mBank aims to promote healthy finances among its customers and helps address financial exclusion. Since the end of 2022, we have been hosting an educational website related to this topic (www.twojaspokojnaglowa.pl).

In 2023, we launched an educational project designed specifically for young customers and focused on building a positive credit history. On our websites we explained the concepts involved in the process of obtaining a loan and suggested steps that should be taken to prepare for it properly. Moreover, we ran the eighth edition of the educational campaign 'Careful on the Web' during which we invited our customers to an online course in self-defence against criminals. Videos were broadcast on television and the internet showing the most common forms of fraud that many customers encounter.

Beginning from January 2023, emails sent from mBank to customers who use email services provided by popular platforms are marked as coming from a verified sender.

For more details on:

- healthy finance – go to Chapter 2.4.1. Healthy finances,
- supporting charities and social activities – go to Chapter 5. Social responsibility,
- clients' engagement and our offer related to ESG – go to Chapter 4.1. ESG-related services and products.

³¹ The procedure for engaging customers involves supporting them in transforming business models in line with sustainable development goals by providing strategic support through various customer contact channels.

³² Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy. 133

In addition, since March, all calls made by our consultants or advisors from outlets have required confirmation of the employee's identity in the app.

Supporting charities and fundraising: The Great Orchestra of Christmas Charity (WOŚP)

Since 2018, mBank has been the main partner and bank of the WOŚP, the top charity movement in Poland, uniting Poles all over the world. In 2023, mBank became the strategic partner and sponsor of the Great Orchestra of Christmas Charity for the sixth time in a row. It has become our tradition that mBank adds its own donations to the payments made by the customers. This process was facilitated by a special heart icon in the mobile app – mBank donated one zloty to the WOŚP for every click. We also prepared a collector's payment card with a commemorative design.

Thanks to the involvement of our customers, PLN 2 million was transferred from mBank to the WOŚP account.

Corporate banking customers

We promote sustainable practices mainly by providing our corporate customers with various banking products and services. They range from investment loans, through sustainability-linked loans, to green bonds. Considering the

industries that support eco-transformation, we provide the most financing to the renewable energy sector.

We are consistently implementing our strategy according to which the value of sustainable financing and mobilised funds should reach PLN 10 billion by the end of 2025. As at the end of 2023, we allocated more than PLN 5.3 billion of our own funds, inter alia, to RES investments. We also financed sustainability-linked loans and green loans and mobilised PLN 4.3 billion, inter alia, for the issuance of green bonds. In line with the applicable regulations, we introduced the ESG and EU Taxonomy criteria into the lending process.

Reputation risk sensitive industries

We assume that entities in certain industries or countries pose higher risk of violating human rights. Therefore, in 2016 we introduced the mBank Reputation Risk Sensitive Industries Handling Policy, which prohibits us from cooperating with entities and individuals who:

- use child labour, forced labour or otherwise grossly violate human rights in their activities,
- economically exploit environmentally valuable areas,
- threaten the global cultural heritage.

Regardless of the sector, we do not establish business relationships with entities operating in countries subject to UN sanctions, and persons and entities engaging in harmful tax competition.

ESG risks in investment services

We enable private banking customers to invest responsibly, in line with the ESG standards. We have adopted a rule that applies to all model investment strategies in our portfolio management and investment advisory services: at least half of the assets within the managed portfolios or half of the assets on which we make recommendations should consist of financial instruments that take into account sustainability factors.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

From mBank’s perspective, climate change provides both risks and opportunities. The key opportunity related to climate protection is the ability to create new banking products and services in response to the evolving needs of our customers.

In our report we present all our ESG products and services with their detailed descriptions. This year, we expanded the relevant chapter and provided a more detailed quantitative summary.

To read more about our products and services, including the related risks and opportunities, refer to Chapter 4.1. ESG-related services and products

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?³³

yes in progress no

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

The topics that are material from the perspective of our non-financial statements and the ESG Report were defined

during the dialogue session organised for key stakeholder groups in 2022. During the event we gathered opinions on the most relevant topics connected with the sustainable development of mBank Group, both in terms of the impact exerted by our organisation on each topic and vice versa. The session was attended by the representatives of our key external stakeholder groups: suppliers, business partners, industry and non-governmental organisations, regulatory institutions, and sustainability and financial sector experts. Based on the five pillars of the ESG strategy, participants discussed the following three main topics:

- expectations linked with ESG priorities,
- proposals for ESG strategies,
- issues material from the stakeholder's perspective.

Each of these was viewed from the environmental (E), social (S) and governance (G) perspective. Then as part of our work on the non-financial statements for 2023, the list compiled in 2022 was reviewed by our external advisors and was found to be still valid in 2023.

At the end of 2023, mBank Group launched a double materiality analysis which is still ongoing and takes into account broader stakeholder engagement through the use of quantitative and qualitative methods.

To read more about our approach to engaging stakeholders in materiality assessment, please refer to Chapter 1.3.12. Stakeholder relationship

³³ Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations. 136

Principle 5: Governance and Culture



We will fulfil our commitment to these Principles through effective governance and the culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

yes in progress no

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

mBank Group's ESG governance

The Sustainable Development Committee of mBank Group was appointed in December 2020. It is the key governance body managing material impacts, risks and opportunities as well as effective implementation of the Principles of Responsible Banking.

The Committee is a platform for dialogue on sustainable development, authorised to make key decisions and issue recommendations. It shapes, promotes and monitors sustainable development in mBank Group. These tasks comprise an analysis of the impact of ESG factors.

The ESG strategy is part of the “*ESG Program*”, thanks to which it is possible to coordinate the work of various organisational units of mBank Group. Among them there is the “*Responsible Bank*” stream which is directly responsible for the implementation of the UNEP FI Principles for Responsible Banking. The Committee meets on a quarterly basis or more frequently if required.

For a detailed description of the committee, together with a summary of its activity, go to our report for 2023.

Remuneration linked to sustainability targets

In 2022, we defined ESG targets with a weight of 10% for TOP 100 mBank executives. Each director also committed to undertake tasks in the scope of ESG and indicated metrics to measure the progress on a quarterly basis.

For more information about our ESG governance, refer to Chapter 1. Responsible management and to the [Management Board Report on Performance of mBank S.A. Group in 2023](#) (pages 138–139, 142).

The remuneration principles applicable to members of the Management Board are laid down in the Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A. The Group's incentive system is based on the Remuneration Rules at mBank S.A., Remuneration Policy for Employees Having a Material Impact on the Risk Profile of mBank S.A. and on other factors (e.g. career development opportunities).

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Our ESG measures aimed at climate change mitigation, including raising awareness among our employees and customers. In 2023, in cooperation with an advisory firm, we held workshops for specific groups of employees about the impact of CSRD/ESRS requirements on our organization.

We aim to ensure that knowledge of ESG factors takes root in the minds of employees and translates into responsible lending. To this end, we improve our bank's industry

expertise through initiatives led by the sector analysis team. The team prepares materials and hosts workshops to empower our employees in making informed and responsible credit decisions. In this way, the team contributes to the development of a loan portfolio with a sufficient level of security. We also carry out many engaging initiatives such as lectures, workshops and intranet publications regarding social issues, especially diversity and inclusion.

In autumn 2023, with the sales network employees in mind, we organised a series of meetings under the title '*When everything around changes, the only constant is relationships*'. In 15 major Polish cities, the representatives of the Management Board – Cezary Stypułkowski, Adam Pers, Cezary Kocik and Krzysztof Dąbrowski – talked to our sales network employees about, inter alia, the war in Ukraine, high inflation, or perturbations in the global banking sector. Around 1,300 people attended those events.

mBank's Management Board members also took part in the '*It's good to meet*' series of meetings with our employees. The discussions focused on the key elements of our strategy as well as the economic situation in Poland and its impact on the bank.

For more information about how we promote a culture of responsible banking in our organisation, go to Chapter 1. Responsible management. More details about the results of our activities in this regard and conclusions from the PulseCheck survey are provided in Chapter 3.2. Dialogue with employees.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?³⁴ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

mBank has many policies in place to address issues relevant to sustainable development. These relate to, among others, such areas as corporate governance, data security and privacy, customer relations, employee relations, ethical business and responsible investment financing.

The Group mitigates its climate and social impacts mainly through lending policies which govern our approach to the financing of industries with positive and negative impacts (e.g. the Policy of servicing sectors sensitive to mBank's reputation risk, Credit policy regarding industries relevant to the EU climate policy). We have described them in detail in Chapter 1.3.2. ESG risk.

We keep abreast of market trends and exposure to new and

existing risks in specific industries (including those related to the transition to a zero-carbon economy) and regularly publish sector analyses. Regardless of the sector, we conduct expert assessments of sustainable development risks, with a particular focus on the level of direct and indirect emissions of greenhouse gases generated by business.

Threats arising from adverse environmental change (mainly climate change) and their long-term impact are analysed at the mBank Group horizontally. It means that we review their impact on the bank's operations across the broadest possible spectrum. In particular, we refer climate risk to other risks categories, including reputational risk and credit risk.

Environmental change, fast technological development, and the resulting legal changes increasingly affect more and more business sectors. As a consequence, many customers have to redirect or align the profile of their activity. Reorganization or alignment of customers' businesses affects their relationship with our Group which is exposed to client transition risk. We regularly monitor the regulatory changes which address climate change, and we assess their potential impact on the Group.

The risk analysis is described in detail in our report (chapter mentioned above). In 2023, we began preparing for CSRD/ESRS requirements, so we are currently in the process

More details about these documents can be found on our website and in Chapter 1.3.2. ESG risk. EU Taxonomy disclosures are provided in the [Management Board Report on Performance of mBank S.A. Group in 2023](#) (pages 169–205).

³⁴ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

of drafting our **transition plan** which includes the decarbonization strategy and climate risk analysis.

EU Taxonomy

As a credit institution, we are subject to taxonomic disclosure reporting obligations. The report for 2023 was prepared in accordance with the Group's internal procedures, taking into account the latest changes introduced in Delegated Regulations 2023/2485 and 2023/2486. In the future, as part of our further work on annual disclosures, the Group's methodologies will be updated and expanded for future reporting processes, in particular taking into account changes resulting from the implementation of the CSRD into the national legal order, the publication of new regulations and guidelines from supervisory authorities and the development of market practice within the taxonomic disclosures.

The taxonomy disclosure for 2023 is available in the [Management Report on mBank Group Activities in 2023](#).

self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

yes no

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

yes no

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

yes in progress no

Principle 6: Transparency and Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- yes
 partially
 no

If applicable, please include the link or description of the assurance statement.

Report is on page 144-145.

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI

- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- other: EU Taxonomy, PCAF

This report meets the requirements of the Polish Accounting Act of 29 September 1994 (consolidated text J.L. of 2016, item 1047, as amended), EU Guidelines 2017/C215/01 on non-financial reporting, the European Taxonomy Regulation (Regulation (EU) 2020/852 and Commission Delegated Regulations 2021/2139 and 2021/2178), and the GRI Standards. It also shows mBank's progress in the application of the UN Principles for Responsible Banking, including the Group's preparation for CSRD/ESRS reporting.

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis³⁵, target setting³⁶ and governance structure for implementing the PRB)? Please describe briefly.

³⁵ For example, outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

³⁶ For example, outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

As of 2024, our Group is included in the EU Corporate Sustainability Reporting Directive and ESG information and results will be disclosed in accordance with the ESRS standard. At mBank and Group subsidiaries, we started preparing for the upcoming changes in the area of reporting already in 2023, including in the form of CSRD training addressed to specific employee groups, also to the Management Board, and double materiality analysis. In the following months, we will work on our first sustainability report in line with the CSRD/ESRS.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| <input type="checkbox"/> embedding PRB oversight into governance | <input type="checkbox"/> customer engagement |
| <input type="checkbox"/> gaining or maintaining momentum in the bank | <input type="checkbox"/> stakeholder engagement |
| | <input checked="" type="checkbox"/> data availability |

- | | |
|--|--|
| <input type="checkbox"/> getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> data quality |
| <input type="checkbox"/> conducting an impact analysis | <input type="checkbox"/> access to resources |
| <input checked="" type="checkbox"/> assessing negative environmental and social impacts | <input type="checkbox"/> reporting |
| <input checked="" type="checkbox"/> choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> assurance |
| <input type="checkbox"/> setting targets | <input type="checkbox"/> prioritizing actions internally |
| | <input type="checkbox"/> other: ... |

Report on the performance of an independent assurance service providing limited assurance

For the Management Board of mBank S.A.

Scope of service

We have been engaged by the Management Board of mBank S.A. ("the Bank") to prepare a report on the assessment of the compliance of the information provided by the Bank in its report for the year ending 31 December 2023 „ESG Report of the mBank Group 2023”. In chapter 9. „Reporting and Self-Assessment of Responsible Banking Principles” („PRB Reporting”) in following areas:

- Principle 2: Impact and Target Setting: 2.1 *Impact Analysis (step 1)*, 2.2. *Target setting (key step 2)*, 2.3 *Plans for Target Implementation and Monitoring (step 2)*,
- Principle 5: Governance & Culture: 5.1 *Governance Structure for Implementation of the Principles of Responsible Banking*,

(hereinafter referred to as the "Selected Principles for Responsible Banking" or the " issue covered by the service").

in a form that is appropriate for an attestation service that provides limited assurance that, based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Principles for Responsible Banking are not, in all material respects, prepared and presented in accordance with the requirements relevant to the areas indicated above defined in documents issued by the United Nations Environment Programme - Finance Initiative ("UNEP FI"): "Principles for Responsible Banking - Reporting and Self-Assessment Template (Version 2)" and "Principles for Responsible Banking. Guidelines: Reporting on the Principles for Responsible Banking" (jointly referred to as the "PRB Reporting Guidelines").

This service did not include the assessment of other information contained in the "mBank Group ESG Report 2023", including other PRB Reporting information than that indicated above.

Responsibility of the Management Board

The Bank's Management Board is responsible for the preparation of PRB Reporting and presentation of Selected Principles for Responsible Banking free from material misstatement in accordance with the criteria of the PRB Reporting Guidelines. This responsibility also includes the design, implementation and maintenance of an internal control system that enables the preparation and presentation of the Selected Principles for Responsible Banking free from material misstatement due to fraud or error.

It also includes selecting appropriate criteria to ensure that the Bank complies with the PRB Reporting Guidelines; selecting and applying policies; making judgements and estimates that are reasonable in the circumstances; and maintaining appropriate documentation in relation to PRB Reporting.

KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k.

ul. Inflancka 4A, 00-189 Warszawa, Polska
tel. +48 (22) 528 11 00, fax +48 (22) 528 10 09, kpmg@kpmg.pl

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., polska spółka komandytowa i członek globalnej organizacji KPMG składającej się z niezależnych spółek członkowskich stowarzyszonych z KPMG International Limited, prywatną spółką angielską z odpowiedzialnością ograniczoną do wysokości gwarancji.

Spółka zarejestrowana w Sądzie Rejonowym dla m.st. Warszawy, XII Wydział Gospodarczy Krajowego Rejestru Sądowego.

KRS 0000339379
NIP: 527-26-15-362
REGON: 142078130

The Bank's Management Board is also responsible for preventing and detecting fraud and for identifying and ensuring that the Bank complies with laws and regulations applicable to its activities. The Bank's management is responsible for ensuring that staff involved with the preparation of the PRB Reporting are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Responsibility of the practitioner

Our task was to carry out an assurance service providing limited assurance and to present a conclusion on the work done.

We performed the service in accordance with the provisions of International Standard on Assurance Engagements 3000 'Assurance Engagements other than an Audit or Review of Historical Financial Information' issued by the International Auditing and Assurance Standards Board (IAASB). The Standard requires us to plan and execute procedures in such a way as to obtain limited assurance that the Selected Principles for Responsible Banking have been prepared and presented, in all material respects, in accordance with the PRB Reporting Guidelines, as the basis for our conclusion of limited assurance.

As a firm, we apply the Principles for Internal Quality Control in an Auditing Entity as set out in the IAASB's International Standard on Quality Control 1, which requires us to implement and maintain a comprehensive quality control system with documented policies and procedures for compliance with ethical principles, professional standards and applicable regulations and laws.

We comply with the independence and ethics requirements of the Code of Ethics for Professional Accountants (including International Independence Standards), which is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, information secrecy and professional conduct.

Procedures performed

The choice of procedures depends on our judgement and understanding of the issue covered by the service and other circumstances of the assignment, including our assessment of the risk of material misstatement of the Selected Principles for Responsible Banking.

Obtaining an understanding of the issue covered by the service and the other circumstances of the engagement, we have considered the process applied by the Bank to prepare and present the PRB Reporting and the Selected Principles for Responsible Banking contained therein, for the purpose of planning procedures appropriate to the circumstances, and not for the purpose of expressing a conclusion on the process or internal control over the preparation and presentation of the PRB Reporting and the Selected Principles for Responsible Banking contained therein.

Our procedures also included an assessment of whether the issue covered by the service is appropriate and the criteria adopted appropriate to the circumstances.

The scope of procedures performed during a service providing limited assurance is more limited than in the case of a service providing reasonable assurance. Therefore, the level of assurance obtained with a service providing limited assurance is lower than the level of assurance that would have been obtained had a service providing reasonable assurance had been performed.

Our procedures included, in particular:

- Obtain, through interviews with selected representatives of the Bank's management responsible for the design, implementation and maintenance of the internal control system and for the preparation of the PRB Reporting an understanding of the internal control system to enable the preparation of the PRB Reporting and the presentation of the Selected Principles for Responsible Banking,

- Obtain, through interviews with those responsible for the preparation of PRB Reporting, an understanding of the source data collection methods and the assumptions used for the preparation of PRB Reporting on the Selected Principles for Responsible Banking,
- Assessment of the completeness of the information and adequacy of the content of the disclosures on the Selected Principles for Responsible Banking in relation to the requirements of the PRB Reporting Guidelines,
- Comparison of the information presented within the scope of the Selected Principles for Responsible Banking with the Bank's internal documentation, which mainly includes documentation of the Bank's stakeholder consultations, documentation describing the functioning of the Bank's sustainability area and remuneration policy,
- Reconciliation of the quantitative disclosures presented in the 'Portfolio Composition' section (under Principle 2: Impact and Target Setting: 2.1 *Impact Analysis*) to data obtained from the Bank presenting the composition of the retail banking portfolio by products and services and by the composition of the corporate banking loan portfolio.

Criteria

The criteria according to which the Selected Principles for Responsible Banking were evaluated and assessed are contained in the PRB Reporting Guidelines.

Conclusion

The basis for the formulation of our proposal is the issues described in this Report and our proposal should therefore be read with these issues in mind.

We consider that the evidence we have obtained is sufficient and adequate to form the basis of our conclusion.

On the basis of the procedures performed and the evidence obtained, we have found nothing to lead us to believe that the information presented in the PRB Reporting on the Selected Principles for Responsible Banking was not prepared and presented, in all material respects, in accordance with the criteria of the PRB Reporting Guidelines.

Restriction of use of our Report

This assurance service was conducted as part of the Bank's agreed engagement with UNEP FI to independently assess the compliance of the Selected Principles for Responsible Banking with the requirements of the PRB Reporting Guidelines. Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Bank and UNEP FI for any purpose or in any context. Any party other than the Bank and UNEP FI who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Bank and UNEP FI for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Bank's management on the basis that it shall not be copied, referred to or disclosed, in whole (save for Bank's own internal purposes) or in part, without our prior written consent.

As a signatory to the UN Principles of Responsible Banking, the Bank is required to publish the completed PRB Report, and "the outcome of the assurance process should be included in the Bank's reporting, as per the Principles for Responsible Banking Guidance Document". Without affecting, adding to or extending our duties and responsibilities to the Bank or giving rise to any duty or responsibility being accepted or assumed by or imposed on us or any party except the Bank, we have consented to the disclosure of our report on Bank's website to facilitate the Bank meeting this requirement.

On behalf of
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Proxy

Signed on the Polish version of the report.

Warsaw, 1 July 2024

Report on the performance of an independent assurance service providing limited assurance

For the Management Board of mBank S.A.

Scope of service

We have been engaged by the Management Board of mBank S.A. ("the Bank") to perform an independent assurance service providing limited assurance, the subject of which was:

- an assessment of the compliance of the GRI indicators selected by the Bank and listed in Appendix 1 to this Report (hereinafter: "indicators to be verified") presented in the "ESG Report of the mBank Group 2023" (hereinafter: "ESG Report") with the GRI Standards 2021 guidelines developed by the Global Reporting Initiative (hereinafter: "GRI Standards guidelines").
- an assessment of the compliance of the qualitative and quantitative disclosures provided in the ESG Report under the requirements of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, as amended (the "EU Taxonomy Disclosures"), with the requirements of Regulation 2021/2178, as amended.

The attestation service was performed to implement the Bank's policy to externally certify the compliance of selected parts of the ESG Report with the GRI Standards guidelines, in accordance with GRI Standards guidelines No. 2-5, and the compliance of the EU Taxonomy Disclosures with the requirements of Regulation 2021/2178, as amended.

Responsibility of the Management Board

The Bank's Management Board is responsible for the preparation and fair presentation of the indicators to be verified presented in the ESG Report in accordance with the GRI Standards guidelines and the EU Taxonomy Disclosures as required by Regulation 2021/2178, as amended. This responsibility also includes the design, implementation and maintenance of an internal control system that enables the preparation and presentation of the indicators subject to verification and the EU Taxonomy Disclosures free from material misstatement due to fraud or error.

Responsibility of the practitioner

Our task was to carry out an assurance service providing limited assurance and to present a conclusion on the work done.

We performed the service in accordance with the provisions of International Standard on Assurance Engagements 3000 'Assurance Engagements other than an Audit or Review of Historical Financial Information' issued by the International Auditing and Assurance Standards Board (IAASB) and, with regard to the verification of greenhouse gas emissions disclosures, with the provisions of International Standard on Assurance Engagements 3410 'Assurance Engagements on Greenhouse Gas Statements' issued by IAASB. These standards require us to plan and execute procedures in such a way as to obtain limited assurance that the indicators to be reviewed and the EU Taxonomy Disclosures included in the

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KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., polska spółka komandytowa i członek globalnej organizacji KPMG składającej się z niezależnych spółek członkowskich stowarzyszonych z KPMG International Limited, prywatną spółką angielską z odpowiedzialnością ograniczoną do wysokości gwarancji.

Spółka zarejestrowana w Sądzie Rejonowym dla m.st. Warszawy, XII Wydział Gospodarczy Krajowego Rejestru Sądowego.

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ESG Report have been presented, in all material respects, in accordance with the GRI Standards guidelines and the requirements of Regulation 2021/2178, as amended.

As a firm, we apply the Principles for Internal Quality Control in an Auditing Entity as set out in the IAASB's International Standard on Quality Control 1, which requires us to implement and maintain a comprehensive quality control system with documented policies and procedures for compliance with ethical principles, professional standards and applicable regulations and laws.

We comply with the independence and ethics requirements of the Code of Ethics for Professional Accountants issued by the Council of International Ethical Standards for Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, information secrecy and professional conduct.

Procedures performed

The choice of procedures depends on our judgement and understanding of the subject matter of the service, including our assessment of the risk of material misstatement of the indicators to be verified and EU Taxonomy Disclosures. In conducting our assessment of that risk, we consider internal control associated with the preparation of the ESG Report and the presentation of the indicators to be verified and EU Taxonomy Disclosures in order to plan the appropriate procedures, rather than to express an opinion on its effectiveness.

Our procedures also included an assessment of whether the subject matter of the service is appropriate and the criteria adopted appropriate to the circumstances.

The scope of procedures performed during a service providing limited assurance is more limited than in the case of a service providing reasonable assurance. Therefore, the level of assurance obtained with a service providing limited assurance is lower than the level of assurance that would have been obtained had a service providing reasonable assurance had been performed.

The procedures performed concerned the indicators to be verified and the EU Taxonomy Disclosures presented in the ESG Report and did not cover the other information presented in the ESG Report.

Our procedures included, in particular:

- Obtain, through interviews, an understanding of the internal control system to enable the preparation of the ESG Report and presentation of the indicators to be verified and the EU Taxonomy Disclosures in it,
- Obtain, through interviews, an understanding of the source data collection methods and assumptions used to prepare the indicators to be verified and the EU Taxonomy Disclosures,
- Verification of the completeness of the information and assessing the adequacy of the content of the indicators to be verified with the GRI Standards guidelines and the EU Taxonomy Disclosures with the requirements of Regulation 2021/2178 as amended,
- Comparison of the information contained in the indicators to be verified and the EU Taxonomy Disclosures with the Bank's internal documentation,
- Reconciliation to the source data provided by the Bank (invoices, extracts from internal systems) and reconciliation, on the basis of the analytical statements received, of the completeness and mathematical correctness of the calculation of indicators of a quantitative nature (i.e.: GRI 202-1, 405-1, 405-2, 305-1, 305-2, 305-3),
- Reconciliation of GRI 205-2, 205-3, 406-1 indicators to documents, reports or other sources of information provided by the Bank,

- Reconciliation to source data provided by the Bank (e.g. reports of customer taxonomy indicators prepared for the banking sector by the BIK or taxonomy indicators extracted by the Bank directly from customer reports, balance sheet data of the Bank and its subsidiaries and information on credit exposures to individual customers) of the mathematical correctness of the calculation of the EU Taxonomy Disclosures provided,
- Verification, on a selected basis, of the accuracy of the data and methodological assumptions used to calculate the EU Taxonomy Disclosures (reconciliation to source data in clients' non-financial reports),

Conclusion

The basis for the formulation of our proposal is the issues described in this Report and our proposal should therefore be read with these issues in mind.

We consider that the evidence we have obtained is sufficient and adequate to form the basis of our conclusion.

On the basis of the procedures carried out, we have found nothing to lead us to believe that the indicators presented in the ESG Report:

- indicators to be verified has not been presented, in all material respects, in accordance with the GRI Standards guidelines,
- EU Taxonomy Disclosures have not been presented, in all material respects, in accordance with the requirements of Regulation 2021/2178, as amended.

On behalf of

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Andrzej Gałkowski

Proxy

Signed on the Polish version of the report

Warsaw, 1 July 2024

Appendix 1 – List of indicators to be verified

GRI Standards indicator	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
406-1	Incidents of discrimination and corrective actions taken