



## Questions to the management board of mBank asked by minority shareholders during the Annual General Meeting of mBank held on 31 March 2022

A.W.: Being a shareholder, but also a client of mBank, I am genuinely interested in the ESG agenda mentioned by you before. I am glad that mBank is on track to becoming an ESG leader of the banking industry. Indeed, over the last few years, mBank has launched a number of initiatives and strategies bringing it closer to achieving this goal. Among others, it no longer finances any new coal-based energy projects or fossil fuel mining. What I want to ask, however, is whether your policies and strategies provide for any methods enabling you to check if any of the companies financed by mBank invest in fossil fuel mining or fossil fuel energy. Another thing is a link between ESG metrics and remuneration of both the management board and employees. Do you have any such policies in place? If not, do you plan to change it so as to link the achievement of ESG goals with various benefits? My third question is about the code for suppliers and partners of mBank S.A. The initiative is highly valuable. However, the provisions of this code are relatively soft. I would like to know if you plan to introduce any type of clearly-defined metrics or, for example, launch educational campaigns for service providers producing a cascading effect, that is raising ESG awareness also among companies cooperating with the bank. Thank you very much.

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:* Thank you for your questions and for appreciation of our efforts in the ESG area. Let me start by saying that in the case of many ESG aspects, the way is the goal as they say in Germany. The measures applied today are definitely not the ultimate solutions, as the bar and expectations about the bank's actions rise along with the awareness of our clients and partners. Both our investment policy and lending policy, in particular the latter, provide for reviewing individual exposures posing ESG-related risks. In 2021 we developed internal tools enabling us to assess the scale of ESG-related risks. Our strategy clearly defines our aspirations for emission reduction targets in scope 1, 2 and 3. This year our ambition is to announce a more clearly-defined pathway to achieve these medium and long-term goals using science-based targets. However, we have already been taking these aspects into consideration at the stage of making every credit decision. Now, moving on to your second question about including ESG goals in the scorecards of individual employees. As announced at the presentation of our medium-term strategy in autumn last year, the ESG goals have been included in the assessment matrix applicable to each of the 100 key managers at mBank, including the management board members. As far as the code for suppliers is concerned, our starting point was to introduce the code. We acknowledge your opinion about its provisions not being stringent enough. But, as I have already said, the process is an evolution and we will gradually raise the bar also for our partners.

J.Ch. representing J.G.: I have a few questions, mostly about ESG. I would like to refer to what Mr Lusztyn has said about reducing scope 3 greenhouse gas emissions. You said that this year the bank would define clear pathways or set



quantitative reduction targets. What I would like to know is whether the bank has any estimates on how scope 3 emissions have changed over the last few years. I know that banks are not currently obliged to report these data, but still some banks disclose partial scope 3 emissions. This is important inasmuch as scope 3 is the largest source of emissions generated by the financial sector. This is my first question. In the context of the bank's general commitment to achieving climate neutrality, I think that the actions of companies from the credit portfolio are also important from the perspective of defining the bank's transition pathway. My question is also about the bank's lending policy. Does your new strategy or the lending policy set out any restrictions for the companies from your credit portfolio that have not yet defined their own pathway to achieve the net zero emission target? This concerns the coal sector as well as oil and gas. And now my third and last question. I want to ask you about the "S" in ESG in the context of the dismissal of the trade union head in November 2021 and its consequences. How does the bank manage this reputation risk, in particular from the perspective of the demographics of clients mentioned earlier by Mr Lusztyn. Thank you very much.

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:* In our strategy, we have committed to achieving climate neutrality by 2050 in scope 3. In the scope of direct and indirect emissions (scope 1 and 2), this should be done by 2030. We have undertaken to design a decarbonisation pathway in 2022, which will define both indirect goals and the way of achieving them. As you have noticed, different institutions provide different parameters with respect to the emission levels of their portfolios. We have also mentioned that in the non-financial report. However, it is our objective for 2022 to present the stakeholders, by way of science-based targets, with mBank's total carbon footprint. Being a bank, we are fully aware of the significance of scope 3 emissions, that is indirect emissions, resulting from the bank's lending activity, and we know how important it is to define the scope 3 carbon footprint, based on the available data, including non-public data from clients. It is no piece of cake at this stage. Considering that the scope of data published by different institutions is largely incomparable right now, we would like to do it in cooperation with an external organisation authorised to certify the process of carbon footprint calculation. Therefore, we kindly ask you for your patience. This time next year, we will be able to tell you exactly where we stand and where we are heading. What should be stressed at this point, with the quantitative information we have now, is the fact that the eco-friendliness rooted in the DNA of our institution is easily discernible. We were one of the first institutions to declare that it would not finance fossil fuels. When we take a look at our clients' industry profiles, we see that our credit portfolio is clearly dominated by future-oriented and energy efficient businesses. Therefore, we believe that even though we cannot yet present you with the data down to the last decimal point due to the reasons I mentioned before, mBank clearly stands out from its competition at the starting point, in both scope 1 and 2, which is evidenced by very modern buildings here [mBank Tower] and in Łódź [Przystanek mBank] or by a small number of physical branches. As regards scope 3, the profile of our credit portfolio gives it a clear advantage over an average credit portfolio in the Polish banking sector. It needs to be stressed, however, that the war in Ukraine



does not help in achieving the energy efficiency or emission level goals. It is a situation which we, as an institution, have to face and at this point it does not change the objectives announced in autumn 2021.

*Cezary Stypułkowski, President of the Management Board:* I should perhaps add that, as you may remember, these issues have been signalled for a couple of years now at the General Meetings. Let me stress that, in my opinion, the bank indeed quickly became a part of the generally understood environment protection movement. Therefore, the portfolio is notably clean compared to Polish standards. When it comes to your third question, I would like to clearly state that, to the best of my knowledge, the employee was dismissed not because of their trade union activity, but due to misconduct. That is how it is interpreted at the bank and we do not wish to limit and do not limit, in any way, the engagement of our employees. I think it is no exaggeration to say that we may serve as an example of how the Works Council should function. The trade union has been established and we have no intention of restricting anyone in their engagement. The bank's engagement score is very high, the highest in the banking sector, so we have nothing to reproach ourselves with. Similar situations occur and need to be addressed in whole, that is all we have to say. As regards the risks, in a company of seven thousand employees such risks are likely to materialise. This should be regarded as a reassurance on our part that the main driver behind our activities is to ensure wellbeing of our employees and to this end, we are taking and will continue to take a large number of measures.