



mBank Sustainability Standards

mBank S.A. (“mBank”) is a public trust institution observing all laws, business rules and norms. It is of great importance to us, that our activity is transparent and honest for all our stakeholders. We also pursue to meet the highest ESG standards.

Our mission is: “To help. Not to annoy. To delight... Anywhere”. We want to satisfy our clients, offering them the best customer experience. To give them what they need, just in time and the place they need. To make banking easy through the most convenient mobile application on the financial market.

We are one of the leading universal banks in Poland. mBank (formerly BRE Bank S.A.) was established in 1986 and has been listed on the Warsaw Stock Exchange (WSE) since 1992. We are a company with the longest presence in the WIG-20 (‘blue chips’) index. Since 2017 we have been also included in the WSE Respect Index and since September 2019 in the WIG-ESG Index.

mBank is a signatory of the Ten Principles of the UN Global Compact and thus commits to support and enact the values in the areas of human rights, labour standards, and environmental practice within our scope of influence.

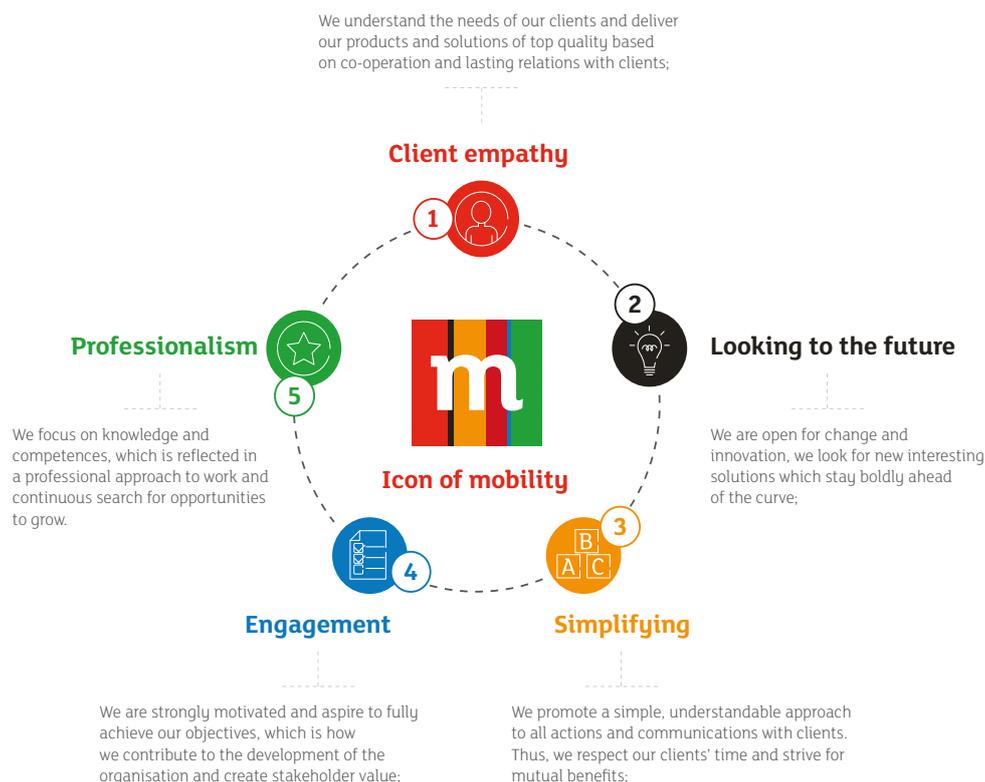
Compliance with laws and regulations as well as transparent reporting to shareholders and other stakeholders are the fundamentals of our credibility.

Corporate responsibility is a significant component of our organisational culture and operational banking business.

Empathy underlies our business strategy.

I. mBank Group's values and code of conduct

mBank’s Code of Conduct is based on 5 values pictured in the chart below and is binding to all employees, managers and the Management Board. It forms the basis of internal relations and interactions with external partners and suppliers. It defines acceptable and prohibited business practices, appropriate behaviour at the work place, financial rules and corporate social responsibility.



In 2018 we have appointed an Ethics Officer to help to develop state-of-the-art standards for the Group and coordinate their execution. The Ethics Officer supervises compliance of mBank's activities with those standards. She represents mBank in the Ethics Committee of the Polish Banks Association. We treat the violation of ethical rules as an abuse and we analyse reports in this respect equally to those on regulatory abuse.

ESG issues are important in our corporate culture. We strive to increase ESG awareness among our employees by conducting trainings and educational activities, such as detailed on-line tutorials in scope of compliance, which are obligatory to all employees, or thematic publications in the Group's Intranet.

In 2019, we signed an agreement with CFA Society Poland on the introduction and promotion of the [Statement of Investor Rights](#), which confirms our commitment to ethical finance. We are one of the first institutions in Poland to launch such cooperation with one of the leading organisations certifying professionals in the world.

II. Corporate Social Responsibility

At mBank, we have the ambition to be among the top three leaders of corporate social responsibility and sustainable growth in the banking sector in Poland.

We want to conduct our business taking into account the principles of sustainable development. To go beyond what we are lawfully obliged to, for the benefit of customers, the environment, employees and society.

Our direction are the Sustainable Development Goals (SDG's) - global sustainability goals set by the UN by 2030. We have expressed our goals and ambitions in our business strategy: Strategy of mBank Group for 2020-2023, entitled "Growth fuelled by our clients". mBank's Corporate Social Responsibility Strategy is an integral part of our business strategy. [LINK](#)

III. mBank's ESG ratings

- ESG Risk Rating (Sustainalytics): 13.4 „Low Risk” (14.01.2020) [LINK](#)
- MSCI (Morgan Stanley): A “average” [LINK](#)

IV. Policies in the Environmental, Social and Governance areas

1. Compliance Policy at mBank

The Compliance Policy sets the general rules of ensuring compliance of operations pursued by mBank with the law, internal regulations and market standards.

All mBank's employees are responsible for the implementation of its provisions in line with their scope of responsibilities as well as authorisations granted. mBank employees are responsible for the following: identification; assessment and estimation; control; monitoring and quarterly reporting to the Compliance Department on the risk of noncompliance with the provisions of the law, internal regulations and market standards.

Regardless of the responsibility of the Management Board and the Compliance Department for the implementation of the Policy, directors of organisational units are responsible for organising the work of their subordinates so as to ensure that the following is observed: the law; internal regulations; market standards adopted by mBank; recommendations and guidelines of the Polish Financial Supervision Authority (PFSA) and other state authorities competent for the scope of operations of a given organisational unit.

2. Anti-Money Laundering and Counter-terrorism Financing Policy at mBank

mBank operates in accordance with an Anti-money Laundering and Counter-terrorism Financing Programme. It is compliant with EU as well as domestic regulations.

In order to prevent money laundering and terrorist financing by mBank, we have adopted the following rules as part of the programme:

- we identify and verify the identity of our clients
- we identify and verify the identity of the beneficial owners of our clients
- we identify and verify whether our clients or their beneficial owners are politically exposed persons (PEPs)
- we identify the risk of money laundering and terrorist financing
- we refuse to cooperate with clients when we identify the risk of money laundering or terrorism financing
- we monitor transactions of our clients in order to protect mBank against money laundering and terrorist financing
- we systematically train our employees

All mBank employees are responsible for the execution of the programme.

3. Gift Policy at mBank

The Gift Policy is to ensure transparent, common standards when giving and accepting gifts at mBank. Gifts and entertainment are a common and legitimate everyday business practice, particularly in the form of presents and invitations. However, they can be used to obtain unauthorized benefits. At mBank, the "zero tolerance" principle applies for corruption in all its forms. Therefore, accepting and giving gifts by employees is allowed under the rules set out in the "Gift Policy" only.

According to the Policy it is allowed:

- to accept and give small corporate gifts considered as a good habit in business within pre-defined limits
- to participate in conferences organized by business partners provided that the subject of the conference is closely related to the scope of official duties and that mBank covers the costs of transport and accommodation

According to the Policy it is not allowed:

- to accept and give cash or cash equivalents
- to give other mBank employees and accept gifts from them in any form in any case where the gift could be considered as a form of influence on the reliability of their duties
- to give gifts to government and local government officials in connection with their function

In order to maintain transparency of the process, a register of accepted and given gifts is in place.

The implementation of the provisions of the Policy is subject to regular inspections conducted at mBank by the Compliance Department.

4. Anti-Corruption Policy at mBank

The Anti-Corruption Policy at mBank sets out guidelines for identifying and mitigating the risk of corruption as well as determining the main principles of code of conduct and scope of responsibility in this regard. No member of the Management Board, manager, employee, or associated person has the right to assume that mBank's interest might ever require otherwise.



mBank applies a "zero tolerance" principle to corruption in all its forms, including: accepting, offering, demanding, giving, authorising additional services, objects or benefits aimed at:

- improperly influencing a decision
- obtaining or securing an unlawful business advantage, or
- obtaining a personal advantage

The Management Board and employees of mBank are obliged to avoid any conflicts between their private and business interests. Offering any undue advantage, in particular to public officers, local government officers, civil servants and politicians, is strictly prohibited.

mBank demands that its business partners (suppliers/contractors/mandataries operating with mBank and its clients performing activities on its behalf) act in compliance with the principles stipulated in the Policy. An anti-corruption clause is an integral part of every contract with mBank's business partners.

5. Conflict of Interest Management Policy at mBank

At mBank we operate in accordance to the Conflict of Interest Management Policy, which sets out standards and policies to avoid, properly identify and manage conflicts of interest. The solutions adopted by mBank in the Policy ensure that conflicts of interest are solved pursuant to the principle of equal treatment of clients and that mBank, its employees and other persons related to mBank do not gain benefits or avoid losses at the expense of the interests of mBank's clients.

Proper conflict of interest management is part of corporate culture and mBank's employees at all levels of the organizational structure are responsible for it. In particular, it is crucial for members of the Management Board and directors of particular organizational units of mBank to become involved in the identification of conflicts of interest and indication of appropriate measures to be taken to prevent conflicts of interest or to handle the conflicts if they occur.

Special rules apply to the members of the Supervisory Board and the Management Board of mBank. They are obliged to disclose the occurrence or likely occurrence of a conflict of interest and refrain from taking a stand on and discussing the matters which may give rise to a conflict of interest in relation to an mBank's client or mBank.

Information barriers are established to limit the flow of confidential information, information concerning mBank's clients and the transactions concluded by them.

6. Global Sanctions Policy

Under the Global Sanctions Policy, mBank verifies customers and conducts monitoring of transaction parties in terms of the presence of persons and entities on EU, US and UN sanction lists in order to comply with applicable law in the field of specific restrictive measures.

mBank ensures that financial and economic sanctions of relevance for mBank, as well as the supplementary regulatory requirements, are observed. The Compliance Department enacts guidelines and instructions, informs the various divisions and subsidiaries on sanctions-related restrictions affecting business policy, advises on implementation and monitors their observation.

Should there be business relationships in countries affected by sanctions, mBank monitors these closely and accompanies them with measures, which may even go as far as the termination of business relationships.



7. Fraud Prevention Policy at mBank and whistleblowing

The Fraud Prevention Policy at mBank defines the responsibility for and manner of fraud prevention. mBank applies the "zero tolerance" principle to any frauds committed or attempted by its employees, clients, counterparties and third parties. mBank demands honest and lawful conduct from all of its employees, clients and business partners.

The implemented fraud risk management cycle consists of four stages:

- prevention - assessing and identifying risk at an early stage and establishing clear rules and mechanisms mitigating its occurrence
- detection - control mechanisms, monitoring systems and channel of information on fraud cases are implemented
- case management - every suspicion of an offence committed to the detriment of mBank or a client is closely investigated and appropriate measures, including legal ones, are taken
- reaction - clear rules for loss/damage mitigation, implementation of recovery mechanisms, "lessons learned"

mBank implemented an anonymous electronic fraud notification system (whistleblowing). This channel guarantees anonymity to the whistle-blower and it can be accessed from any device connected to the Internet [LINK](#).

The fraud notification rules for the anonymous communication system and the mode of their analysis are specified by an internal regulation. Pursuant to this regulation:

- the identity of the whistle-blower and the person to whom the application relates is subject to absolute protection. The data must not be disclosed to any third parties unless this obligation is imposed by the law
- the whistle-blower may open an anonymous e-mail box to which he receives the information on measures taken as a result of his notification and may provide additional data
- each application is verified by authorized employees what allows to clarify objections in an objective, diligent and impartial manner
- any forms of retaliation against mBank's employee who reports, in good faith, a suspected fraud are prohibited

The rules for reporting to the Management Board and Supervisory Board regarding the whistleblowing process are also clearly defined.

8. Personal Data Security Policy at mBank

The Personal Data Security Policy has been established at mBank in compliance with the EU General Data Protection Regulation (GDPR). The Policy sets out the principles of GDPR and the rights of personal data subjects.

There is a personal data inspector at mBank, who has a dedicated contact address:

inspektordanychosobowych@mbank.pl. More information about data protection and its implementation at mBank can be found on our website (in Polish): [LINK](#)

9. Disclosure obligations at mBank

mBank implemented requirements stipulated in, among others, Act on trading in financial instruments, Market Abuse Regulation (MAR), Act on public offering, etc.

We carry out disclosure obligations due to the fact that:

- we are a public company, i.e. an issuer of securities admitted to trading on a regulated market
- we conduct brokerage activities
- we run fiduciary activities
- we carry out activities specified in art. 70 item 2 of the Act on Trading

Some events, described in the law, related to mBank's activity is classified as confidential information. In such cases we submit an obligatory current report to the Polish Financial Supervision Authority (PFSA), Warsaw Stock Exchange (WSE) and Polish Press Agency (PAP). This also applies to some other events that are not classified as confidential information. The requirement of the current report to the PFSA applies to events related to brokerage, fiduciary or investment activities. Any mBank organizational unit that is affected or knows about such an event must notify the Compliance Department.

Failure to deliver or untimely submission or submission of an unreliable current report poses the risk of financial penalties for mBank. In such situations, the risk of financial penalties also applies to:

- persons who provide information for the current report or
- members of the Management Board supervising the area

mBank maintains a list of persons who perform managerial duties within the meaning of MAR.

10. Mobbing Prevention Policy

The Mobbing Prevention Policy defines the rules, which mBank applies to counteract any forms of workplace harassment. The policy has been implemented to build good relations among employees and create a friendly work environment. mBank as the employer makes every effort to provide for a workplace free from harassment and other forms of violence, both on the part of managers and other employees.

The policy underlines that:

- mBank does not accept workplace harassment or any other forms of violence
- an employee is obliged to refrain from any actions and/or behaviours that fulfil the definition of workplace harassment or bear the hallmarks of other forms of violence
- any person, who creates situations that encourage workplace harassment or engages in workplace harassment violates the basic employee duties. In such a situation, mBank as the employer may impose sanctions which are stipulated in the labour law or mBank's Work Rules

The policy describes criteria of what is workplace harassment and the complaint process (anonymous, if preferred) for each employee, who believes that s/he has fallen victim to workplace harassment.



11. Policy for the assessment of qualifications (suitability) of members of the supervisory body, management body and key function holders in mBank S.A.

Transparent and precise rules for the selection, assessment of suitability and succession of key function holders at mBank are set out in the Suitability Policy. These include the qualifications required for the job, good reputation and no real conflict of interest during employment. The Policy stipulates the requirement of providing reserve staff for key positions and defined rules of conduct in the event of a vacancy. One of the objectives regarding the composition of the Management Board and the composition of the Supervisory Board as part of the evaluation principles for these positions is the application of the criterion of versatility and diversity, including gender, age or professional experience.

Since January 2018, we have been a signatory to the [Diversity Charter](#), an international initiative for social cohesion and equality, run in Poland by the Responsible Business Forum. As participants in this initiative, we have committed ourselves to support diversity and prevent discrimination in the workplace.

12. Principles for Suppliers

mBank's suppliers comply with the law, abide by labour and human rights, protect the environment, do not engage in discrimination, and comply with anti-corruption law.

mBank takes ethical and responsible actions in line, in particular, with the Universal Declaration of Human Rights, standards of the International Labour Organisation and guidelines of the OECD (in particular, the guidelines with regard to fighting corruption).

Every Supplier participating in a procurement process or performing contracts with mBank is obliged to act in accordance with the Guidelines and ensure that its subcontractors also follow the Guidelines.

The Guidelines mean, in particular, the provisions of:

- the Universal Declaration of Human Rights
- the Standards of the International Labour Organisation
- the Guidelines of the OECD (in particular with regard to fighting corruption)
- the Rio Declaration on Environment and Development – Agenda 21
- the United Nations Convention against Corruption
- international trade sanctions and embargoes, including sanctions that may be applicable due to a resolution adopted pursuant to Chapter 7 of the Charter of the United Nations by the UN Security Council, or any sanctions imposed by the European Union
- and of national legal regulations implementing the said provisions and provisions of the Rules, in particular those eliminating conflicts of interest.

13. Policy on providing services and financing to entities operating in areas that are particularly sensitive in terms of mBank's reputation risk

This policy imposes restrictions on providing services to companies from sectors which are controversial from the social perspective and break the Ten Principles of UN Global Compact.

The restrictions apply to opening accounts and granting loans to companies, including mBank's existing customers that operate:

- based on child labour, forced or otherwise grossly abuse human rights
- oriented towards economic exploitation of areas of high natural value
- threatening the global cultural heritage

We do not establish business relations with entities, regardless of the industry, which operate in countries covered by UN sanctions.

14. Renewable Energy Sources financing policy

In December 2018, we approved a policy of lending to windfarms and photovoltaic projects (mBank S.A. Credit Policy of Financing Renewable Energy Source Installations). We expect to provide PLN 2 billion under the auction support system. Priority will be given to projects whose owners and operators have experience with renewable energy sources.



15. Credit policy regarding industries relevant to the EU climate policy

In October 2019 we approved a policy of lending to mining, energy and heating, transport industries and entities operating in other industries that are heavy consumers of energy.

16. The rules for financing defence entities

mBank, by cooperating with companies from the defence sector, takes into account political, social, ethical and environmental issues which may negatively impact mBank's reputation. In principal, mBank engages in transactions in defence sector with state-owned companies, governmental agencies and state-controlled entities.

General exclusionary criteria in mBank's policies

Coal mining	<ul style="list-style-type: none"> ■ No financing of new hard coal and lignite mines; no financing of expansions of the capacity of existing mines
Energy & heating	<ul style="list-style-type: none"> ■ No financing of the construction of new blocks and boilers fired with hard coal or lignite (including suppliers of components, services and technologies for this construction) ■ No financing of projects that serve the modernization of boilers and power units based on coal technology that do not significantly reduce emissions of CO2 or other air pollutants ■ No financing of investments related to the construction and development of nuclear power plants ■ No financing of entities involved in the production or trade of radioactive materials (exception: medical equipment and equipment used in quality control) ■ No financing for energy companies with coal-fired power units or entities aimed at the development of coal energy, without a clearly defined financing goal ■ Only RES projects financing is possible for new clients, where the share of electricity from hard coal or lignite (calculated on the basis of production capacity measurement) is over 50%
Oil and gas	<ul style="list-style-type: none"> ■ No financing of companies whose dominant activity is focused on exploration and extraction of shale gas ■ No financing of entities that conduct activities focused on the economic exploitation of valuable natural areas, protected (including the Arctic) and in other way grossly violating environmental protection regulations
Armaments	<ul style="list-style-type: none"> ■ No financing of the supply of weapons or armaments intended for conflict zones or areas of tension ■ No financing of controversial weapons ■ No financing of the supply of weapons to non-governmental end recipients such as arms dealers ■ No financing of the supply of weapons unless all applicable laws, embargoes and regulations are complied with

Project finance analysis at mBank includes verification of valid decisions and consents issued by relevant administrative bodies. There is no financing of illegal projects, e.g. without public consultations or compensation for environmental losses.

In case of large projects, financed by bank consortia, we employ or require the employment of a technical advisor, thus securing the investment process and monitoring of its progress. This ensures quick detection of potential irregularities, including social or environmental ones.

In 2019 two compliance units have been established within business lines: Retail Banking Compliance Processes Department and Corporate Banking Compliance Processes Department. Together with other business line units they are the first line of defence against compliance risks. Their task is to support business units to reduce compliance risks in the field of anti-money laundering and counter terrorism financing, sanctions, fraud prevention, and compliance with the requirements in the field of financial instruments.

Memberships

mBank is a proud member of various organisations promoting best practices in the business, including ESG principles. Selected organizations to which we belong are listed below (in alphabetical order):

- The Association of Employers of the Internet Industry IAB Polska (Związek Pracodawców Branży Internetowej IAB Polska)
- The Association of Polish Maritime Industries FORUM OKRĘTOWE (Związek Pracodawców Forum Okrętowe)
- Česká bankovní asociace
- CFA Institute
- Chamber of Brokerage Houses (Izba Domów Maklerskich)
- Club 500 Association (Stowarzyszenie Klub 500)
- EFMA SARL
- French-Polish Chamber of Commerce (Francusko-Polska Izba Gospodarcza)
- IAA Poland. International Advertising Association (IAA Polska Międzynarodowe Stowarzyszenie Reklamy)
- Institute of International Finance
- The Institute of Internal Auditors IIA Poland (Instytut Audytorów Wewnętrznych IIA Polska)
- International Project Finance Association
- International Swaps and Derivatives Association
- International Trade & Forfaiting Association
- The Polish Association of Capital Investors (Polskie Stowarzyszenie Inwestorów Kapitałowych)
- The Polish Bank Association (Związek Banków Polskich)
- The Polish Business Roundtable (Polska Rada Biznesu)
- The Polish Financial Markets Association (Stowarzyszenie Rynków Finansowych ACI Polska)
- The Polish-German Chamber of Commerce and Industry (Polsko-Niemiecka Izba Przemysłowo-Handlowa)
- The Polish National Committee of the International Chamber of Commerce (Polski Komitet Narodowy Międzynarodowej Izby Handlowej)
- The Polish Society for Opinion and Marketing Research (Polskie Towarzystwo Badaczy Rynku i Opinii)
- Polish Supply Management Leaders (Polskie Stowarzyszenie Menedżerów Logistyki i Zakupów)
- The Polish-Swiss Chamber of Commerce (Polsko-Szwajcarska Izba Gospodarcza)
- Sdružení pro bankovní karty



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