



2014

CSR
REPORT

Bank Zachodni WBK

 Grupa Santander

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An interview with Mateusz Morawiecki, President of the Management Board of Bank Zachodni WBK

[G4-1]

What does a sustainable development strategy mean for Bank Zachodni WBK? How does a commercial financial institution which, by definition, wants to maximise its profits, understand corporate social responsibility?

I must admit that when I look through CVs of candidates for key positions in our organisation I always pay attention to the section where they present their off-work activities, especially any volunteering or social work experience. Sustainable development and corporate social activity initiatives are trustworthy and effective only when they are carried out by people within the organisation and not by the organisation through its people.

Building the bank's value and credibility not only by demonstrating solid financial performance but also by engaging in broadly understood corporate social responsibility activities is not really an option but rather an obligation of institutions like ours.



Stakeholder expectations:

A request to describe how the bank understands its role in relationships with the external environment (market participants, customers, local communities and the natural environment)?

Therefore, priority is given to such aspects as winning the trust of our customers, information management and corporate governance, including business ethics, good relationships with stakeholders, responsibility for the environment in which we operate and our contribution to the social and economic development of Poland. I am proud of the fact that our activities in all those areas would deserve credit even if they were attributed to a number of business organisations in Poland, not just ourselves.

This is the second BZ WBK's CSR report. Which of the objectives set in the previous year report have you managed to deliver? Which of them turned out to be most difficult and challenging?

The first CSR report issued last year was our opening statement and, as such, it summed up and characterised our achievements to date. In Bank Zachodni WBK we believe that if we get involved in something, it is because we want to create value through partnership with our socio-economic environment. That is what we expect from ourselves and what our customers, shareholders and employees expect from us. According to the results of the industry stress tests carried out by the Polish Financial Supervision Authority in the second half of 2014 and the key financial indicators reported by Bank Zachodni WBK on a quarterly basis, our performance has been constantly above the market average.

The same is true of our CSR activities. Not only did we manage to do all what we had planned but we also added a number of new things becoming one of the market leaders. A token of the positive evaluation of the Bank's CSR activity is our presence in the Respect Index – an index of socially responsible companies listed on the WSE. For many years, we have also been assessed as participant of the Ranking of Responsible Companies, improving our position every year. The biggest challenges last year were the new ambitious tasks and goals which we have set to ourselves, such as building the Next Generation Bank or measuring the impact of our major CSR projects. Our achievements demonstrate the reach, the power and the potential inherent in our organisation and, in particular, in its people.

Last year and the beginning of 2015 saw a number of major regulatory changes. Which of them have the biggest impact on the bank's operations, also from the point of view of corporate social responsibility?

Challenges should always be treated as opportunities rather than threats. Opportunities to grow organically, to increase the company's value and enhance its position, also through corporate social responsibility activities. We have the lowest interest rates historically and new regulations with a significant impact on the financial performance of the sector. There are concerns over the systemic solution of the FX loans issue and announcements of taxes to be imposed on bank assets.

If the Polish banking sector today is considered a role model of stability and effectiveness, it is because it was able to draw conclusions from the experience of the recent global economic crisis. The ability to manage risk and generate new revenue streams is a positive characteristic of the Polish banking sector, as reflected in numerous reports describing the Polish banking market as the healthiest and most robust across Central and Eastern Europe. The new EU Directive on disclosure of non-financial information which will apply to all banks may pose a challenge to many institutions, however, we did not wait for the legal obligation to take effect and have already begun a cyclical process of non-financial information reporting.

As you can see, many challenges lie ahead, both internal and those arising from rapid changes in the external environment, but in the case of Bank Zachodni WBK they will not have a major impact on the corporate social responsibility activities planned and carried out by our organisation.

How do stakeholders contribute to the building of the bank's CSR strategy? How do you engage stakeholders in a dialogue with the bank?

Our approach based on dialogue and partnership with a wide range of the bank's stakeholders is reflected in the priorities which we defined for ourselves, both in the area of sustainable development and corporate social responsibility. In 2014, virtually every week we talked to the representatives of our stakeholders in many areas of the bank's activity which we perceive as critical – from matters related to our core business, through programs implemented by the Bank Zachodni Foundation, Santander Universidades projects, to the School Card development plans. Last year, we for the first time made use of a dialogue tool called the AA1000SES standard and held altogether three dialogue sessions, each being a very instructive experience to us.

What is the most important corporate social responsibility goal and commitment for the bank within the next 3-5 years?

We have very many plans, goals and commitments – short-term, mid-term and long-term. From my point of view, the most important is that we become a trustworthy, fair and transparent institution to ourselves, to our shareholders, customers and the market. The second, equally important goal is to intensify Bank Zachodni WBK's activities contributing to the socioeconomic development of Poland, such as promoting the development of a civil society, offering economic education to Poles and participating in projects which will bring about a sustainable, long-term economic-advantage to the Polish economy.

What is the importance of Bank Zachodni's membership in the Santander Group for your CSR strategy?

Being a part of one of the largest global, financial groups with active presence on a number of continents, means to us an opportunity to draw on the best available practices and highest standards worldwide. It gives us a lot of satisfaction to see that every year more and more ideas and proposals of the employees of Bank Zachodni WBK – also those from the CSR area – get implemented across the Santander Group.

One of the characteristics of our majority shareholders is doing business in a way which contributes to the social and economic growth of countries where the Santander Group operates. Hence the active involvement of Bank Zachodni WBK in corporate social responsibility and sustainable development project is also deeply rooted in the business strategy of the entire Santander Group.



4.2m
customers



884
branches
(769 own and
115 partner outlets)



11,838
employees

1.

About Bank Zachodni WBK

Who we are

What Bank Zachodni WBK does
as an institution of public trust

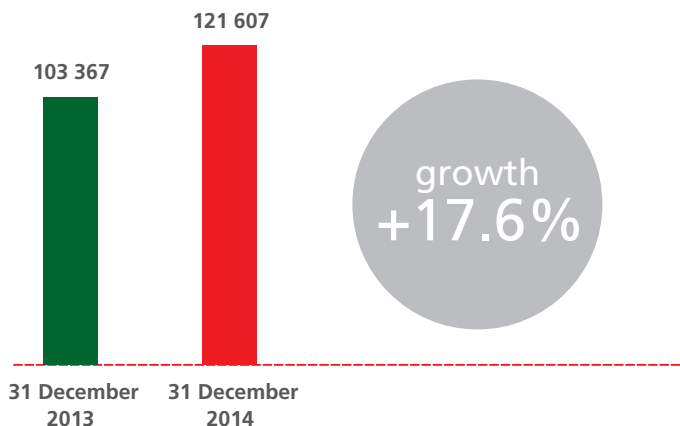
How Bank Zachodni WBK develops
its CSR foundations through dialogue
with stakeholders

About Bank Zachodni WBK

[G4-5, G4-6, G4-8, G4-9]

Third largest bank in Poland
in terms of the value of assets

PLN 121.6 billion



4.2 m
customers

PLN 7,255,410,000
sales revenues*

3 m (+2.7% y-o-y)
users of the BZWBK24
electronic banking
platform

0.5 m (+102.1% y-o-y)
customers with access
to mobile services

4 head offices
Warsaw, Poznań, Lublin,
Wrocław (registered office)

884 branches
(769 own and
115 partner outlets**)

1,388
ATMs**

11,838
employees

PLN 37.2 bn
market capitalisation
of the Group

7.5%
loan
market
share

8.8%
deposit
market share
in Poland

4.3 m
debit
cards
(+15.8%**)

0.7 m
credit
cards
(+9.0%**)

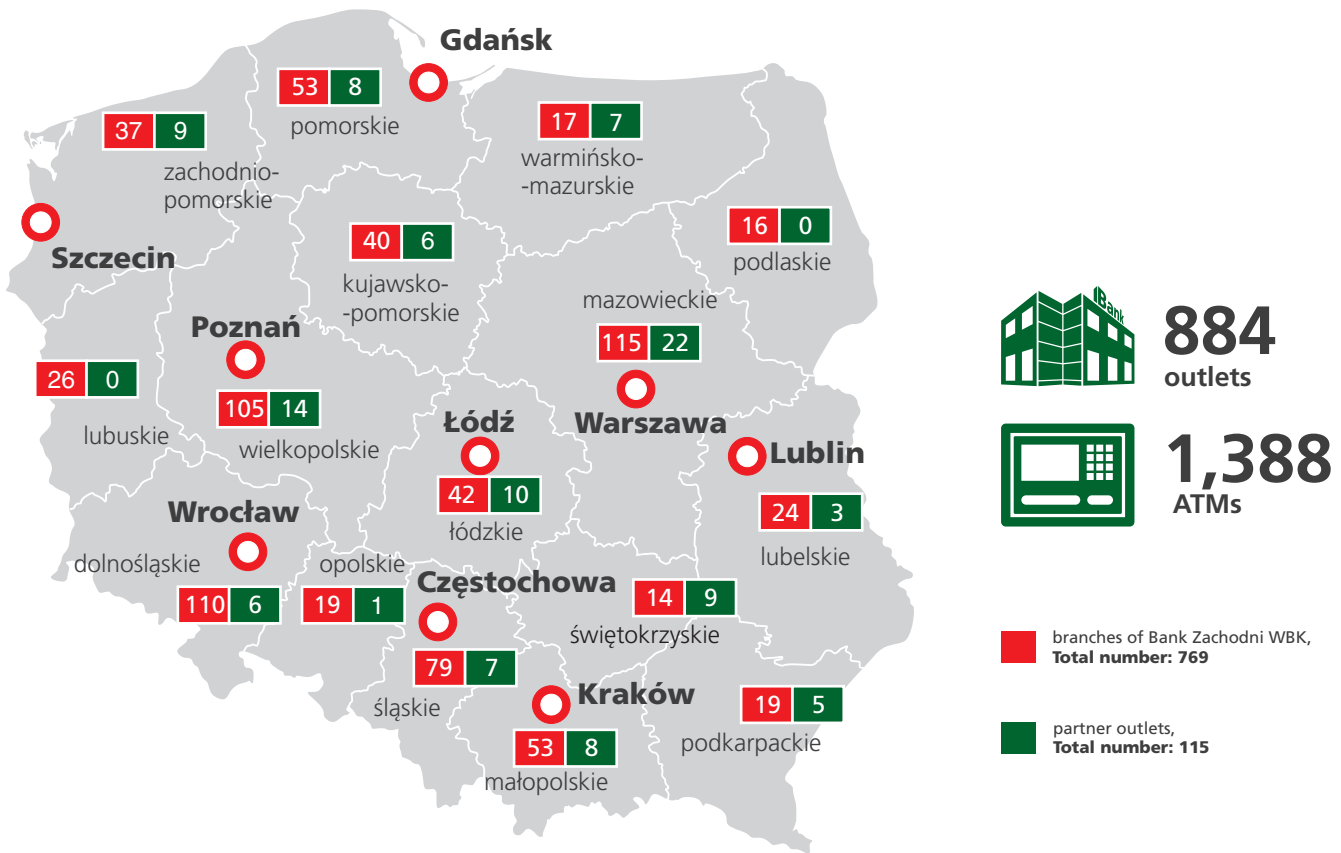
20%
of all
de minimis
guarantees
issued

15%
share in
terms
of value

* the total interest, fee and dividend income and other operating income
** as at 30 June 2015

[G4-8]

Distribution of branches and partner outlets of Bank Zachodni WBK in Poland (as at 30 June 2015)



[G4-EC1, DMA economic performance]

| Direct economic value generated and distributed | 2014 k PLN | 2013 k PLN |
|---|----------------|-----------------|
| Operating costs (after deductions) | 1 798 735 | 1 728 425 |
| Compensation and benefits | 1 122 092 | 1 210 645 |
| Payments to capital providers | 1 000 932 | 710 943 |
| Payments to the government | 884 610 | 311 614 |
| Community investments | 21 231 | 20 952* |
| Retained earnings | 229 293 | 680 126* |

* adjusted data from the CSR Report for 2013

Who we are

[G4-4, G4-8]

Bank Zachodni WBK is the top three institution of the Polish banking sector. The strengthening of its position is a result of dynamic development, good products, innovativeness, a consistent brand building strategy and a continuous strive for excellence in relationships with customers.

For many years, the bank has been supporting and promoting projects which not necessarily contribute to its business growth. Guided by the idea of common good, the bank believes that successful business operations should go hand in hand with a commitment to supporting culture, education and national heritage.

Since 2011, Bank Zachodni WBK has been a member of the multinational Santander Group which provides services to more than **100 million customers in 30 countries of the world**, including Spain, Poland, United Kingdom, Germany, Portugal, United States, Chile, Brazil, Argentina, Puerto Rico, Peru and Mexico.

Thanks to the diversity of markets on which Santander is present, it is one of the largest financial groups of the world and number one financial institution in the euro zone.



2014 Annual Report
of Bank Zachodni WBK



The bank's offer of services and products is complemented by the proposals of its subsidiaries

[G4-17, G4-7, G4-3]

We are the third largest bank in Poland in terms of the balance sheet total and equity value. Bank Zachodni WBK has stable sources of financing and solid capital and liquidity standing. A clear, coherent and consistently implemented vision and a simple and effective business model make the bank one of the sector leaders in Poland.

The bank's stable position finds confirmation in the rating issued by **Fitch Ratings** and the results of the **Asset Quality Review** and stress tests carried out at the end of 2013 which prove that the bank operates with capital ratios significantly exceeding the requirements of the regulator.

Subsidiaries

As at 31 December 2014, Bank Zachodni WBK formed a Group with the following subsidiaries:

| |
|---|
| Santander Consumer Bank S.A. (SCB S.A.) |
| Santander Consumer Finanse S.A. – subsidiary of SCB S.A. |
| AKB Marketing Services Sp. z o.o. – subsidiary of SCB S.A. |
| Santander Consumer Multirent Sp. z o.o. – subsidiary of SCB S.A. |
| S.C. Poland 2014-1 Limited – subsidiary of SCB S.A. |
| BZ WBK Asset Management S.A. |
| BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. – subsidiary of BZ WBK Asset Management S.A. |
| BZ WBK-Aviva Towarzystwo Ubezpieczeń Ogólnych S.A. |
| BZ WBK-Aviva Towarzystwo Ubezpieczeń na Życie S.A. |
| BZ WBK Finanse Sp. z o.o. |
| BZ WBK Faktor Sp. z o.o. – subsidiary of BZ WBK Finanse Sp. z o.o. |
| BZ WBK Leasing S.A. – subsidiary of BZ WBK Finanse Sp. z o.o. |
| BZ WBK Lease S.A. – subsidiary of BZ WBK Finanse Sp. z o.o. |
| Lizar Sp. z o.o. – subsidiary of BZ WBK Lease S.A. |
| BZ WBK Inwestycje Sp. z o.o. |
| BZ WBK Nieruchomości S.A. |
| Gieldokracja Sp. z o.o. |

[DMA economic performance]

The bank's rating and assessment by specialised agencies are of high importance on the financial market and for many investors play a crucial role at the time of making a decision about investing their funds in particular operations.

Fitch Ratings Scale

AAA, AA, A, BBB and F1, F2 and F3 are considered investment grade securities i.e. securities which guarantee timely payment of debt, interest and additional benefits.

The support rating reflects the degree of probability that the bank will obtain external support, either from the state or from its institutional owner, in the event of a risk of the bank's default

| Fitch Ratings category | International ratings | |
|--------------------------------------|--|---|
| | Ratings upgraded or affirmed in the announcement of 2 June 2014 and affirmed in the announcement of 26 November 2014 | Ratings upgraded or affirmed in the announcement of 4 December 2013 |
| Long-term IDR | BBB+ | BBB |
| Outlook for the long term IDR rating | stabilna | stable |
| Short-term IDR | F2 | F3 |
| Viability rating | bbb | bbb |
| Support rating | 2 | 2 |

Share capital and shareholders:

On 31 December 2014, the share capital of Bank Zachodni WBK S.A. amounted to

PLN 992,345,340

and was divided into

99,234,534

ordinary bearer shares with a nominal value of PLN10 each.

On 31 December 2014, **Banco Santander** held

69.41%

of Bank Zachodni WBK's shares.

[G4-7]

Other shareholders – **25.44%**,
ING Open-Ended
Pension Fund – **5.15%**



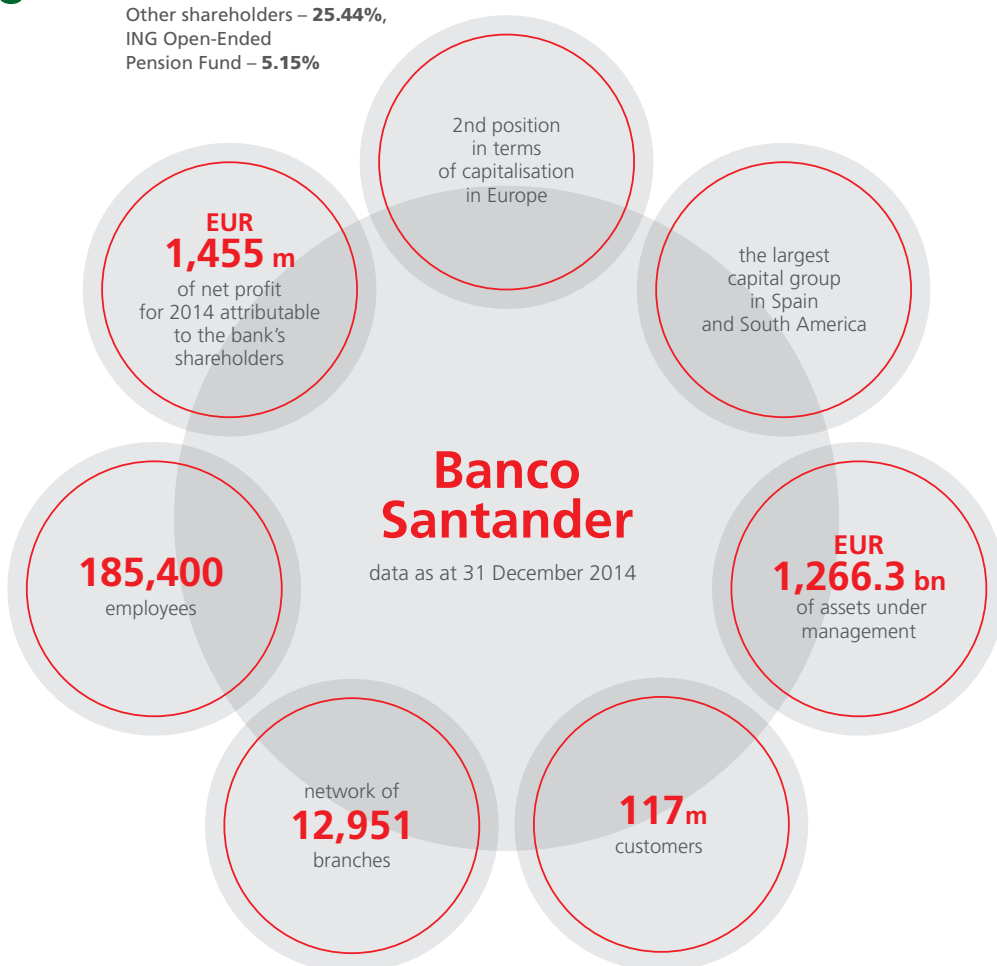
Stakeholder expectations

Describe the interaction with the Santander Group and the relationship between Bank Zachodni WBK and its majority shareholder.

Santander Group and Us

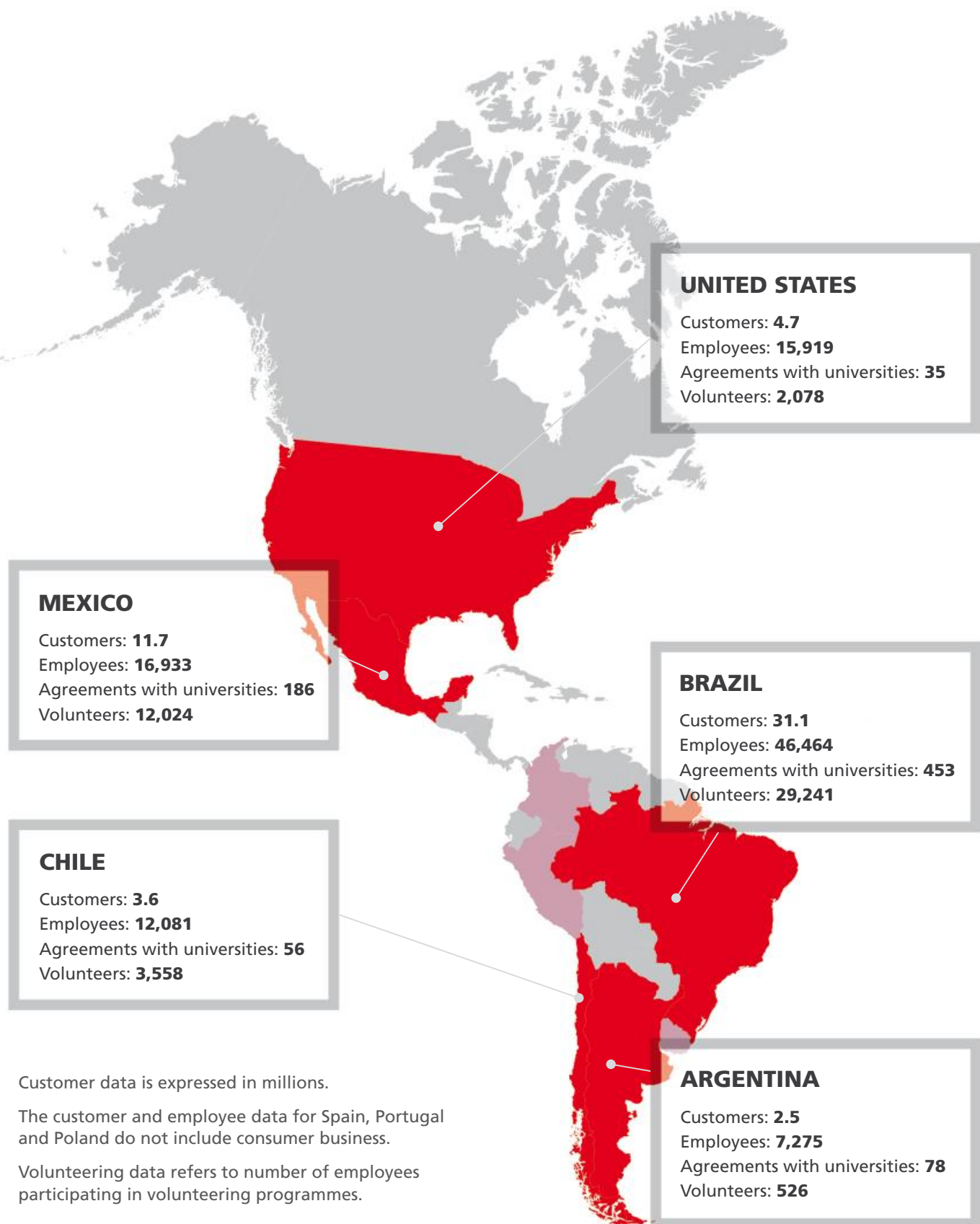
We benefit from the synergy of being a part of the international Santander Group with a history of over

160 years.



SANTANDER Group

[G4-9]



Customer data is expressed in millions.

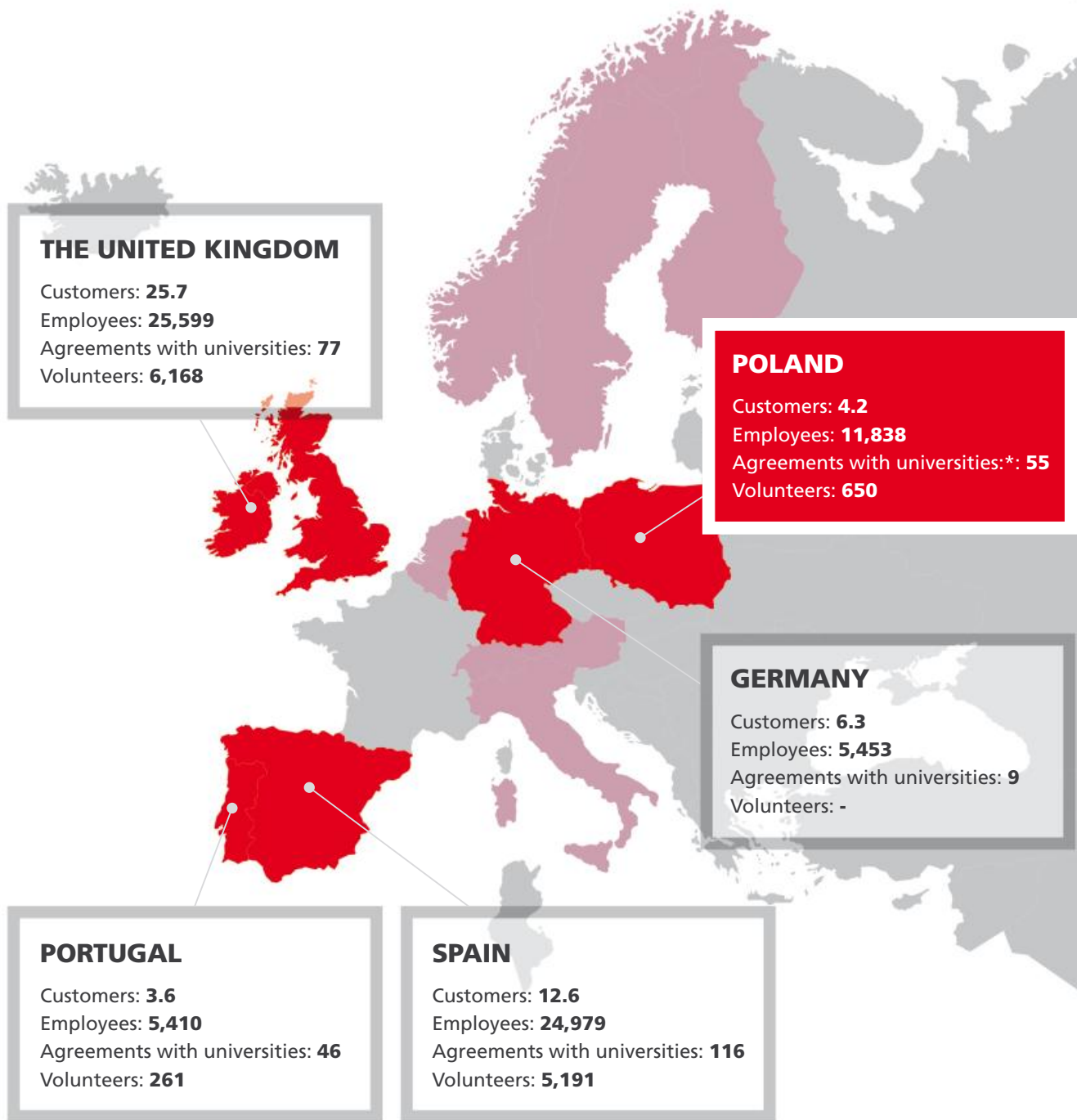
The customer and employee data for Spain, Portugal and Poland do not include consumer business.

Volunteering data refers to number of employees participating in volunteering programmes.

The Santander Group's geographical diversification is balanced between mature and emerging markets, which contributed 47% and 53% of the earnings in 2014, respectively.

The bank's presence is focused on 10 main markets: Spain, Germany, Poland, Portugal, the United Kingdom, Brazil, Mexico, Chile,

Argentina and the United States. The Bank also has a significant amount of market share in Uruguay and Puerto Rico, consumer financing business in other European countries, and a presence in China through the wholesale banking and consumer finance business.



■ Main countries

■ Other countries where Banco Santander conducts its commercial banking operations include Peru, Puerto Rico, Uruguay, Columbia, Norway, Sweden, Finland, Denmark, the Netherlands, Belgium, Austria, Switzerland and Italy.

* Data for June 2015

Changes in the organisational structure

[G4-13]

Finalisation of the merger with ex-Kredyt Bank

The last important stage of the UNO Program involving integration of Bank Zachodni WBK and Kredyt Bank was the migration weekend of 25–26 October 2014, when customers, data, products and services were transferred from the ex-KB systems to the IT system of Bank Zachodni WBK (approximately 1.33 million customers and 3 million products in total). The former users of KB24 and KBNNet were offered access to modern electronic banking platforms: BZWBK24, Moja Firma Plus or Mini Firma. As a result, as of 27 October 2014, the Bank has been offering a uniform product range and service standards to all customers.

Incorporation of Dom Maklerski BZ WBK into the bank’s structures

The extraordinary General Meeting of Shareholders of Bank Zachodni WBK held on 30 September 2014 approved a division of Dom Maklerski BZ WBK. The part responsible for the provision of brokerage services was incorporated into the bank’s structures, while the remaining activity areas, including education and maintenance of websites was transferred to a company called Gieldokracja. The changes have had an impact on the scope of data presented in this year’s CSR Report which now covers Bank Zachodni WBK, including Dom Maklerski BZ WBK.

Purchase of a 60% stake in the share capital of Santander Consumer Bank

On 1 July 2014, Santander Consumer Bank joined Bank Zachodni WBK Group. The acquisition of a stake in SCB is a long-term investment which will strengthen Bank Zachodni WBK’s position of the third largest bank in Poland.

What Bank Zachodni WBK does as an institution of public trust



Shareholder expectations

Provide an answer to the question about the bank’s status of a public trust institution.

The banking sector is the lifeblood of the economy. The main function and role of banks is to accept deposits from retail and business customers and offer loans.



As a depository holding customers' savings in custody, the bank is a public trust institution and, as such, is subject to rigorous legal regulations and supervision of the Polish Financial Supervision Authority which oversees stable operations of banks in Poland and the safety of customers' deposits.

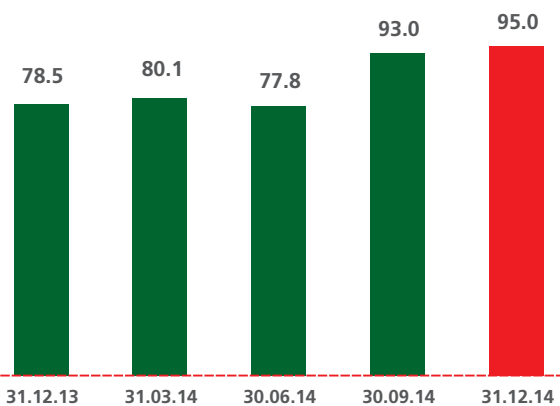
Deposits of individual customers in Polish banks up to the value equivalent to **EUR 100,000** are additionally protected by the **Bank Guarantee Fund**.



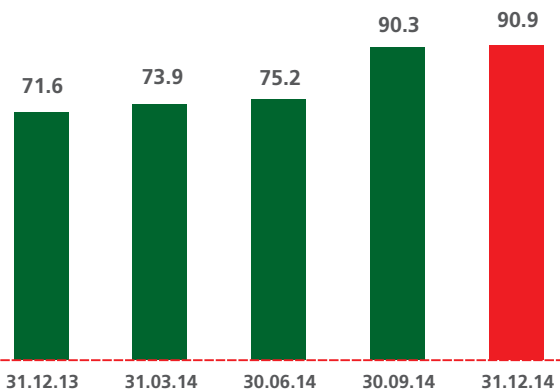
Shareholder expectations

Present the bank as a business organisation.

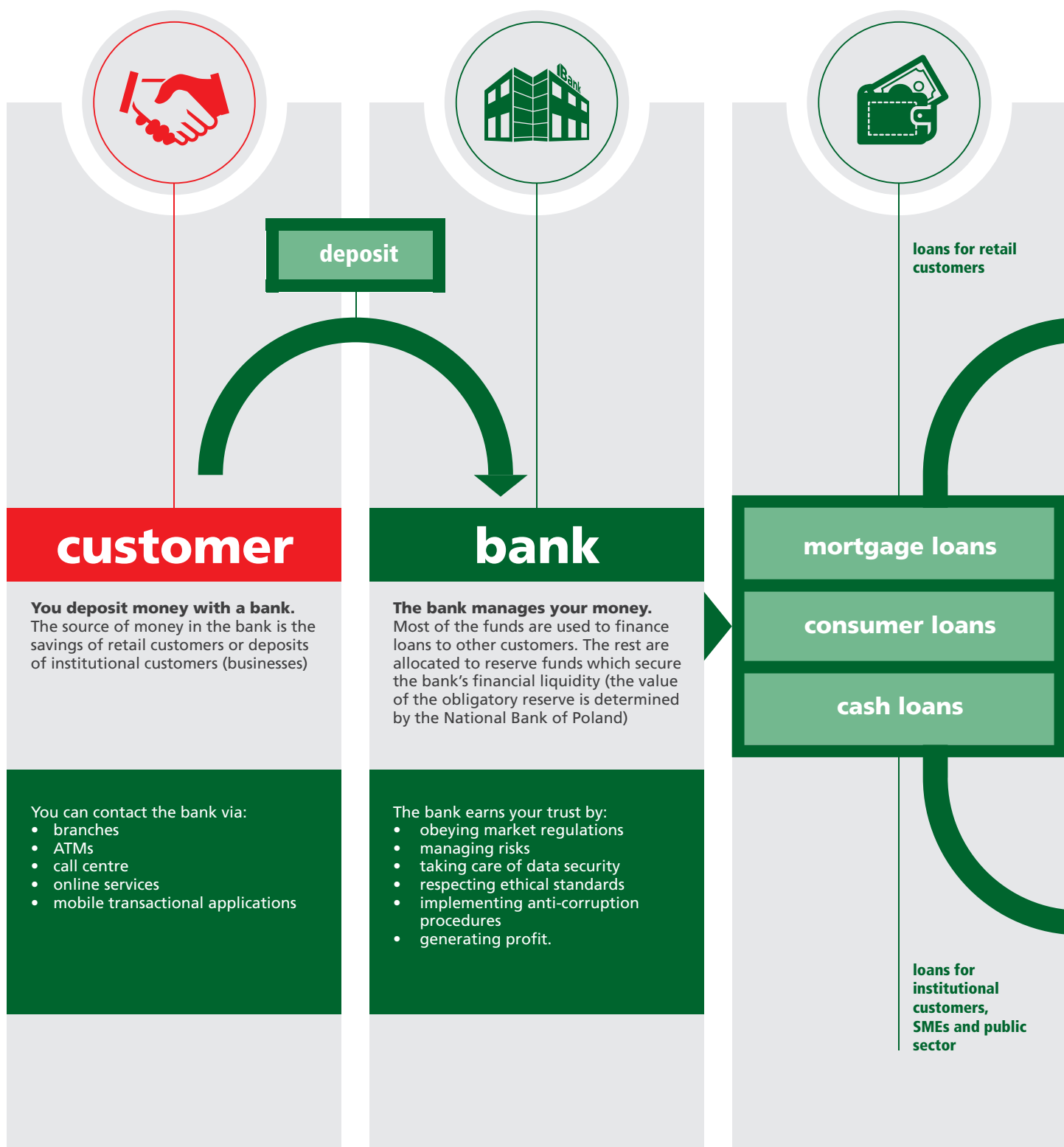
Deposits PLN bn

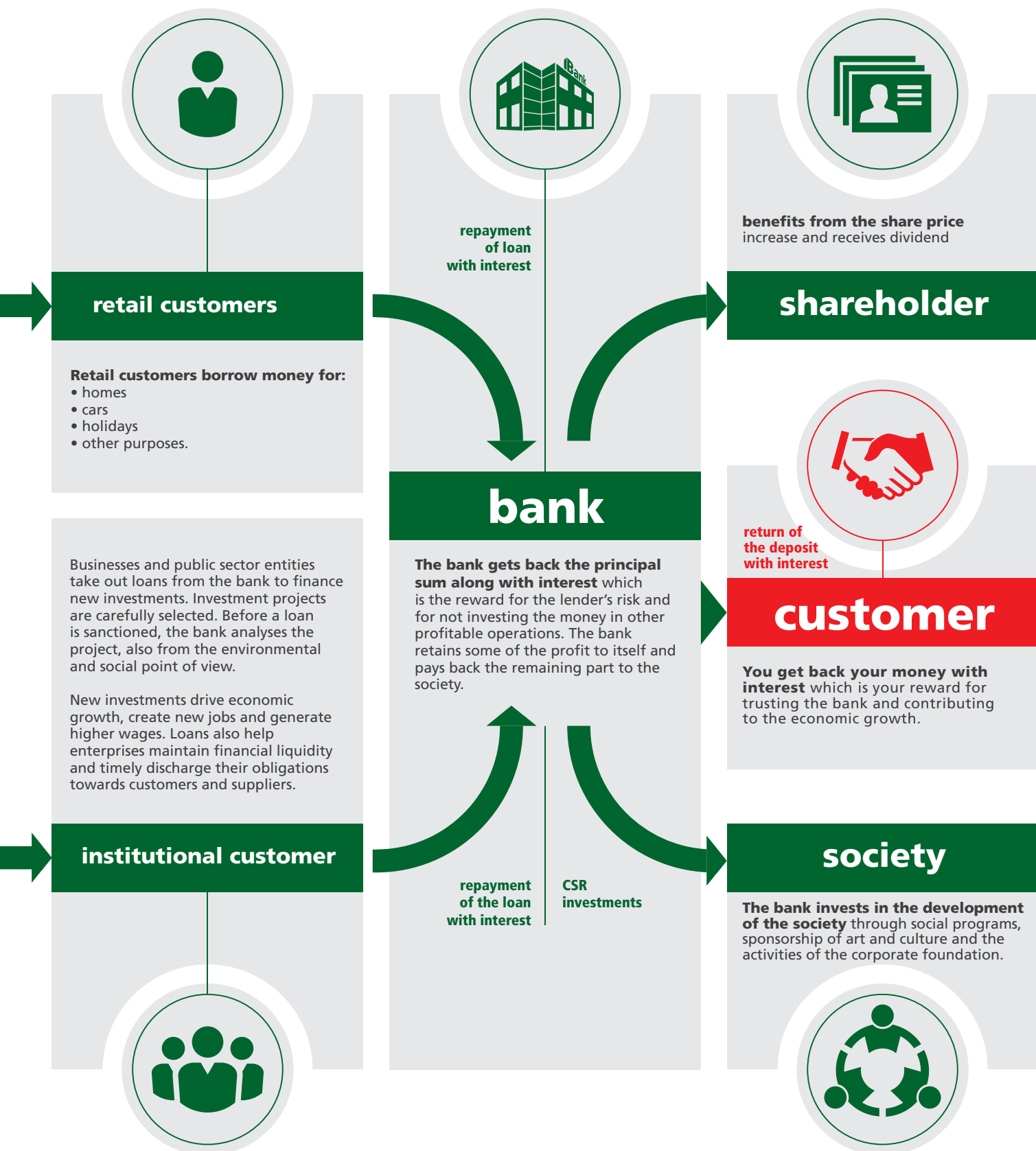


Loans PLN bn



WE HELP PEOPLE AND BUSINESSES PROSPER







Shareholder expectations

Showing that the bank is a party to a special kind of contract between taxpayers, deposit holders, borrowers, customers executing transactions and investors – a special type of a multi-dimensional agreement securing different interests of diverse stakeholder groups. The bank represents the commonality of interests of its stakeholders and local communities.

The Strategy of Bank Zachodni WBK

In 2014, the bank’s strategy has been reviewed in order to define a new strategy for the next three years (2015–2017), taking into account new challenges. The new strategy is a continuation of the directions set in the past and is based on the same values and assumptions. An important element of the strategy is the **Next Generation Bank** project which promotes customer-centric culture in business management.

We focus on the expectations and needs of our customers and on effective cooperation between the bank’s units to ensure the highest quality of service.

In line with its vision Bank Zachodni WBK wants to be the best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities.

We understand the true value of development and the importance of all the little things that contribute to development on a daily basis.

Therefore, we help people and businesses prosper acting in a simple, personal and fair way.

We simplify every product and service and each step of the customer service process.

We develop transparent solutions which are within our customers’ reach.

And we listen to our employees, customers, shareholders and local communities and understand them.



Strategic priorities of the Group



OUR MISSION
To help people and businesses prosper

OUR VISION
To be the best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities



we want to offer our customers services tailored to their needs, simple products and procedures



we want to develop lasting relationships with our customers offering them products and services tailored to their individual needs and expectations



we carry out transparent and legitimate operations and treat others as we wish to be treated.

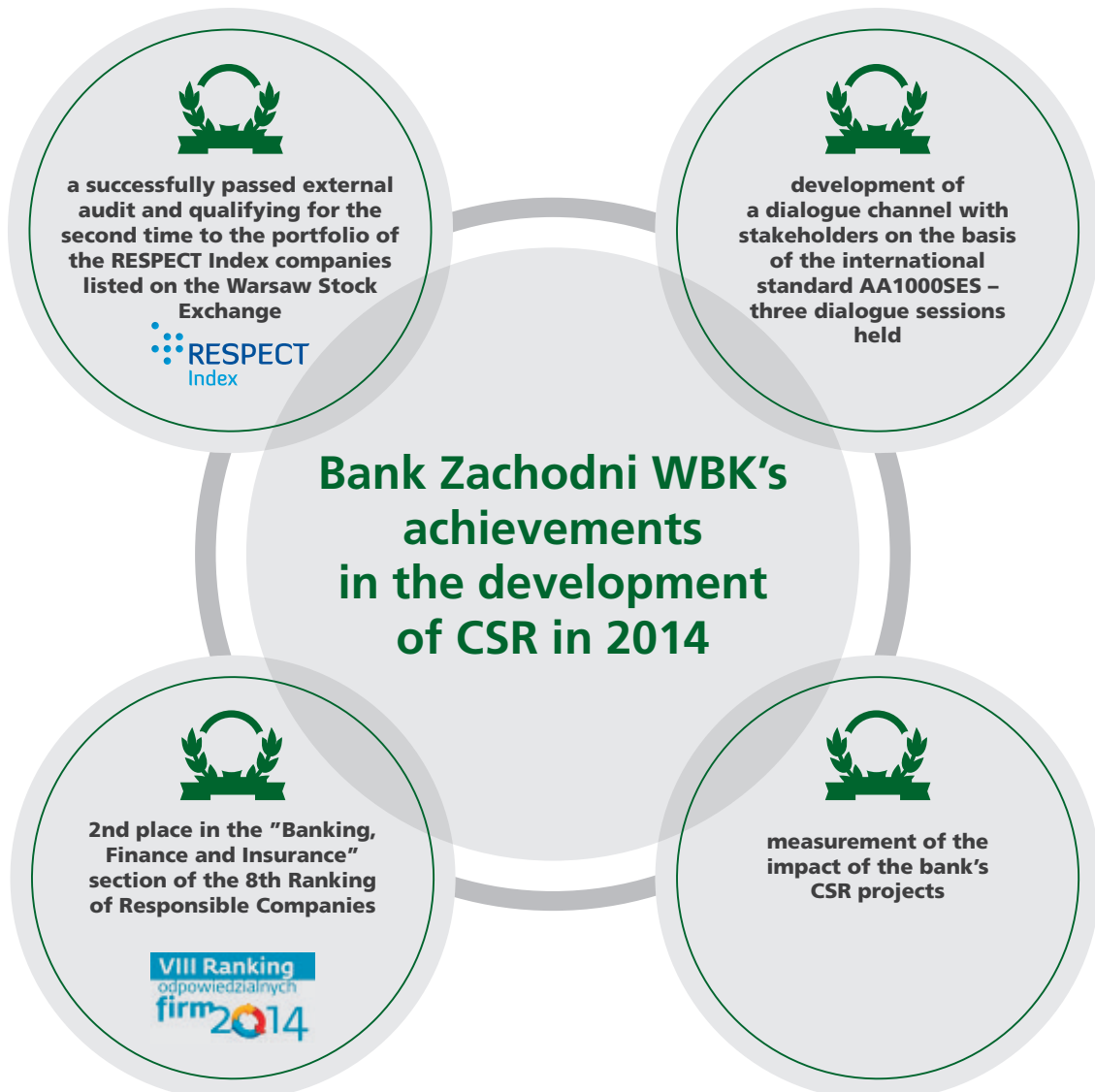
Our achievements in the area of corporate social responsibility

For many years now, Bank Zachodni WBK has been pursuing a social responsibility philosophy out of concern for the local environment. In 2012, the bank implemented the "Corporate Social Responsibility and Sustainable Development Policy of Bank Zachodni WBK" in which it undertook to give due respect to social interests and ethical and environmental considerations in each and every action it takes. This approach is an integral part of business management, long-term commitment and investment for the future. The bank's commitment to social responsibility is confirmed by its listing in the **RESPECT Index** of the most socially responsible companies.

Active engagement in industry initiatives and CSR activities

Bank Zachodni WBK, as a member of the Association of Polish Banks, participated in the work of the following teams: Depository Banks Council, Public Relations Council, Working Group on Agriculture and Rural Areas, Working Group on Energy Sector Financing, SEPA Poland, Property Finance Committee, Working Group on the LEADER Initiative, Financial Service Quality Committee, Banking Law Council, Banking HR and Training Committee, Working Group on Financing Transportation and Infrastructure, Consumer Loans Committee, European Funds Working Group and the Polish Banking Qualification Standards Committee.

[G4-16]



We actively participate in the Polish and international CSR initiatives implemented by the industry.

Bank Zachodni WBK is a strategic partner of the **Responsible Development Forum** and a signatory of the **Declaration of Polish Businesses for Sustainable Development**, as part of the project called the Vision of Sustainable Development of Polish Businesses until 2050 and supports a number of national initiatives, such as the **“Best Banking Practices”** and the **“Code of Best Practice of the Financial Market”**.

Bank Zachodni WBK is also a signatory of the **Equator Principles** as a member of the Santander Group and, together with other Group companies, reports its environmental indicators to CDP. The bank is a member of the Polish Institute of Directors, the Lewiatan Confederation (formerly known as the Polish Confederation of Private Employers ‘Lewiatan’) and the Association of Polish Banks.

[G4-15]


How Bank Zachodni WBK develops its CSR foundations through dialogue with stakeholders

Management of relationships with the external environment

Management of relationships with stakeholders is a way to enhance the organisation and improve its management practices. Stakeholder engagement in the preparation of the CSR report is a key element of the process.

[G4-25]

The key stakeholders of Bank Zachodni WBK were identified from the perspective of the business strategy, direct and indirect impacts of the organisation and the way of engaging them in a



In the Polish reality of a catching-up economy, the mission of a universal bank is to pursue a strategy of growing together with its stakeholders, so that no party is overprivileged.

| | | | |
|--|---|--|--|
|  <p>customers</p> |  <p>employees</p> |  <p>communities</p> |  <p>shareholders</p> |
| <p>enhancing the bank's perception as a trustworthy partner and provider of innovative, high-quality solutions</p> | <p>taking care of employees' development and commitment and creating a friendly work environment</p> | <p>taking care of the interest and development of local communities in Poland</p> | <p>maximising shareholder value</p> |

The stakeholder map [G4-24]

The key stakeholders of Bank Zachodni WBK

Chapters which describe subjects relevant to particular stakeholder groups or the bank's impact on respective groups

shareholders

1. About Bank Zachodni WBK

Who we are

How Bank Zachodni WBK develops its CSR foundations through dialogue with stakeholders

SMEs

2. Customers and the Market

How we adapt our activities, infrastructure, products and services to customer needs

How we offer our products and services in a responsible way

How we try to respond to the needs of progressive customers by upgrading our mobile and online banking platforms

How we influence the development of the market

regulator, supervisory authorities

2. Customers and the Market

How we offer our products and services in a responsible way

3. Employees and Environmental Impact of Our Organisation

How reliability and responsibility are ingrained in our management framework and organisational culture

communities, local authorities, NGOs

4. Social Investments

How we support education and science

How we support everyday activity and ensure equal opportunities to persons with disabilities

How we promote the development of civil society

retail customers, including:

- young people
- families
- singles
- students
- seniors
- persons with disabilities
- wealthy customers

1. About Bank Zachodni WBK

What Bank Zachodni WBK does as an institution of public trust

2. Customers and the Market

How we adapt our activities, infrastructure, products and services to customer needs

How we offer our products and services in a responsible way

How we try to respond to the needs of progressive customers by upgrading our mobile and online banking platforms

4. Social Investments

How we support everyday activity and ensure equal opportunities to persons with disabilities

The key stakeholders of Bank Zachodni WBK

Chapters which describe subjects relevant to particular stakeholder groups or the bank's impact on respective groups

corporate customers including:

- large corporations
- public sector

2. Customers and the Market

How we adapt our activities, infrastructure, products and services to customer needs

How we offer our products and services in a responsible way

How we try to respond to the needs of progressive customers by upgrading our mobile and online banking platforms

How we influence the development of the market

employees (current and future), students and graduates, universities (authorities, faculty staff)

3. Employees and Environmental Impact of Our Organisation

How reliability and responsibility are ingrained in our management framework and organisational culture

What we are like – caring for our employees, focusing on dialogue and shaping staff attitudes to better respond to customer needs

How we understand minimising environmental footprint of our operations

suppliers and business partners

3. Employees and Environmental Impact of Our Organisation

How reliability and responsibility are ingrained in our management framework and organisational culture

media, competition and industry organisations

Entire report

The stakeholders who have a significant impact on the bank and are under an equally significant impact of the bank are classified into groups, with which the bank communicates using defined channels:

[G4-26]

Highlights of the dialogue with stakeholders in 2014

Key communication channels

| Retail customers and SMEs | Corporate customers and GBM | Investors and analysts |
|--|--|---|
| <ul style="list-style-type: none"> customer satisfaction survey (CSI) branches call centre Internet (the bank's blog, a dedicated profile on LinkedIn, the Bank of Ideas) meetings, conferences and training programs e.g. the Entrepreneur Academy | <ul style="list-style-type: none"> bankers and advisors Corporate Banking Centres and centralised Large Corporate and Property departments conferences road shows Business Service Centre virtual trade missions | <ul style="list-style-type: none"> General Shareholders' Meeting quarterly presentation of performance results meetings conferences stock exchange messages and press releases |
| Regulators and market supervision | Employees | Communities |
| <ul style="list-style-type: none"> periodical meetings reports | <ul style="list-style-type: none"> employee attitude survey intranet company newsletter bulletins, divisional newsletters internal meetings management road shows chats with the bank's senior managers Performance Management process integration events (including the Annual Hiking Event) | <ul style="list-style-type: none"> Three dialogue sessions, including <ul style="list-style-type: none"> impact measurement voluntary work activities of the Bank Zachodni Foundation voluntary service of employees conferences, local events |
| Media | | |
| <ul style="list-style-type: none"> press conferences and briefings interviews, expert commentaries one-to-one meetings press releases | | |

What changes do the stakeholders expect to see in this year's report?

[G4-27]

- Presentation and explanation of the bank's mission, role and responsibility – we respond to this expectation in the chapter **"What Bank Zachodni WBK does as an institution of public trust"**.
- More information and aspects related to responsible selling and prevention of misselling – our response to this expectation can be found in the chapter **"How we offer our products and services in a responsible way"**.
- Presentation of the strategic approach, objectives and progress in the delivery of the bank's commitments in different areas – we refer to objectives discussed in the previous report; **each chapter devoted to a different subject ends with a commitment for the next year from the Management Board member in charge of the respective area**. We are also working on a sustainable development and responsible business strategy for the coming years.
- More comments to presented results and GRI measures – **we have tried to show openly whether we treat our achievements** to date as satisfactory or whether they motivate us to changes or intensification of efforts.
- **"Tell us also where you failed"** – in response to this expectation we have decided to tackle subjects which pose challenges to us, such as completion of the merger with Kredyt Bank, offering support to borrowers with CHF loans or management of diversity within the organisation.
- Treating the environmental impact subject as less significant due to the nature of the bank's business – the subject of environmental impact of the bank's infrastructure and operations is presented in the chapter **"Employees and Environmental Impact of Our Organisation"**, while the subject of environmental impact of investments financed by the bank, in the chapter **"Customers and the Market"**

The first CSR report of Bank Zachodni WBK was awarded in the **CSR Reports 2014** competition



The judges appreciated our report for adapting its structure to the expectations of stakeholders.

What did stakeholders like about our last year's report?

Dialogue tools used:

- answers to specific stakeholders' questions and postulates
- engagement of senior management and presentation of persons responsible in the organisation for particular areas of relevance for CSR
- inviting stakeholders and beneficiaries to share their opinions

Clear structure and form:

- the report's content, structure and narrative
- demonstrating good practices and detailed description of projects
- clarity, transparency and exhaustiveness

Honesty:

- transparency

link/ QR code to last year's report



[G4-18]

During the process of defining the report content:

- we analysed the results of research carried out to date to identify areas of the bank's impact on the market, social and natural environment.
- we engaged our staff (employee engagement survey).
- we listened to the expectations of key stakeholders.
- we held a workshop with 21 senior executives of the bank from all key departments to assess the significance of each identified subject

The dialogue session organised for the purpose of the report was attended by 25 representatives of the finance and capital markets sector, the regulator, organisations representing customers' interests, shareholders, public and research institutions, government agencies, NGOs and organisations promoting the development of CSR in Poland, who expressed **62 expectations** concerning the report content and presentation of information and **23 expectations** regarding the bank's activities.

[G4-27]

The comprehensive review was prepared in line with the guidelines of **GRI G.4** (identification, prioritisation, validation). The purpose of the process was to identify priority areas in the CRS activities of Bank Zachodni WBK from the point of view of reporting and setting the development directions for the currently drafted sustainable development and responsible business strategy of the bank.

Additionally, the report has undergone the Materiality Disclosure Service process to assure correct presentation and distribution of indicators defining the content of the report.



[G4-19]

List of significant GRI G.4 subjects and aspects

| Priorities | Aspects considered as important for Bank Zachodni WBK in the course of the process | GRI aspect | Report chapter where the information can be found |
|--|--|--|---|
| Strategic | Direct and indirect impact of the bank on the economy | Indirect economic impact | 4. Social investments |
| | Changes in the bank's organisational structure and finalisation of the merger with Kredyt Bank | Profile indicators | 2. Customers and the market |
| | Financial results | Economic performance indicators | 1. About Bank Zachodni WBK |
| | Customer satisfaction survey results | Product and service labelling | 2. Customers and the market |
| | Responsible selling (including prevention of misselling and the marketing policy) | Marketing communication, product and service labelling, policies for the fair design and sale of financial products and services | 2. Customers and the market |
| | Increasing the access of disadvantaged groups to banking products (including "Barrier Free Service" development plans) | | 4. Social investments, 2. Customers and the market |
| | Customer data security | Protection of customer privacy | 2. Customers and the market |
| | Management of business ethics in the organisation, corporate governance, supervision, anti-corruption practices | Profile indicators, regulatory compliance, participation in public life, non-discrimination, | 3. Employees and Environmental Impact of Our Organisation |
| | Environmental and social risk management system covering investments, customers and products | Social and environmental aspects of product lines, assessing and screening risks | 2. Customers and the market |
| | Development of managerial staff, education and training of employees, equal opportunities, supporting professional development of employee | Education and training | 3. Employees and Environmental Impact of Our Organisation |
| | Organisational culture and building responsible employee attitudes | Employment | 3. Employees and Environmental Impact of Our Organisation |
| | Employee satisfaction and attitude surveys, dialogue with employees | Employee complaints system | 3. Employees and Environmental Impact of Our Organisation |
| | The bank's initiatives addressed to students | | 4. Social investments |
| | The green workplace (reducing the bank's environmental footprint) | Consumption of materials and energy, management of emissions, transport | 3. Employees and Environmental Impact of Our Organisation |
| Social impact of the bank, Santander Universidades, activities of the Bank Zachodni WBK Foundation, sponsoring, involvement in public life and the bank's participation in cultural events | Local communities | 4. Social investments | |
| Important | Diversity management | Diversity and equal opportunities | 3. Employees and Environmental Impact of Our Organisation |
| | Financial education | Financial education projects | 4. Social investments |
| | Incentive, performance management and compensation systems | Wages, presence on local markets, equal pay for male and female employees | 3. Employees and Environmental Impact of Our Organisation |
| Additional | Management of relationships with subcontractors and suppliers | Evaluation of suppliers in terms of employment practices | 3. Employees and Environmental Impact of Our Organisation |

All aspects have been identified as significant in terms of the operations and impact of Bank Zachodni WBK.

No limitations were identified in reporting all significant aspects of the bank's social and environmental impacts, including third parties.

[G4-20]

[G4-21]

The scope of the reported data does not go beyond the organisational framework of Bank Zachodni WBK.



4,027,725

**retail
customers**



274,293

**SME
customers**



9,092

**corporate
customers**

As at 30 June 2015



2.

Customers and the Market

How we adapt our activities, infrastructure, products and services to customer needs

How we offer our products and services in a responsible way

How we try to respond to the needs of progressive customers by upgrading our mobile and online banking platforms

How we influence the development of the market

Customers and the market

Number of all customers*:

- **4,027,725** retail customers, **3,720,361** personal accounts
- **768,815** credit cards
- **4,059,783** debit cards
- **274,293** SME customers, **561,191** business accounts
- **9,092** corporate customers



* in June 2015

Our goal is to help customers prosper. We want to enhance their loyalty, trust and satisfaction.



Shareholder expectations

Please show how the bank wants to earn the trust of customers.

Corporate aim



To help people and businesses prosper

Our goal



To increase market share and maintain leadership in terms of profitability

How?



Simple, personal and fair

We are a universal bank providing a wide array of financial services to retail and business customers and large corporations, from the basic ones like personal and settlement accounts, through payment cards, loans and insurance products, to financing complex, high-value market deals.

We know that the loyalty of our customers is a reward for our loyalty to them. We build lasting relationships and offer products tailored to individual needs (**Personal**). We take care to make our communication clear, provide transparent information (**Simple, Fair**) and have simple procedures. Our ambition is to render the most professional services on the market. To this end, we offer an attractive loan and deposit proposal, and settlement and payment services combined with technologically advanced, top-quality customer service. While preparing our offer, we listen carefully to the voice of our customers, their opinions and expectations. Last year we carried out the largest customer survey in the bank's history.

Our priorities include professionalism, use of new technologies and solutions and responsible sale adapted to the level of customers' knowledge and their risk acceptance.

In this way, we want to increase the comfort of life of Polish families and contribute to Poland's economic growth.

We believe that we are on the right way to achieve it, as reflected by almost half a million of new customers who trusted us last year.

The strategy of Bank Zachodni WBK for 2013–2015 is based on a program called the **Next Generation Bank**. The main assumptions of the program include:

- dialogue with customers and listening to their expectations while designing products,
- personalised offer responding to the actual needs of customers,
- professional advisory services tailored to the level of customers' knowledge,
- transparent contractual terms, fees and charges,
- comfortable service in all channels of contact with the bank,
- state-of-the-art technologies and IT systems,
- employees committed to continuous improvement of processes.



Our aspiration is to build the best retail and commercial bank for customers, employees, local communities and shareholders. The results of our surveys, but also our daily experience, confirm that customers expect comfort and a wide range of easily accessible banking services, they want to be treated individually and choose a bank which they can trust and which treats them fair.

Our platform for evolving in this direction is the **Next Generation Bank**, a program launched over a year ago. We want to focus even more on customers and their needs and promote the culture of dialogue, partnership and development of employees.

We strongly believe that a collaborative team of committed individuals working with passion can effectively change the reality and build customer satisfaction.

Elżbieta Solińska
 Director, Central Banking Operations,
 Operating Services Area



How we adapt our activities, infrastructure, products and services to customer needs

WE HAVE MERGED TWO BANKS INTO ONE ENTITY

[G4-13]

In 2014, our major challenge and an exam we had to take in front of our customers was the operational merger with the ex-Kredyt Bank. The critical weekend at the end of October last year when we transferred the data of more than 0.5m ex-KB customers to the joint platform ended in success, with data transferred on schedule and without any complications.

It was our priority and, at the same time, our **“test for professionalism and responsibility for customers”**. Therefore, the UNO integration project was implemented by a dedicated team of **500 people** and more than **900 employees** in total participated in project related activities.



Shareholder expectations

Discuss the issues encountered in the course of merger with Kredyt Bank (with IT systems, merging and closing branches, with employees and management of queues).

We put emphasis on effective communication with customers and uninterrupted access to services and transactions. For the pre-merger customers of Bank Zachodni WBK, the migration brought no changes, while the former KB customers received access to modern online banking platforms.

Migration with minimum inconvenience

We tried to minimise the inconvenience related to the process, although in order to comply with the security procedures accounts had to be activated after their transfer to the new platform. The only activity required from customers in the process was a change in the method of logging on to the transactional system and of authorising transactions. Another major challenge was to transfer the data of corporate customers to the IT system of Bank Zachodni WBK.

At each stage of the corporate customers migration process we collected feedback through our advisors and the Business Service Centre, as well as through our regular customer surveys. The conclusions were used to improve the respective elements of the process on a daily basis according to the suggestions of our customers.

At the same time, preparations for the migration of retail customers were in progress. The bank made its best effort to implement the changes with minimum impact on customers, by designing an automatic process requiring very little interaction. In addition to adaptation of the telecommunication and IT systems, a key part of the process was informing customers about the planned changes ahead of the time. We sent letters explaining the changes and describing in detail, step by step, how they will be able to activate BZWBK24 electronic banking services.

Our call centre consultants provided all requested information, guided customers through the migration process and were ready to resolve any uncertainties or concerns. Additionally, we launched a dedicated migration microsite where information about the process and answers to frequently asked questions were posted. Another important activity related to the operational integration was communication with the public (in particular customers) in the media.

The bank's Press Office regularly contacted key journalists to update them on the progress of work and inform in advance about major steps in the process. Journalists were vitally interested in technical aspects of the merger and asked many questions.



On one occasion, a concern raised by a journalist based on an individual customer case helped us to modify the process in order to eliminate potential inconvenience to customers. On the weekend of 24-26 October, data, products and services were transferred to the IT systems of Bank Zachodni WBK. The former users of KB24 and KNet were granted access to modern electronic banking platforms, including BZWBK24, Moja Firma Plus and Mini Firma. As of 27 October 2014, all ex-KB customers are supported by a single, centralised IT system of Bank Zachodni WBK. Thanks to migration of the products and services to the platforms of Bank Zachodni WBK, all customers are offered the same, standardised products. And nothing else changed – customers have kept their account numbers and can use their payment cards and ATMs exactly in the same way.


Ultimately, all bank's customers will have access to the same, uniform offering without any changes required e.g. without opening a new account with different functionalities. The former users of KB24 have obtained access to BZWBK Mobile, one of the best rated mobile banking platforms in Poland. Other new functionalities available to ex-KB customers include withdrawal of cash from ATMs without using a card or no charge for exceeding the credit card limit.

Continuous improvement of customer service quality

We look at daily service through the eyes of our customers

We monitor and improve tools, processes and features of the products offered on an ongoing basis. Employees of an independent research company call people who visited a branch, used the online banking system or an ATM or contacted our call centre on a given day and ask them about their experience and request feedback.

Every month we receive 12,000 reports with a detailed description of the situation across the sales network which are a source of valuable insight into the performance of individual branches and – in the case of wealthy customers – individual advisors. The quality survey does not rely anymore on the analysis of randomly selected interactions with consultants but on a comprehensive review of the entire process of customer contact with the bank, regardless of the channel used. And what matters most is the voice of the customer who evaluates individual aspects of the interaction i.e. visiting a branch, using an ATM or the mobile banking application etc.






Present the results of your customer satisfaction survey with a comment what they actually mean to Bank Zachodni WBK.

In 2014, we launched the biggest customer satisfaction survey project in the bank's history, covering retail customers and SMEs. Its purpose was to measure the degree of customers' satisfaction with all kinds of interaction with the bank (at the branch, through the call centre, electronic and mobile banking platforms or ATMs) and to diagnose potential issues and reasons for dissatisfaction. We have read the opinions of more than **61,000 people** and we will use them to develop our services in line with their needs and expectations.

[G4-PR5]

The research helped us identify three main problems which we try to address with targeted actions:

| | | |
|---|---|--|
|  |  |  |
| <p>we have collected 100,000 open customer feedback statements</p> | <p>61,520 interviews were conducted as part of 16 research modules</p> | <p>every 3 minutes on average, we interviewed one bank customer</p> |

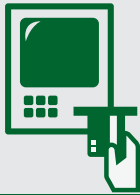
Identified issue

Customers queuing in some branches

Customers complaining about the lack of privacy due to the layout of some branches

The skill of diagnosing customer needs to be enhanced

Corrective actions implemented by the bank



In selected branches, in order to reduce the workload of counter staff, we installed cash points for deposits and withdrawals. 200 machines have already been deployed and another 200 will be added over the next 15 months.



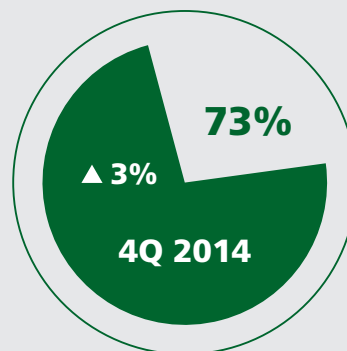
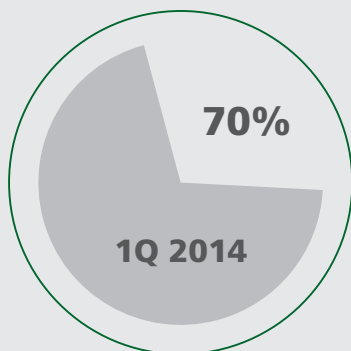
We have identified 150 outlets where the issue is most urgent. All of them will be modernised and rearranged.



Our idea to increase staff commitment to advising customers is to train approximately 1,000 managers and directors from the branch banking area who will then share the knowledge gained with their colleagues.

A great majority of customer service aspects in branch banking was improved in 2014.

The highest customer satisfaction with the bank's distribution channels is reported in the case of branches.



We improve service quality in branches

Results of quality surveys are distributed on an ongoing basis via ECHO web browser, so that branch directors can learn customer opinions almost immediately after interviews are conducted.

In the case of a poor rating of the service by a customer, the director receives a HOT ALERT with an instruction to contact the customer, apologise for the bad experience and learn detailed reasons of his/her dissatisfaction. With such arrangement of our quality research we are able to continuously improve the service standards in the bank's outlets.

Sales training of advisors drives up branch performance

We focus on the improvement of the quality of interactions with customers through regular sales training. In the second half of 2014, all branch directors and managers were trained. Managers developed their sales conversation skills in line with the applicable standards **(5 Customer Service Principles)**.

The first results have already been seen – higher scores are recorded in the majority of evaluated service aspects which depend on the branch staff:

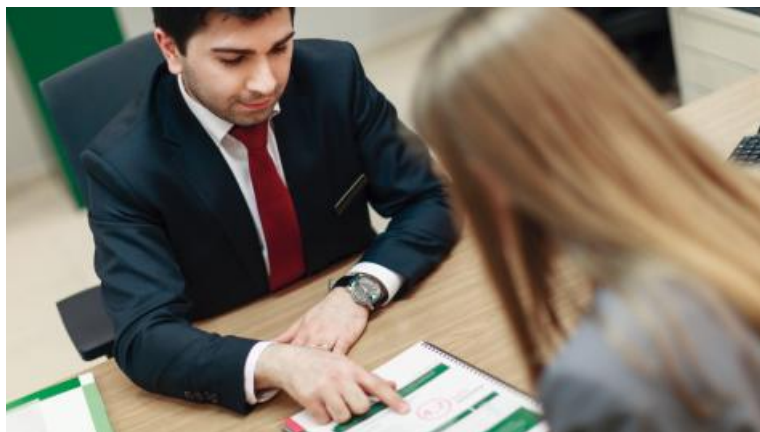
- overall customer satisfaction with the visit/contact increased by 3 p.p.
- satisfaction with the service provided by the advisor/ employee increased by 3 p.p.
- politeness of advisors is highly appreciated – an increase of 2 p.p.

In the first quarter of 2015, customer satisfaction indicators continued their way upwards which is an optimistic sign for the future. This year we will measure the effectiveness of sales training not only based on customer satisfaction surveys, but also using **mystery shoppers** who will check the quality of interactions with customers carried out according to the **5 Customer Service Principles**.

Appointment of macroregional service quality managers in each macroregion

The idea behind the appointment of new macroregional quality managers in 2014 was to improve the quality of customer service in the bank's branches. Service quality managers support branch directors and advisors in their daily efforts to increase customers' satisfaction with the service they receive in the bank's branches.

Managers also support the network: meet with people, run workshops and training events, take part in regional and macroregional meetings and monitor the daily performance of branches. They analyse the strengths and weaknesses of branches based on the results of quality research carried out by the bank, including customer satisfaction surveys and **mystery shopping checks**. Conclusions from the analysis are then used to design the required support actions.



9 out of 10 customers

at the end of Q4 2014 were completely satisfied with the friendliness and helpfulness of our advisors

90% of customers

appreciated the degree of privacy during the interaction and

87%

understood the communicated information.

We upgrade the skills of our SME advisors

One of the areas of crucial importance for the service quality is a strong and professional credit process. An example of an initiative aimed at offering better service to customers from this segment is the SME certification program implemented as part of the SME Skills Academy which combines staff development (training and exams) with their business activity and quality of credit recommendations and decisions.

As at 20 May 2015, there were

2,521 bank employees*

with such certificates.

* As at 20 May 2015

We improve accessibility by developing our branch network

We are currently working on the optimum distribution of the bank's outlets across the country. Wherever a need is identified, we fill in blank spots on the map, while closing outlets with less advantageous locations.

At the end of 2014, Bank Zachodni WBK operated a network of **788 own branches** situated in all provinces of Poland, complemented by **115 partner** outlets and **1,365 ATMs**.

[G4-FS13]

| Province | Ranking according to LHDI | LHDI | WI | Population | Ranking according to population | Number of outlets | Ranking according to no. of outlets |
|---------------------|---------------------------|-------|-------|------------|---------------------------------|-------------------|-------------------------------------|
| Świętokrzyskie | 16 | 36.78 | 27.62 | 1 283 500 | 13 | 44 | 16 |
| Warmińsko-mazurskie | 12 | 42.33 | 30.93 | 1 428 600 | 12 | 46 | 15 |
| Podlaskie | 8 | 44.4 | 25.67 | 1 198 879 | 14 | 47 | 14 |
| Podkarpackie | 10 | 43.77 | 24.09 | 2 097 875 | 9 | 52 | 13 |
| Opolskie | 6 | 46.95 | 30.96 | 1 046 200 | 15 | 66 | 12 |
| Lubelskie | 14 | 39.55 | 27.4 | 2 097 875 | 8 | 73 | 11 |
| Lubuskie | 9 | 44.36 | 33.79 | 1 009 000 | 16 | 88 | 10 |
| Zachodniopomorskie | 11 | 42.89 | 35.48 | 1 693 700 | 11 | 103 | 9 |
| Kujawsko-pomorskie | 13 | 41.22 | 33.67 | 2 097 875 | 10 | 115 | 8 |
| Łódzkie | 15 | 39.28 | 36.85 | 2 574 280 | 6 | 125 | 7 |
| Małopolskie | 2 | 51.93 | 35.15 | 3 266 200 | 4 | 126 | 6 |
| Pomorskie | 3 | 51.14 | 39.79 | 2 192 000 | 7 | 145 | 5 |
| Śląskie | 5 | 49.54 | 46.59 | 4 681 700 | 2 | 212 | 4 |
| Dolnośląskie | 7 | 46.34 | 42.84 | 2 886 700 | 5 | 368 | 2 |
| Mazowieckie | 1 | 60.21 | 60.84 | 5 160 800 | 1 | 297 | 3 |
| Wielkopolskie | 4 | 50.22 | 39.86 | 3 373 500 | 3 | 369 | 1 |

LDHI – Local Human Development Index

WI – Welfare Index



We improve customer service over the telephone

Efforts are made to improve the comfort and effectiveness of customer contacts with the bank's call centre. We are aware of the fact that for many of our customers it is an intermediate solution between branch banking and electronic banking. Therefore, the Telephone Banking Centre (TBC) is continuously striving to improve its service standards and organises training workshops for advisors with an intention to make every contact with the call centre satisfactory for the customer.

An important development in the Telephone Banking Centre was the revision of the service standards which have been replaced since 1st July by the “**5 Customer Service Principles**”. The principles are a tool facilitating achievement of the highest service standards in the call centre. They are a compilation of best advisor practices developed in response to customer expectations. In June 2014, we expanded the after-sales service to include such products as personal account overdraft, cash loans, deposits and savings account. Customers calling our helpline at 1 9999, can check their current account balance, loan repayment amount or the value of interest accrued on the deposit.

Through the single channel of communication, the customer obtains information about all products and a comprehensive service from the call centre advisor. TBC is actively working on expanding the array of services available over the telephone.

Another key development is the implementation of a mechanism of evaluating each customer contact with the Help Desk. Right after the phone call ends, the customer is requested to answer a few simple questions about the quality of the provided support.

Service quality certificates

Since 2006, our Quality Management System has been certified for conformance with the **ISO 9001:2008** standard. At present, the certificate covers **41 processes**, including the sale of products and services and after-sales support for retail, corporate and Wealth Management customers. The **ISO 9001:2008** certificate evidences high standards and responsible approach to quality of the services on the part of Bank Zachodni WBK. It is our reward for the efforts made to implement and continuously improve the quality management system and an outcome of our business strategy.

In 2011 we were the first company in Poland to obtain the certificate of conformance with the **EN 15838** standard implemented by the European Commission in 2009 in response to common dissatisfaction with the quality of customer service offered by call centres.

The reasons for dissatisfaction included unclear or incorrect information provided, long waiting time for connection with a consultant, many referrals during one call and a rather unfriendly approach of staff to callers.

The standard sets forth strict criteria which must be met if a call centre wants to operate efficiently and handle contacts with customers in a satisfactory way.

At present, four processes meet the **EN 15838** requirements:

- sale and support of bank products to retail customers over the telephone and online,
- business customer service and support over the telephone,
- monitoring of overdue payments,
- internal customer service and support over the telephone



The ISO 9001: 2000 certificate is a proof that as an organisation we focus on meeting the needs and expectations of our customers and effectively manage the processes which serve that purpose. By implementing the Quality Management System and obtaining certification for it, we send a clear signal to customers that internal processes in the bank are under control and that we are able to manage them right in order to fulfil their requirements. Our potential is vested in people who execute the processes, the bank’s corporate culture and the ability to develop effective tools which can be used in our daily work.

Beata Szmagierewska
Process Management Department Director



How we offer our products and services in a responsible way

RESPONSIBLE COMMUNICATION

Advertisements without asterisks, offers without catches

[DMA product and service labelling G4-PR3, DMA marketing communication G4-4]

The key to offering the right product is to make sure it actually responds to customer's needs and level of knowledge and that the customer is ready to accept its terms and costs. The priority is to ensure clear and reliable presentation of the offer, both in advertisements and at the stage of buying and using the product. This is what responsible selling is about.

Therefore, we provide our customers with exhaustive, understandable and specific information about products and services offered by our bank. We explain the factors on which the terms of products and services depend and which determine the related fees, commissions, interest rates and benefits. We pay special attention to explain to customers the risk inherent in financial instruments, in particular, in the case of investments and long-term loans. The same is true of advertisements and marketing communication.

When difficult and unexpected situations occur, we want to solve financial problems together with our customers by offering them:

- products tailored to their needs and knowledge,
- transparent terms and fees,
- advertisements without asterisks and hidden costs,
- risk awareness and acceptance, a simplified complaint process.



Stakeholder expectations

Please explain how the bank informs and educates customers about services which are available to them from the bank and what changes implemented in the services mean to them. Tell us how the bank manages communication and marketing activities in conformance with CSR values.

Please include information about your activities aimed at making customers aware of the costs of purchased products and how you check whether advisors do not mislead customers at the stage of agreement signing.

We provide reliable information about products

We adhere to the principles of advertising banking services developed by the Polish Financial Supervision Authority. But that is not all. We want to ensure compliance of the bank's advertising and promotional materials with the applicable legal regulations, recommendations and good market practices.

To this end, we have implemented the manual of compliance in advertising and marketing communication which is regularly updated and maintained, along with changes in the legal environment.

All advertising messages are subject to the manual requirements and any disclaimers or additional terms must be clearly visible and written in a language which allows the readers to understand all features of the product.

The manual covers all types of advertising, including the increasingly common electronic advertisements (on websites and electronic mail).

What principles are we guided by?

Obligatory information:

| Bank accounts | Cash loans | Insurance products | Investment products |
|---|--|--|---|
| <ul style="list-style-type: none"> • annual interest rate on funds deposited in the account • variable interest rate • effective interest rate | <ul style="list-style-type: none"> • the interest rate on the loan and, separately, fees included in the total cost of the loan • total loan value • real annual interest rate • duration of the agreement • total amount repayable and the instalment amount | <ul style="list-style-type: none"> • exclusions or limitations of the insurer's liability • general terms and conditions of insurance • insurer's full name | <ul style="list-style-type: none"> • name of the investment firm • information understandable to an average representative of the target group • disclaimers or warnings may not be disregarded, neglected or presented in an unclear way • benefits from the service may not be emphasised unless all risks related to the same service are explicitly and honestly described. |

In 2014, no financial sanctions were imposed on Bank Zachodni WBK due to non-conformance with the laws in force or regulations applicable to offering and providing products and services.

[G4-PR9, G4-S08]

On 4 April 2014, the President of the Competition and Consumers Protection Office (UOKiK) instituted proceedings against the bank concerning alleged infringement of collective consumer interest, in relation to the terms of determining and charging fees for debt collection activities. The allegations pertained to the bank's Schedule of Fees and Charges, which contained clauses equivalent to those listed in the register of abusive contractual clauses. The bank agreed to replace the challenged provisions of the Schedule of Fees and Charges with new provisions, to withdraw from charging certain fees for debt collection activities and to reduce the rates of other fees to the level corresponding with the actual costs incurred by the bank in relation to those activities.

On 8 September 2014, the UOKiK's President issued a decision recognising the practices applied by the bank as infringing collective consumer interests.

In line with the bank's proposal, the UOKiK's President obliged the bank to implement the proposed corrective actions until 31 October 2014 and refrained from imposing financial sanctions on the bank. All agreed actions were implemented and the changes to the Schedule of Fees and Charges entered into force on 27 October 2014.

We clearly communicate changes in fees and commissions

We want to be a fair bank, therefore we take care to provide clear and reliable information about changes of fees and commissions. We announce changes ahead of the time and remind customers about them once they take effect.

Additionally, information is circulated through the following channels:

- a super message about changes to the Schedule of Fees and Charges in customers' mailboxes instead of a traditional message – the messages are displayed in BZWBK24 and – as of November 2014 – also in the transactional system;
- a reminder text message (as of January 2015);
- messages on the bank's blog
- messages on Facebook

We do not flood our customers with unsolicited information

Advertising messages distributed via electronic mail or over the telephone (including text messages) have to conform with applicable legal regulations and guidelines of supervisory authorities. We fully adhere to the standards which prohibit distribution of unsolicited commercial information addressed to specific persons, also by electronic mail.

[DMA regulatory compliance]

In the period under review, there was only one instance of an advertisement which did not contain all required information. A cash loan advertisement posted on the bank's website (www.bzwbk.pl) where information about the loan was available did not include information about the interest rate, the total loan value and the real annual interest rate based on a representative example.

The President of the Competition and Consumer Office found that the bank had discontinued the practice and refrained from imposing financial sanctions. The proceedings were closed.

[G4-PR7]

RESPONSIBLE SELLING AS A GUIDING PRINCIPLE



Stakeholder expectations

Please describe what actions the bank has implemented to make its employees concentrate on the real needs of customers and not on the sales targets only (how the bank prevents misselling).

We certify the knowledge of our advisors

4,000 employees have passed exams in the knowledge about investment products

Responsible selling should not be an empty slogan but a regular practice ingrained in our bank's DNA. The key is to professionally adapt to our customers' needs both simple products, like personal accounts, and the more complex ones, like savings and investment products and long-term loans.

This skill is developed, among others, through the process of advisors certification which tests their knowledge of investment products and is intended to minimise the risk of misselling as a result of insufficient expertise of the employees offering such products.



Stakeholder expectations

Please describe how the bank invests in the knowledge of its advisors and whether you have a code of conduct for advisors.

Each employee who wants to sell investment products has to pass an exam in business ethics, the sales model and product knowledge. This is a precondition for being authorised.

Once a year an exam is organised for all employees with authorisation to sell investment products. If they fail, their authorisation is cancelled.

The certification exam is a written test broken into five modules:

- sales ethics and model
- investment funds
- InPlus investment program
- structured deposits
- capital market (brokerage accounts)

A few thousand employees take the exam every year as part of the mass certification process.

The principle of responsible selling has been incorporated in the bonus and incentive systems by focusing on better identification of customer needs. To reflect this assumption in the bank’s policy we have changed our approach from product-based to segment-based.

We diagnose the needs and expectations of customers and only then prepare an individually tailored proposal. The objectives for managers of particular segments are set not only with the sales targets in mind, but also with a view to customer satisfaction and loyalty indexes.



An important factor in improving the service quality and preventing misselling is the financial component of the quarterly bonus paid to customer segment managers. The bonus amount depends on the degree of customer satisfaction from high service quality and on the customer loyalty index. Responsibility is a key word to our understanding of the business.

Customer loyalty cannot be achieved by selling products according to our needs and our sales targets, but only by indentifying and responding to customers’ real needs. This is why we have changed our incentive systems.



Marcin Pawłowski
Wealth Management
Area Director

We offer products taking risk into account

Some financial products are associated with investment risk which can be minimised only in a long-term perspective. Therefore, the customer’s knowledge, acceptance of risk and individual profile are key factors which should be considered before making a decision. In our credit policy, particularly with regard to high value investments, we take into account not only the bank’s risk, but also the risk to the environment, people and communities. Such standards are required under the Santander Group policy and guidelines. Compliance with environmental standards is a precondition for being granted a loan.



In line with the credit process currently in force, all investment projects above **USD 10m** financed by us are subject to the Group policy in respect of:

- social and environmental responsibility,
- water and wastewater infrastructure,
- power engineering industry, and
- wood industry.

The purpose is to:

- establish a framework integrating the social and environmental responsibility principles with the Group's global strategy, and
- define mechanisms of social and environmental risk analysis and making decisions concerning financing of investment projects.

The approach to environmental risk in the Santander Group is founded on its voluntary participation in the **"Equator Principles"** program which provides guidance to banks and expects them to analyse the social and environmental impacts of financed investments. The **"Equator Principles"** are international standards developed in the form of guidelines by the World Bank.

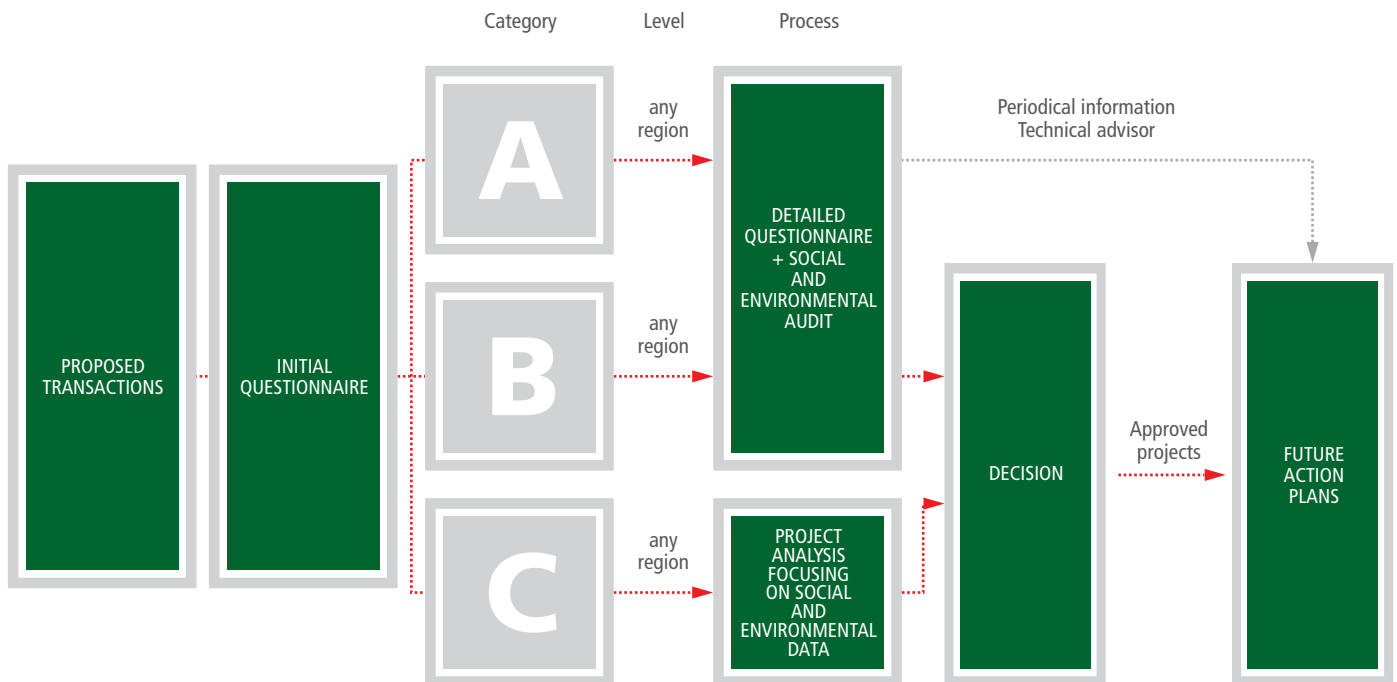
The bank's business units identify and analyse social and environmental risks associated with transactions in accordance with the adopted procedures.

In the process of analysing projects, specific activities must be carried out. Projects are classified into three risk categories. High-risk projects undergo additional social and environmental assessment by an independent, external auditor.

[G4-FS1, G4-FS2]

The procedure of analysing social and environmental risk according to the Equator Principles (EP III)

Amounts in excess of USD 10m



- A: projects with a potentially significant negative impact on the society or on the environment, or involving environmental or social risks
 B: projects with a potentially limited impact on the society or on the environment, or involving environmental or social risks
 C: projects with a minimum or zero negative impact on the society or on the environment or involving environmental or social risk

Strict rules also apply to financing projects from the following areas:

- conventional energy,
- renewable energy (only existing/operational projects),
- public-private partnerships – transport and social infrastructure,
- public-private partnerships – natural resources – waste management.

The policy of ethical sales of investment products is implemented with the support of global and local compliance committees and through monitoring of the sales staff.

Bearing in mind the obligation to offer our services in a responsible and fair way, we also follow a restrictive policy regarding the sale of investment products to people over the age of 65.

We tailor products to customers' knowledge

G4-4

Last year, Bank Zachodni WBK was the biggest distributor of structured retail products with more than **150 issues** worth in total **PLN 1.8 bn**. The offer is addressed to customers who, on the one hand, seek attractive rates of return and, on the other, want to minimise the risk of losing capital. We try to adapt the products to various needs and expectations of customers who search for alternative options to invest their savings in the current low-rate environment.

Therefore, we offer deposits with a variety of tenors and well-known underlying indexes and instruments. We do not have in our standard offer structured deposits based on unknown, niche indexes or a mix of many different underlying instruments, because we believe such products are suitable only for people with a professional degree of knowledge about the operating mechanisms of financial and capital markets.

Insurance offering real protection

Since March 2015, the area of bancassurance operations has been regulated by Recommendation U issued by the **Polish Financial Supervision Authority** which consists of a set of recommendations and good practices aimed at preventing conflicts of interest, by prohibiting banks to combine the role of a policyholder and an agent.

The Recommendation also regulates the bank's compensation for offering insurance products, emphasizes the freedom of choosing an insurer by the customer and requires provision of reliable information in the process.

In 2014, we worked on alignment of our operations with the abovementioned requirements to achieve full compliance with the Recommendation.

At the beginning of the previous year, we introduced a new model of selling insurance and investment products based on the concept of a pyramid of customer needs.

G4-4

We identify those needs and propose the best solutions in such areas as:

- loan security,
- coverage of the cost of university education or the first home for customer's children, and
- secure income after retirement (investment products).

The highest customer data security standards

[DMA customer privacy]

One of the fundamental rules of a bank operating as a public trust institution is to protect the customer's privacy and fulfill the secrecy obligation, as required from the bank pursuant to the generally applicable laws, in particular including the Banking Law of 29 August 1997.

Our bank has issued detailed guidelines concerning the protection of customer privacy which are set forth, inter alia, in:

- General Code of Conduct,
- Information Security Manual of Bank Zachodni WBK,
- Compliance Manual of the Employees of Bank Zachodni WBK,
- procedures pertaining to bank secrecy, processing of data for marketing purposes and objecting to processing of data for marketing purposes.

In 2014, we received altogether **10 complaints** from regulatory authorities. **Four complaints filed by the Polish Financial Supervision Authority** were related to breaches of the bank secrecy obligation and the remaining **six were filed by the General Inspector for Personal Data Protection** and concerned processing of personal data of members of a housing association which was the bank's customer, processing of data related to "Żagiel" instalment purchase loan, disclosure of a customer's data by one of the bank's employees, processing of data of a customer after expiry of his obligations towards the bank, processing data of a customer who filed a notice of agreement termination and processing data in the Credit Information Bureau.

Additionally, **11 incidents** were reported concerning breaches of customers' privacy or loss of data.

In all instances we have implemented corrective actions to prevent similar situations in the future:

G4-PR8

reminding employees about data protection rules

training employees of the relevant unit in customer identification procedures

amendments made to customer identification procedures and confirming their knowledge on the documents

blocking accounts and cards of customers whose data were lost

In the era of rapid technological progress and development of electronic services, we are becoming more and more dependent on IT processes. The key challenge is to ensure the stability and availability of IT services.

Additionally, continuous improvement of user support provided by **Help Desk** is required through simplification and automation of its service model. The ISO 20000 certificate which we obtained for our IT service management system already in 2008 is a confirmation that

our processes are based on best IT practices meeting international quality standards.

The ISO 20000 certificate refers to **17 regulated** areas with correlated, interacting processes, but it also has a universal dimension.

It can be successfully applied to other management areas which involve contacts and relationships with customers and require meeting their needs and expectations.

A systemic approach to the management of IT services based on the best IT Infrastructure Library (ITIL) practices, as confirmed by the receipt of the ISO/IEC 20000-1:2011 quality certificate, brings tangible benefits related to:

prestige and brand image

security and stability of provided IT services

audits and inspections

management of relationships with third-party IT providers

documentation

We want to solve problems together with our customers

We believe that our customer-centric orientation must be reflected in the bank's approach to crisis situations with negative impact on customers. Whenever customers cannot be blamed for such a situation, we talk to them and negotiate the optimum solution which helps to overcome transitional problems.



Stakeholder expectations

Present the bank's policy to restructuring of retail customers' debt.

What are the challenges and what actions were implemented in response to the market situation (e.g. the Swiss franc loans issue)?

How do we help borrowers with CHF loans?

On the turn of 2014 and 2015, as a result of a sudden surge in the Swiss franc exchange rate, the value of instalments of loans denominated in that currency increased considerably. In order to make debt service easier to borrowers with mortgages denominated in Swiss francs, we have implemented the following measures:

we account for a negative LIBOR rate while calculating the interest rate on CHF mortgage loans

we have decided to reduce the FX spread for the Swiss franc from 28 January to 31 December 2015

we offer the possibility of a temporary, free of charge reduction of the loan instalment amount by 10% or 20% for a period of 3, 6 or 12 months (maximum 12 months in total) at the customer's request filed by 31 December 2015

customers can apply for suspension of the loan principal repayment or extension of the lending period ¹⁾

until 31 December 2015, we will not charge a fee for annexes signed in order to restructure loans

in the case of loan currency conversion to PLN, we apply the current average NBP rate

we do not require additional security or insurance in the event of an increase in the loan to value ratio

Worth emphasizing is the fact that historically Bank Zachodni WBK had a very limited offer of FX loans for customers with PLN income due to a very high risk. We acquired the majority of our CHF loans portfolio as a result of merger with the former Kredyt Bank.

¹⁾ The length of the lending period at the time of making the extension decision may not exceed the maximum tenor specified in the credit offer i.e. 30 years for mortgages and 20 years for home equity loans. The maximum lending period is calculated as of the loan disbursement date.

We prefer to restructure loans rather than foreclose

We try to understand individual needs of our customers, also in the case of transitional financial difficulties. Thanks to our monitoring process, we are able to identify the signs of crisis situations at an early stage and prevent negative consequences. We follow the approach based on early diagnosis of the problem and finding the best solution in consultation with the customer.

The solutions most frequently agreed with consumers include:

- temporary reduction of the loan instalment amount,
- suspension of repayment, including an overdue instalment,
- extension of the lending period to the maximum period of time provided for in the product data sheet.

Only partnership can lead to finding an optimum solution.

Also in the case of businesses, our goal is to provide long-term support to companies and help them regain financial stability. When financial liquidity is lost permanently, the objective is to save the company. The majority of such transactions end in building lasting relationships.

Members of the teams responsible for direct contact with customers in the course of restructuring process undergo regular training in communication and negotiation skills. Our overriding objective is to demonstrate a pro-customer approach and maintain the relationship, while limiting the bank's risk to the acceptable level. When the bank uses services of third-party companies, close supervision is exercised and conformance with the agreed standards is regularly verified. We obey the rule that the customer may not feel any difference in the service quality and standards.

We regularly review the adopted restructuring policies and strategies in terms of their appropriateness and effectiveness. As a result, the number of cases resolved in court enforcement proceedings is continuously decreasing.

Innovative complaint process

Bank Zachodni WBK has adopted an innovative approach to complaints handling. A few years ago we were the first financial institution in Poland to appoint a Customer Care Officer. The BZ WBK Customer Care Officer supervises the process of complaint management, represents customers' interest in the bank and acts as an internal appeal body in the complaint evaluation process. Customers can report complaints to any branch of the bank in writing, by sending a complaint to the bank's address, by telephone or by electronic channels.

A customer who is not satisfied with the response to a complaint can appeal in writing:

- against the employee's decision - to the director of the unit evaluating the complaint,
- against the director's decision - to the Customer Care Officer of Bank Zachodni WBK.



To facilitate contact with the bank, we offer a special complaint reporting form for customers available on our website. We also provide information about the possibility of seeking free of charge legal assistance from city or county consumer ombudsmen. Any disputes between customers and the bank can be settled out-of-court, in front of the Bank Arbiter at the **Polish Banks Association** provided the disputable amount does not exceed **PLN 8,000**.

Monitoring the number of complaints received is a part of our complaint management process. We analyse the data and define, recommend and implement targeted actions to improve the bank's processes, products and services and to eliminate the root causes of complaints.

Products tailored to customer needs

[G4-4]

We want to be with each of our customers for many years. We realize they have different needs and different expectations from the bank at each stage of their lives. Hence, the key thing for us is to structure our offer accordingly. Our ambition is to become the bank of first choice for singles, families and seniors and be equally attractive to customers open to new technologies and to those who prefer traditional approach banking.



Shareholder expectations

Describe the significance of relationships with customers for the bank in the market and social context.

We want to sell customers only the products which they really need.



Shareholder expectations

Present the bank's product clearly, with no catches.

In 2014, the bank worked on the expansion of its product offer. In 2015, the customer segmentation process began. Segmentation is based on the customer lifecycle and takes into account the needs and expectations of customers.

The bank makes its best efforts to prepare the most suitable offer for each identified customer segment.

We offer a wide choice, so that each customer can make the right decision.

The following types of personal accounts are available for handling standard payments and settlements:

| <p>Account 1 2 3</p> | <p>Account Worth Recommending</p> | <p>VIP Account</p> | <p>Active 50+ Account</p> |
|---|--|--|---|
| <p>with cashback on household bills and everyday expenses</p> | <p>a fully mobile account</p> | <p>a personal account with an exclusive package of free of charge services. Full comfort of managing available funds and access to top quality offer</p> | <p>a personal account for active customers past the age of 50</p> |

We value our relationships with customers. The **Winter Benefits Package** promotion is an example of a personalised approach to regular and loyal customers of the bank. To reward customers' trust and loyalty, the bank proposed an interesting and attractive product offer: a free of charge personal account with cashback on household bills, a free credit card with the payback option, a cash loan, a low-cost overdraft, a term deposit with attractive interest and insurance for the family.

Products which support improvement of the quality of social life and development of environment-friendly economy

As a **Next Generation Bank**, we create simple but technologically advanced services and products. We have developed a comprehensive product offer without overloading customer with an excessive number of options.

We offer products suitable both for customers who prefer traditional banking and to those who appreciate new technologies and use the bank's services only in electronic channels.

Social impact



Young people

students, singles, couples, families

We help to finance purchase of the first home - one of the most important decisions at the stage of entering adult life and starting a family. To this end, we take advantage of government programs related to the housing policy.

We offer loans under the **Home for the Young** (MDM) program, with a grant available from the Subsidy Fund to finance down payment which young people have to make when buying their first home. Thanks to a well designed offer and an efficient lending process, many families decide to take out the loan and the bank has a high, 20% share in the market of newly sanctioned loans under the MDM program.

Social impact



Multi-child families

The Big Family Card is a national program of the Ministry of Labour and Social Welfare. Work on the program began in 2014 and ended in April 2015 with the bank's signing the accession agreement. Under the program, families with at least three children, regardless of their level of income, can take advantage of discounts and benefits offered both by public institutions and private entrepreneurs. Today, holders of the card are entitled to discounts in shops and to lower-priced museum and train tickets. The program participants i.e. families with at least three children, can also enjoy a range of special discounts and benefits offered by the bank.

Personal account:

Thanks to free of charge maintenance of the account with a minimum turnover of **PLN 1,000** and a credit card, without monthly or annual fees, the families save more than **PLN 1,000** a year.

Cashback on household bills paid from the account:

- gas
- electricity
- television
- Internet and telephone

Cashback on purchases made with 11213 credit card:


- in supermarkets
- at gas stations
- in restaurants, and
- fast food chains

Low price loans for borrowers with a Big Family Card:

As a partner of the Big Family Card program, we offer financial support to its participants:

- a personal overdraft sanctioned free of charge, and
- an attractive mortgage loan offer (regardless of the loan value). Additionally, participants of the **Big Family Card** program will be able to apply for a loan together with another non-participant borrower.

Social impact



Mature

Active 50+
 a promotional offer dedicated to active persons past the age. Customers who open an account receive a pair of Nordic walking poles as a gift. Bank Zachodni WBK promotes an active lifestyle of people aged 50 and more.

Social impact



Partnership with NGOs

Visa Silver "Pajacyk"
 In partnership with the **Polish Humanitarian Action**, we have prepared a special Visa Silver Pajacyk card. For each credit card issued, an amount of PLN 10 and a fraction of the value of each transaction executed with the card are transferred to the Foundation's account (in 2014, the total amount donated by BZ WBK amounted to **PLN 257,616**).

Environmental impact




Energy efficiency of buildings

We support customers who want to build **environment-friendly homes** by offering a loan with a subsidy from the National Fund for Environmental Protection and Water Management which is intended to be used for partial repayment of the loan principal. The subsidy helps to reduce the overall cost of building or purchasing an ecological house or apartment, by compensating for the additional cost of high energy efficiency standards. Thanks to extra investments, green buildings offer lower operating expenses due to less energy consumed for heating and ventilation and contribute to protection of the natural environment.

Environmental impact



Development of renewable energy



Shareholder expectations

Does the bank support companies from the environmental technologies sector (e.g. solar power manufacturers)?

We finance **four renewable energy projects**, the total value of which is nearly **PLN 140m**.

Environmental impact



Cities

JESSICA project – we are one of the banks acting in the capacity of an urban development fund under the JESSICA project. The purpose of **JESSICA** is to support regeneration of urban areas in the European Union countries, both in the economic and social dimension. Loans financed by the fund are granted to local governments, municipal companies and enterprises.

The distributed funds are intended to be spent on co-financing urban projects contributing to sustainable development of cities and increasing their attractiveness to residents and investors. In 2013, eight **JESSICA** loan agreements were signed to finance revitalisation of selected areas in Szczecin and Stargard Szczeciński. In this way, the whole amount of funds under the bank's management was contracted and the obligations imposed on the bank under the operational agreement with the European Investment Bank were fulfilled.

In 2014, under the **JESSICA** project the bank disbursed loans of the total value of **PLN 53.7m**:

- **66%** of all contracted funds,
- **two projects** co-financed by the bank utilised the full amount of loans granted,
- the average utilisation of **JESSICA** loans by the implemented projects was at **76%**.

Economic impact






Development of entrepreneurship, supporting startups

PLN 525,000 worth of loans in West Pomeranian macroregion

Business Incubator – a pilot program implemented in the West Pomeranian macroregion between 1 April and 31 December 2014. The program was developed in partnership with the **KLON Microloan Fund** of the Polish Entrepreneurship Foundation in Szczecin. Eligible customers identified by branches received a current account, professional business support and training from the Fund employees and a loan up to **PLN 50,000** for financing the initial stage of operations.

Loans of the total value of **PLN 525,000** were sanctioned to **54.83%** businesses which qualified for the pilot program. **70.96%** companies took advantage of advisory and training services.

At present, similar programs are implemented in other areas of the West Pomeranian region and in Lubuskie Province (Pomorsko-Kujawski and Wielkopolsko-Lubuski macroregions).

| | |
|--|---|
| <p>Economic impact</p>  <p>Education in EU funding</p> | <p>We organise conferences, meetings and workshops for businesses during which we disseminate information about:</p> <ul style="list-style-type: none"> • eligibility for funding under EU programs, • opportunities offered by EU funds to companies, • conditions for effective applying for funding from the EU • possibilities related to cooperation between businesses and academic institutions. <p>To date, three meetings were held for 70 customers.</p> |
| <p>Economic impact</p>  <p>Social consultations on aid schemes</p> | <p>As a member of the Polish Bank Association, we participate in numerous work groups and evaluate the designs of aid schemes (including EU programs) to be launched in Poland.</p> <p>When consulting draft laws, regulations and proposed programs, we focus mainly on the best interest of businesses and other beneficiaries of the programs.</p> |
| <p>Economic impact</p>  <p>Products based on aid and guarantee schemes</p> | <p><i>De minimis</i> guarantees, the ‘thermal insulation’ loan and the loan with interest subsidised by the Agriculture Restructuring and Modernisation Agency.</p> |

How we try to respond to the needs of progressive customers by upgrading our mobile and online banking platforms

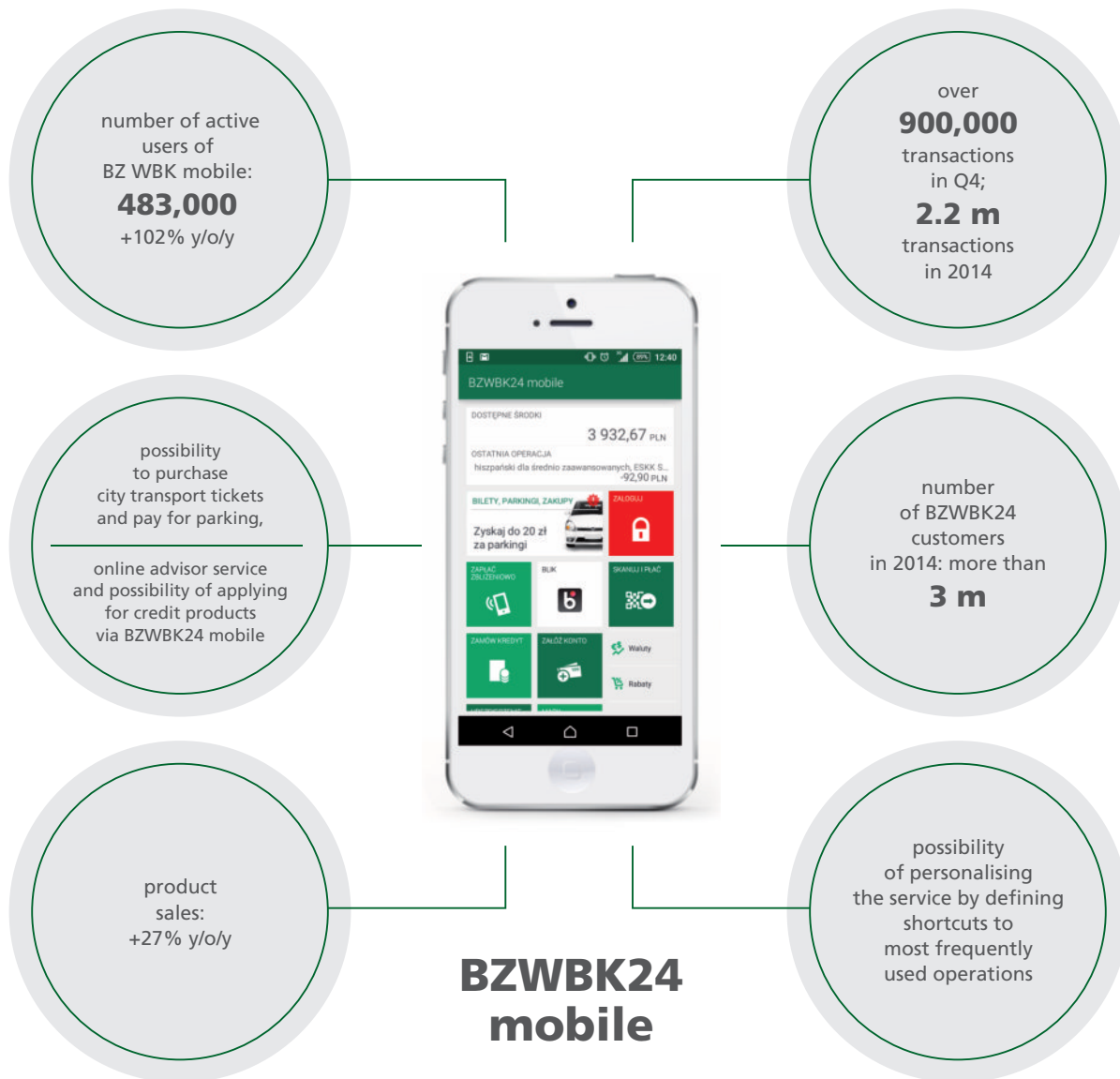
Bank Zachodni WBK has observed that for many customers mobile phones are the most convenient channel of contact with the bank on a daily basis.

We had more than **483,000** active users of BZWBK24 mobile at the end of 2014.

In June 2015, the number of users reached **594,000**

Nowadays, customers expect “anytime, anyplace” access to their bank. Technology makes it possible and we want to take advantage of it.

The best tool for that is a mobile phone, therefore we offer a functional and friendly mobile banking platform called BZWBK24 mobile.



Witaj w BZWBK24 mobile

| | | | |
|--|---|---|--|
| ZAŁOGUJ  | WALUTY  |  <p>WEŹ KREDYT GOTÓWKOWY Z BZWBK24 MOBILE, GDZIEKOLWIEK JESTEŚ!</p> <p>Sprawdź</p> |  Rabaty |
| ZNAJDŹ  | DORADCA ONLINE  | |  Czy wiesz, że w nowej aplikacji BZWBK24 mobile na tablety sprawdzisz stan konta, zrealizujesz przelew oraz złożysz wniosek o kredyt gotówkowy. Załóż się i sprawdź wszystkie możliwości BZWBK24 mobile. |

Our ambition is to offer the best banking application on the market and we believe it is the case. In addition to standard payment functions, BZWBK24 mobile offers services which distinguish the bank from its competitors. The application includes such functionalities as purchasing city transport tickets, payment for parking, withdrawal of money from an ATM without a card, as well as, payment in shops or online stores via the BLIK mobile payment system.

The mobile application can also be used to execute a bank transfer to the beneficiary's phone number instead of the account number. **"Scan & Pay"** is another useful functionality which allows for payment of invoices. All you have to do is scan the QR code on a hardcopy or electronic invoice and the transfer instruction form will be automatically populated.



We have also given our mobile customers a possibility to apply for credit products directly from the application and to talk to the bank's advisor online via a chat, or video/ audio connections. The online advisor service gives users an opportunity to learn about the bank's offer or get help when they need it. As of June 2015, it is also possible to communicate with an advisor who knows the Polish sign language.

At the beginning of 2014, users of BZWBK24 mobile application were offered a convenient possibility of making donations to charities. In the Mobile Shopping section there is an option **'Help'** supported by the bank together with the **Siepomaga Foundation**.

We listen to customers while designing new services

Our mobile and online banking is designed, developed and modified in response to identified customer needs. We take their suggestions into account both at the stage of designing the service and after its implementation. We have established a system for collecting customer feedback from interviews, social media and complaints.

We test services on a pilot group prior to their market launch. We learn lessons from opinions and comments of our customers who actively contribute to the development of the bank's electronic banking solutions. Additionally, we build lasting relationships with our customers in the course of the process.

During the tests, we can observe customer reactions and preferences and listen to their proposals for changes and improvements. An example of such an exercise was a competition for a review of the Desktop tab in BZWBK24 Internet which gave us over 30 insightful opinions with many suggestions of improvements and indications of weaknesses which should be eliminated. As a result, prior to making the tab available to all customers, many important changes were introduced to increase the comfort and satisfaction of the website users.

We listen to customers and talk to them via social media.

Social media are an important source of feedback for us. Therefore, we readily communicate with our customers on:



www.facebook.com/bzwbk



www.instagram.com/bzwbk



www.twitter.com/BankZachodniWBK



www.linkedin.com/company/bank-zachodni-wbk-s.a.



www.youtube.com/user/BankZachodniWBK



www.blog.bzwbk.pl



www.bankpomyslow.bzwbk.pl

February 2014

A functionality allowing for the purchase of city transport tickets, paid for directly from the personal account.

Simplified payments up to PLN 50 executed under the Mobile Shopping service – no need to enter the customer' NIK or PIN.

June 2014

A new method of logging on to the service – introduction of a simplified mobile PIN.

Payment for car parking via Mobile Shopping.

August 2014

More cities added to the public transport functionality available in **BZWBK24 mobile**.

Now tickets can be purchased through BZWBK24 mobile in more than 120 Polish cities.

November 2014

Applying for credit products – users of BZWBK24 can file an application for a cash loan, account overdraft or a higher credit limit directly from the application.

December 2014

BZWBK24 mobile application for tablets available. **Online advisor** – a new service through which customers can contact a bank advisor to request for help or solution to a problem.

Three communication options are available: an online chat, audio or video connection. You can contact the online advisor via **BZWBK24 mobile** on your smartphone or tablet or via **BZWBK24 Internet**.

February 2015

BLIK – access to mobile payments through the Polish Payment Standard. Money can be withdrawn from ATMs without a card and payments in shops and online stores can be made using a mobile phone.

Quick View – a service which offers the option of a quick check of the balance of available funds and of the last executed transaction before logging on to **BZWBK24 mobile**.

April 2015

FX transfers between user's own accounts. Further simplification of the Mobile Shopping service – in the new version of the application purchase of public transport tickets and payment for car parking is faster and easier.

Users can apply for a personal account directly in **BZWBK24 mobile**.

June 2014

Simplified procedure of applying for credit products – a credit decision even in 60 seconds. A possibility to manage the limits of cash, cash-free and online transactions (i.e. remote transactions) for debit and credit cards.

A new account history search engine (searching for transactions by beneficiary name and address, description and account number).

September 2014

A new layout of **BZWBK24 Internet** – more clarity, easier navigation, lighter colours and fonts.

December 2014

Desktop – a new tab in **BZWBK24 Internet** facilitates quick and easy access to basic information about the selected account.

Favourites – an option of defining shortcuts to favourite operations and sections of the service.

Online advisor services available in **BZWBK24 internet**.

We communicate most important changes and listen to feedback (both positive and negative) from our customers which is a valuable source of information to us and helps us react quickly when necessary.

Our reason for being proud is the **Golden Banker 2014** award for the best communication in social media.

All awards and distinctions received by our bank are the token of appreciation for the services and products which we offer.

Awards and distinctions granted in 2014

| | | | |
|---|---|--|--|
| <p>Mobile Trends Awards 2014</p> | <p>INNOVATION 2013</p> | <p>Innowator Wprost 2014</p> | <p>Mobile banking in businesses 2014</p> |
| <p>1st place in the mobile banking category and the audience award.</p> | <p>The Mobile Shopping Service in BZWBK24 won the 'Innovation 2013' title granted by the Business Forum and the Department of Technical Sciences of the Polish Academy of Science.</p> | <p>The Innovator title in the finance category awarded to BZ WBK S.A. for mobile banking. http://innowacje.wprost.pl/edycja-2014/</p> | <p>3rd place of BZWBK24 mobile application in the Money.pl ranking awarded in recognition of such functionalities as cash withdrawal from ATMs, transfers to mobile phone numbers and a simple method of invoice payment by way of QR code scanning.</p> |

Awards and distinctions received in 2015

| | | |
|---|--|---|
| <p>The title of 'Best Mobile Banking' from Money.pl</p> | <p>IT Leader of Financial Institutions 2014 – distinction</p> | <p>European Mobile Banking Functionality Benchmark</p> |
| <p>1st place of BZWBK24 mobile application in the ranking published on Money.pl. BZWBK24 received a score of 26.6 out of 30 and was considered the 'Best Mobile Banking' platform beating 19 other mobile applications.</p> | <p>Bank Zachodni WBK received a distinction in the electronic banking and e-finance category in the competition IT Leader of Financial Institutions 2014 organised by Gazeta Bankowa.</p> | <p>In June 2015, Forrester Research, a renowned research and advisory firm, considered Bank Zachodni WBK the best Polish bank and second best European bank.</p> |

How we influence the development of the market

The impact of Bank Zachodni WBK on the development of the market is related to support offered to small and medium size companies and large corporate customers.

DEVELOPMENT OF SMALL AND MEDIUM SIZE COMPANIES

The bank's non-commercial role of an SME advisor

We contribute to the growth of the Polish capital by supporting small and medium size companies. We launched new types of current accounts for SMEs e.g. the Agro account for farmers and owners of large farms.

According to the data of Bank Gospodarstwa Krajowego we ranked second in Poland in terms of the number of *de minimis* guarantees sold. Our current market share in this segment exceeds **20%** in terms of number and more than **15%** in terms of value of the guarantees issued.

Flexible approach to small and medium size companies

SME customers fall into two segments:

- **"10-40" companies** with a turnover between PLN 10m and 40m which are attended by macroregional teams, and
- **companies with a turnover below PLN 10m** attended by branch advisors, including
 - firmy Standard
 - firmy Plus*.

* in place of the former Classic and Premium segmentation. Companies from the 'Plus' segment can be offered a more individual approach in respect of fees and commissions.



Shareholder expectations

Describe how the bank enhances its products for SMEs by adding elements not directly associated with banking.

Our offer targeting small and medium size companies includes:

G4-4

- **MOBI Business Package** – for sole traders,
- **MINI Business Package** – for companies with limited transactional needs,
- **OPTI Business Package** – for companies with moderate transactional needs (an FX account in the package),
- **MAXI MINI Business Package** – for companies with high transactional needs (with additional PLN accounts and an FX account in the package),
- **Business Package with a Terminal** – for companies accepting card payments,
- **Agro Package** – for farmers,
- **Freelancer Business Package** – for freelancers,
- **NGO Business Package** – for NGOs,
- **mPOS** – for small companies which want to accept card payments.

Entrepreneur Academy

The Entrepreneur Academy is a national program of workshops organised by the bank to support the Polish business community, with an aim to enhance knowledge of entrepreneurs and create opportunities for sharing experience and best practices.

In 2014, the sixth edition of the Entrepreneur Academy took place, during which we focused on overcoming barriers in business.

- 5,000 participants,
- 50 conferences,
- 10,250 minutes of workshops.

The Academy lectures were attended by approximately **5,000** people. Among the speakers last year, we had recognised military leaders, **General Roman Polko** and **Major Rocco Spencer** from the US Army. The networking sessions facilitated by professional moderators offered an opportunity to overcome barriers, meet people and find a potential partner for new ventures in the future.

Last year, a dedicated **LinkedIn** profile of the Entrepreneur Academy was created in order to communicate with entrepreneurs, educate them and facilitate the exchange of knowledge.

Join the Entrepreneur Academy group on LinkedIn

and win iPhone 5s or one of ten books written by General Polko.



WE ASPIRE TO BECOME THE BEST BANK FOR THE BIG BUSINESS

The **Business and Corporate Banking Division of Bank Zachodni WBK** consists of 12 corporate centres, the Large Corporate Department and the Corporate Property Department. Together, we make up a team of more than **200 bankers** supported by credit partners and product managers.

We are aware of the fact that business customers have to trust the bank they work with. Therefore, the **Business and Corporate Banking Division** of Bank Zachodni WBK offers solutions and products tailored to individual needs of corporate customers which support the growth of each single enterprise.

Working with corporate customers we promote simplicity and try to make everyday banking operations as convenient and transparent as possible. We focus on innovation reflected in streamlining all our processes e.g. by launching **e-Applications**, accepting scanned documents or offering telephone and electronic contact with the **Customer Service Centre**.

Our innovative approach is also reflected in the operating formula of Bank Zachodni WBK. On the one hand, we act locally so that our corporate banking advisors can have close contact with customers and observe and assist their growth. On the other hand, being part of the **Santander Group**, we offer access to individually tailored products with a global reach.

In 2014, we introduced many improvements to our business customer service under the Next Generation Bank project:

- **e-Application** – an electronic form which can be used to apply to the bank for opening of a bank account, issuing of a bank opinion or changing of the authorisation profile in **iB24**; the instructions can be authorised online without a need for submitting any paper documents,
- **customer identification based on NIK/PIN** when contacting the call centre,

- **no requirement to sign documents** in the presence of a bank's employee (authenticity of the signatures is confirmed on the basis of the Companies Register (KRS) and signature specimen cards),
- **centralized cash services**
- **ongoing support provided to customers.**

In the **Trade Finance** area:

- we set up the **Middle Office** which provides professional support at each stage of the transaction process; additionally, thanks to the **Trade Finance** module in **iB24**, customers may take advantage of electronic processing of letters of credits and guarantees,
- we have implemented a solution for new customers where, in addition to opening an account and preparing documents, the advisor introduces himself or herself to the company and offers a full range of operational support.

The product offer is developed according to our customers' expectations, particularly in the area of:

iB24 electronic banking

- we have improved the system availability and speed and the functionalities associated with reporting and statements;

loans and trade finance:

- we have launched a new **multi-line** – an agreement under which one credit limit can be flexibly used for financing purposes, guarantees or letters of credit, in different currencies, by all group companies;

current services:

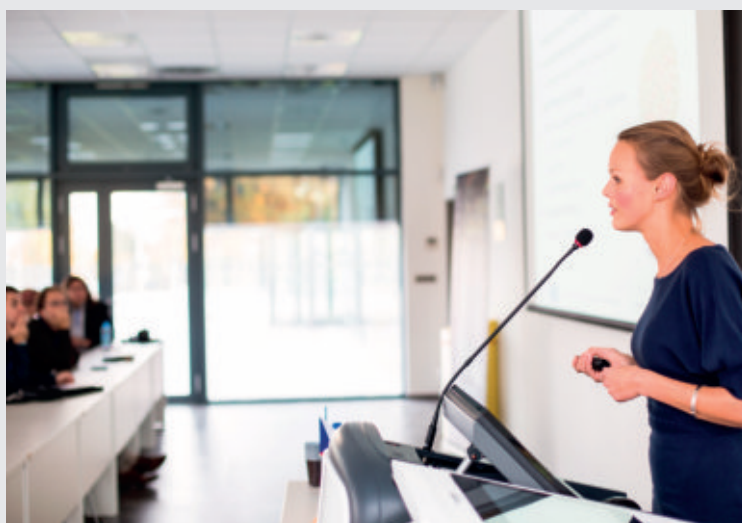
- we offer a separate payroll account to handle all payroll related transactions of the company.

One of the elements of the strategy implemented by **the Business and Corporate Banking Division** is to strengthen the bank's position in foreign trade services.

We have set ourselves an ambitious goal of becoming the best bank for corporate customers with export and import operations. We want to show Polish companies how to expand their business to international markets.

Taking advantage of the opportunities which we have as a member of the Santander Group, we offered our customers the option of participating in:

- a virtual trade mission to Spain with a participation of **160 Spanish fruit and vegetable producers** and Polish importers and distributors of such products,
- a business breakfast during which new trade and investment opportunities in Angola were presented,
- a business mission to Chile organised by the Ministry of Foreign Affairs and the Polish Embassy in Santiago de Chile with an aim of finding foreign trade partners for Polish businesses,
- a meeting for customers presenting the most interesting and promising trade opportunities in Morocco and Northern Africa ("**Morocco: the Gate to Northern Africa**"), and
- a virtual trade mission to Mexico addressed to Polish manufacturers of automotive spare parts who are interested in selling their products on the Mexican market.



Export Development Program – we help to discover and conquer new markets

Export is the driving force of the economy. It offers growth opportunities to those companies for which the local market is becoming too small. Many business, however, need support in the initial stage of their international expansion.

We want to provide such support and, to this end, we launched in 2015 the Export Development Program implemented by the Business and Corporate Banking Division of Bank Zachodni WBK, in partnership with **KUKE Loan Insurance Corporation, Google, PwC and Bisnode**. The **Ministry of Economy** and the **Ministry of Foreign Affairs** assumed patronage over the initiative.



We help our customers and partners on other markets, also those unknown and exotic. The purpose of the program is to provide knowledge and tools which will help companies select the right export directions, identify target markets, learn about their specific characteristics and requirements, identify threats and achieve the business objectives.

SantanderTrade

SantanderTrade.com is a unique online platform available to customers of Bank Zachodni WBK and the Santander Group where they may learn about business opportunities on foreign markets. The tool is an excellent example of the innovative thinking in Bank Zachodni WBK and in the entire Santander Group. No other financial institution in Poland offers similar support to customers planning international expansion.

- **SantanderTrade.com** offers data and information about trade exchange with **185 countries**, including over **25,000** reports from different economy sectors and industries of interest from the point of view of foreign cooperation and access to a database of importers and exporters which makes it easy to find a potential foreign partner. On the website, customers can also find information about foreign trade laws and regulations in force in a given country, including specific rules applicable to a selected market or industry. Moreover,
- **SantanderTrade.com** offers access to over one million tenders and procurement procedures worldwide and more than **40,000** trade fairs and exhibitions in different countries of the world. Worth emphasising is the fact that all the data are structured into a transparent and easy to navigate through system. **SantanderTrade.com** also offers membership of the **Santander Trade Club**, where Polish importers and exporters can enter into trade relations and maintain contacts with other customers of the Santander Group worldwide. It promotes knowledge about international trade (**webinars**), helps to organise virtual trade missions and provides online training courses certified by the globally recognised **International Chamber of Commerce** which regulates trade activities worldwide.



Value added thanks to being part of the Santander Group

As a member of the Santander Group, the bank can offer its corporate customers access to new markets and support in international expansion to all countries where the Group is present.

In 2014, **Global Banking & Markets Division of Bank Zachodni WBK** participated in one of the largest deals in the history of the Polish capital market: a syndicated loan granted to one of the biggest metallurgy and mining groups. The bank was the global coordinator of the transaction and the book runner. Bank Zachodni WBK was also involved in the extension by another five years of the tenor of a domestic bond program of one of the major Polish gas industry groups, acted as one of the book runners for the Eurobonds issue by a chemical sector company and closed a few important FX risk and interest rate risk hedging deals for the bank's key customers.

Green construction

In 2014

nearly PLN 850m i.e. 55% of disbursed funds were used to finance commercial property projects with green building certificates. The projects involved both office buildings and shopping centres.

Along with the growing significance of property certification, green building certificates play an increasingly important role in the bank's assessment of projects to be financed. The most popular certificates on the Polish market are the **BREEAM** and **LEED** certificates. The bank wants to finance technologically advanced, high-quality, environment-friendly property developments.

A building which is to be certified has to meet rigorous requirements in the area of energy efficiency and user comfort, well above the average standards. Certification programs also evaluate the quality of the interior, the modern design and effectiveness of the selected installation solutions and advanced management of resources promoting the use of regional and recycled materials.

The **BREEAM** and **LEED** certificates not only provide independent confirmation of the quality of management and operational effectiveness of a given building, but also help to fulfil the environment commitments set forth in the **Corporate Social responsibility (CSR) strategy**. This is important for a bank which promotes environment-friendly attitudes. The bank also gives preference to partnership with customers who have implemented environment-friendly procedures and demonstrate high standards of corporate responsibility.



MAJOR ACHIEVEMENTS IN 2014 AND PLANS FOR 2015



We want to align the offer of our bank with the needs and expectations of customers as much as possible. It should be adapted to their lifecycle. Everyone should be able to find the right product for themselves in our bank: young people, families and customers from the +50 age group.

We also take care to provide every customer a suitable channel of communication with the bank: traditional customers can visit our branches, while customers fond of new technologies can take advantage of remote channels, including mobile banking. The goal of our multi-channel approach is to be close to our customers in order to answer their questions, execute transactions and product orders and provide services in a quick, efficient and safe manner.

We support customers in making their plans come true. For young customers who consider buying their first apartment, we have a loan called **"Home for the Young"** under which the customer's own contribution to the property cost is co-financed by the Subsidy Fund. In an attempt to make our customers feel safe, we have prepared a solution which guarantees maintenance of the current, record-low interest rates over a longer period of time. We offer an attractive, fixed interest rate on mortgages and home equity loans denominated in PLN for a period of 5 years.

Corporate responsibility is a key value to us, therefore, in June we signed an agreement with the Bank Guarantee Fund, under which the bank will disburse funds guaranteed by the Fund to holders of deposits in banks or other financial institutions which discontinued their operations.

Signing a contract with the Ministry of Labour and Social Policy and launching an attractive offer for multi-child families who have the **"Big Family Card"** is an opportunity for us to actively support CSR initiatives addressed to families. We also launch other educational campaigns targeting children and adolescents.

Mirosław Skiba
Management Board Member
in charge of Retail Banking



Bank Zachodni WBK focuses on relationship management and puts the customers in the centre of its activities. This approach means that all contacts with customers are maintained in the spirit of partnership. We keep extending our offer to include new products attractive for our customers, taking advantage of available aid schemes and EU funds. We also actively consult all regulations applicable to available support instruments and organise conferences for customers to inform them about the opportunities and methods of raising funds to finance the development of their businesses.

We place a lot of emphasis on the use of most advanced technologies in services provided to corporate customers. We gradually eliminate paper documents from all customer processes and speed up the service by offering online access.

After-sales processes are, one-by-one, transferred to digital platforms to facilitate daily interactions between our customers and the bank. One of the initiatives of the Business and Corporate Banking Division is the **Export Development Program** addressed to companies considering international expansion. Participants of the program will obtain necessary support, in particular including specific solutions which will facilitate their growth on foreign markets. The program has been designed in partnership with the Ministry of Foreign Affairs and Ministry of Economy and, locally, with regional and local governments. Launched at the beginning of 2015, it was enthusiastically received by customers. The information about the program was disseminated to nearly 2,500 companies. Around 700 businesses took part in the first round of the program and the next ones are planned in the autumn of 2015 and in 2016 and 2017.

In 2015, we also initiated a project called the **Banker's Career** which is a series of meetings of bank experts with students of selected universities in Poland. The lectures and workshops offer an opportunity for students to acquire valuable practical knowledge. The most active participants have a chance to win a three-month internship in our bank.

Michael McCarthy
Management Board Member in charge
of Business and Corporate Banking



MAJOR ACHIEVEMENTS IN 2014 AND PLANS FOR 2015



Global Banking & Markets (GBM) Division focuses on complex financial services addressed to the largest corporate customers. Our customers are offered a wide array of financial and investment products on the Polish market and support in international transactions, in close partnership with the Santander Group.

We are continuously developing our offer of savings and investment products, both for retail and corporate customers. We propose specialised solutions and innovative response to the needs reported by the customer, including technological advancements. As of 2015, corporate customers of the Santander Group have been able to use the Santander Global

Platform where holders of bank accounts in many countries can have access to their accounts through a single system, execute payments or review account statements. We also offer electronic cheques, an innovative product on the Polish market. Following incorporation of the brokerage business (Dom Maklerski BZ WBK) into the bank on 1 January 2015, full integration of brokerage and banking services has become a fact. GBM also conducts educational activities. Dom Maklerski regularly participates in the Citizens Shareholding program **"Invest Knowingly"**, an initiative of the Ministry of State Treasury. Additionally, we take part in the Futures Masters competition and we deliver investor training programs organised by the WSE.

Under the JESSICA Program (2011 – 2015), the Urban Development Fund of Bank Zachodni WBK offered financial support to investors planning urban regeneration projects in the form of long-term investment loans. This EU initiative is fully in line with Santander's mission which is to take care of the interest and sustainable development of local communities. The purpose of the project is to offer support to revitalisation of urban areas in the EU member states, both in the economic and social dimension. The allocated funds are supposed to be used for co-financing of the projects contributing to sustainable development of urban areas, in particular by improving their attractiveness to residents and potential investors.

Juan de Porras

Management Board Member in charge of Global Banking & Markets



The success of the Polish economy is attributed, to a high extent, to entrepreneurs from the SME sector who are the driving force and the engine of continuous economic growth, despite the turmoil on European markets. Therefore, it is of utmost importance for the bank to create solutions, instruments and financial mechanisms dedicated to SMEs and to maintain solid relationships with customers from that segment.

To this end, for a few years we have been offering a very popular cycle of meetings called the **Entrepreneur Academy** where we disseminate knowledge and promote business networking. In June 2015, we began a series of workshops for **Santander Advance** customers offering multidimensional support to companies. The program encourages entrepreneurs to discuss and analyse cases relevant for their business operations. Startup companies can count on support from our business incubators.

We invite our SME customers to participate in special projects. One of them is **"Business Evolutions"**. In March we began to look for companies interested in participating in a TV program, the idea of which is to diagnose the current standing of the company. Based on such a diagnosis, an industry expert and professionals from other fields (marketing, finance, HR management, banking) will prepare recommendations to be implemented subsequently. The program will be broadcast as of September this year on one of the main TV channels. The first cycle of the **"Business Evolutions"** will consist of ten episodes, each about a company from a different sector. We hope that the program will inspire Polish entrepreneurs to carry out their own **"business evolutions"** in partnership with our bank.

Another project worth mentioning is called **"Internet Revolutions"**. It is a cycle of meetings with entrepreneurs who are considering transferring their business, in whole or in part, from the real to the virtual world. During open workshops, or those organised for particular companies, we discuss in detail subjects like online marketing, business presence and promotional activities on the Internet, online sales, mobile solutions, web aided exports and improvement of processes thanks to using online solutions.

Our partners in this project are **experts from Google**. Since the beginning of the summer holidays we have organised pilot **"Internet Revolutions"** meetings in the Silesia region where we had 100% attendance. In September the program will be rolled out to other parts of the country.

Feliks Szyszowskiak

Management Board Member in charge of Small and Medium Size Enterprises





Our mission

is to build a strong, motivated team, take care to ensure development and commitment of employees and create a friendly work environment.

3.

Employees and Environmental Impact of Our Organisation

How reliability and responsibility are ingrained in our management framework and organisational culture.

What we are like – caring for our employees, focusing on dialogue and shaping staff attitudes to better respond to customer needs.

How we understand minimising our environmental footprint.

Employees and Environmental Impact of Our Organisation

[DMA employment]

Thanks to our employees, we have built an organisational culture which we continue to develop all the time, aimed at enhancement of **transparent and ethical conduct** within the organisation and promotion of **individual approach** to customer needs. With this goal in mind, we implemented in 2014 the Anti-Corruption Program and launched the **Next Generation Bank** project emphasising the customer-centric model of our operations.



We know that the foundation on which every socially responsible organisation develops its activities in a rapidly changing external environment is dialogue with stakeholders. In 2014, we continued to excel the tools for maintaining dialogue with the our employees.

Thanks to effective exchange of information we can find out where we are as an organisation and in which direction we need to proceed. We also see how far we have come already.

We want to strengthen the **commitment** of our employees and build a powerful team guided by such core values as **innovation, energy and leadership.**

Another important goal which we pursue is **to minimise our environmental footprint** and operate in an environmentally-friendly way. We implement these principles across our network through the concept of 'green offices' and through encouragement of pro-environmental attitudes of our staff.

How reliability and responsibility are ingrained in our management framework and organisational culture

ETHICS, TRANSPARENCY AND SUPERVISION

As a public trust institution, we adhere to the highest standards of law and recommendations of the market regulators, but also internal regulations, and codes of conduct promoting honesty and transparency of the procedures in force in the bank. Our employees are expected to comply with those rules, but they also need to know what to do in situations when they are uncertain how to react.

We are committed to open and honest communication with employees in line with our policies:

"Speak Openly"

and

"Respect and Dignity at Work".



[G4-56]

GENERAL CODE OF CONDUCT

The bank's ethical standards are documented in the General Code of Conduct which sets forth the basic standards of conduct, in line with the principles in force in the Santander Group and is an important aspect of the bank's organisational culture. The rules pertain to such subjects as:

- policy of equal opportunities and non-discrimination,
- respect for others,
- balance between the professional and personal life,
- safety at work,
- protection of the natural environment,
- respecting collective rights.

[G4-56]

The general principles set forth in the Code of Conduct are supplemented by additional regulations applicable to specific activity areas, such as:

- Code of Conduct on Securities Markets
- Policy Non-compliance Risk Management of Bank Zachodni WBK
- Policy of Managing Conflicts of Interest
- Policy and Guidelines on Information Barriers
- Policy of Managing Reputational Risk in Product Commercialisation
- Policy of Accepting and Offering Inducements
- Anti-Money Laundering Policy
- 'Speak Openly' Policy
- 'Respect and Dignity at Work' Policy, and
- Occupational Safety and Hygiene Policy.

[G4-57, G4-58]

[DMA grievance mechanisms, DMA no-discrimination]

In Bank Zachodni WBK, each employee can report actual or suspected breaches of ethical standards or seek advice in the case of any concerns ("**Speak Openly**" Policy). We prevent the occurrence of discrimination, mobbing or sexual harassment ("**Respect and Dignity At Work**").

Each employee who has information about non-conformance with ethical standards, legal regulations or a suspected breach of law may report it to his/her manager, call the **anonymous helpline** or send an email to a dedicated business **ethics mailbox**.



Stakeholder expectations

Provide information whether Bank Zachodni WBK has an **Ethics Committee** and, if so, whether customers can report instances of alleged breaches of Code of Conduct to the committee.

The analysis, investigation and evaluation of matters reported by employees via telephone or mailbox is a responsibility of an appointed employee of the compliance area. Reports on completed investigation proceedings are submitted to the **Business Ethics Committee** operating in Bank Zachodni WBK since 2005. Based on the evidence, the Committee evaluates whether a breach of ethical standards has occurred.

The **Business Ethics Committee** deals only with matters reported by employee. Customers can contact the Customer Care Officer or file a complaint (for more details see Chapter 2 "Customers and the Market").

The final opinion is communicated to the complainant, the person concerned and the managers of the organisational units in which the parties are employed.

In addition to the opinion, the Committee may issue a recommendation with a proposal of changes in the bank's internal ethical regulations, as well as specific recommendations addressed directly to heads of divisions affected by the case evaluated by the Committee.

We explicitly declare that mobbing, sexual harassment and discrimination are not accepted by the bank as an employer, since

such behaviours are contrary to our culture and values.

If, however, any situation of this kind occurs in the future, our employees know what to do, where to look for support and who to talk to in the organisation.

In 2014, we recorded six reports of alleged discrimination, however, the conducted investigation did not confirm the allegations.

[G4-LA16, G4-HR3]

In 2014, employees reported altogether **68 different matters to the anonymous helpline, the business ethics mailbox and HR Department,**

including:

[G4 - LA16]

 **15**

suspected breaches of ethical standards (in 4 cases the suspicions were confirmed and disciplinary sanctions were imposed on employees found guilty of non-conformance)

 **26**

employee relationship non-conformances (in 2 cases the allegations were found justified and the employees had to leave the organisation)

 **27**

reports of various kinds – the employees were provided with exhaustive explanations



[DMA prevention of corruption, G4-S03, G4-S04, G4-S05]

Prevention of corruption – Implementation of the Anti-Corruption Program

In June 2014, Bank Zachodni WBK implemented an Anti-Corruption Program in line with the principles of the Santander Group. It refers to the **General Code of Conduct** and contains elaboration of the respective provisions of the Code and a range of useful guidelines, the aim of which is to protect the bank and its employees against suspicions of corruption practices. It sets forth the rules applicable to interactions with public officials, employees of other companies, transactions involving domestic and foreign public companies, government agencies and public institutions.

The program also regulates terms of cooperation with agents, distributors and advisors. All individuals subject to the Code are prohibited to offer or give any remuneration, gifts or other benefits to representatives of the government, public officials, employees and directors of public companies and executives of other companies. Transactions executed with Polish or foreign public companies, government agencies and public institutions must be reported and are subject to due diligence procedures.



Zero Tolerance for Corruption

[G4-S03]

The Anti-Corruption Program applies to all organisational units of Bank Zachodni WBK and all employees, regardless of the type of contract under which they work for the bank.

[G4-S04]

Training in anti-corruption policies and procedures in the organisation in 2014

| Employee categories | Senior management | Middle management | Other employees |
|---|-------------------|-------------------|-----------------|
| Total number of employees (according to G4-10), by employee categories | 262 | 1,942 | 9,634 |
| Number of people who have read and know the anti-corruption policy and procedures of the organisation | 115 | 738 | 3,129 |
| Percentage of employees trained in anti-corruption regulations | 44% | 38% | 32% |

[G4-S04]

| Total number of members of management bodies | Number of members of management bodies trained in anti-corruption regulations | Percentage of members of management bodies | Percentage of members of management bodies who have read and know the anti-corruption policy and procedures |
|--|---|--|---|
| 10 | 6 | 60% | 100% |

80.25% of employees

completed additional e-learning anti-corruption training.
No instances of corruption practices were identified in the organisation.

[G4-S05]

RELATIONSHIPS WITH SUPPLIERS

775
suppliers (including 232 IT service providers
and 543 providers of other services)

1,407
services provided

uniform terms
of cooperation for all



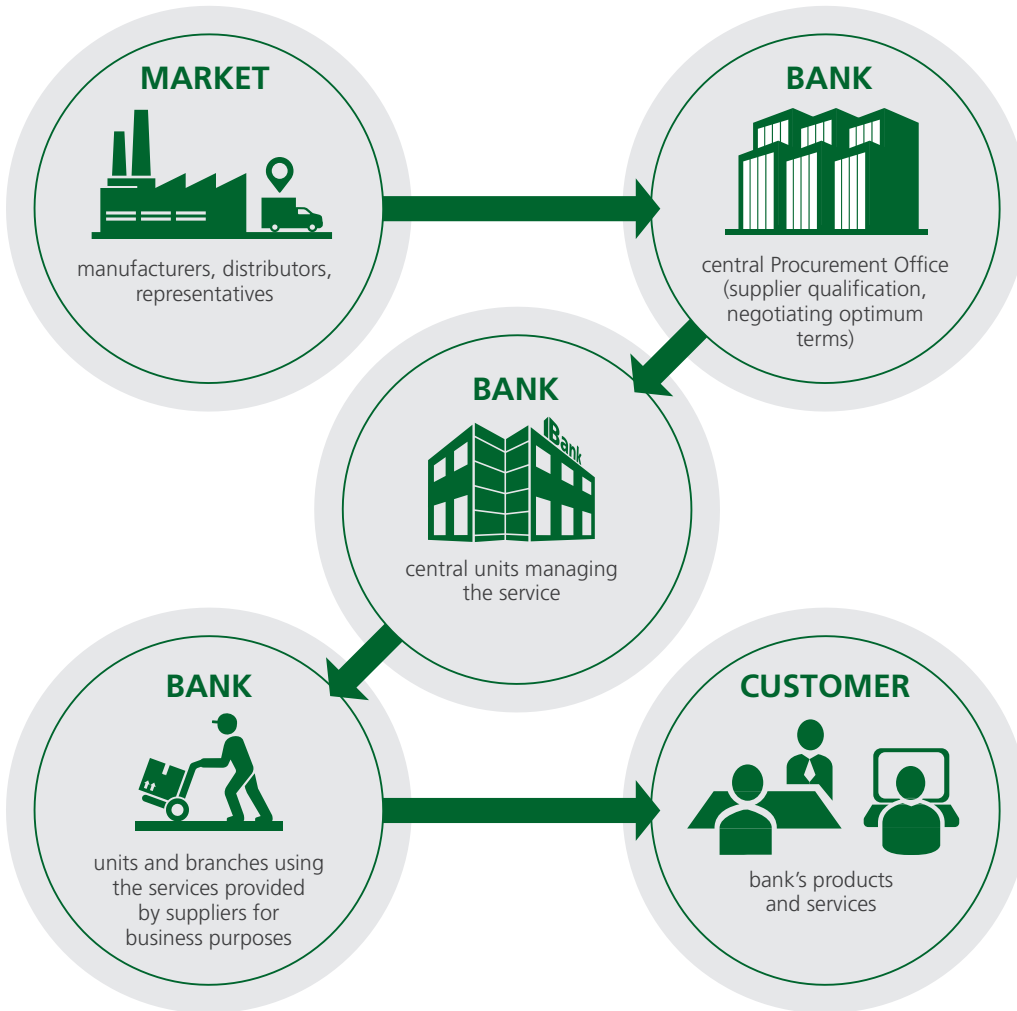
Stakeholder
expectations

Provide information about the proportion of services which are outsourced and the terms of cooperation with outsourcing companies.

[DMA supplier assessment for labour practices,
DMA procurement practices]

[G4-12]

The following parties participate in the supply chain of banking products of Bank Zachodni WBK:



All suppliers who work with the bank have to adhere to the same principles:

- conformance with anti-corruption laws (an obligation to include anti-corruption clauses in agreements and sign a declaration of acceptance of the anti-corruption regulations in force in Bank Zachodni WBK),
- conformance with CSR principles (business ethics, protection of human rights and natural environment).

Furthermore, all suppliers:

- have business continuity and contingency plans covering the provided services,
- adhere to the laws and regulations in force in Poland (including the Labour Code),
- the bank and supervisory authorities can carry out onsite audits of the service provision,
- have appropriate business insurance,
- submit annual financial statements.

Each supplier is reviewed in terms of the quality and timeliness of provided services twice a year.



Thanks to proven mechanisms, we are able to identify suppliers and operations which are not consistent with the bank's principles.

CORPORATE GOVERNANCE OF THE SANTANDER GROUP

Bank Zachodni WBK operates in conformance with the internal corporate governance rules and the **Good Practices of Companies Listed on the WSE**.

On 23 April 2015, the General Meeting of Shareholders adopted the **"Corporate Governance principles for Supervised Companies"** issued by the Polish Financial Supervision Authority on 22 July 2014.

The corporate governance rules which Bank Zachodni WBK adhered to in 2014 are set out in the Good Practices of Companies Listed on the WSE.

Bank Zachodni WBK has complied with official corporate governance rules since 2002 when the first version of the code of best practice was published ("Best Practices for Public Companies in 2002").

In 2014, no instances of non-conformance with the corporate governance rules were identified.

The effectiveness of control mechanisms in the financial reporting process is subject to additional, independent evaluation as part of the annual certification of conformance with the requirements of the Sarbanes-Oxley carried out by the external auditor. Bank Zachodni WBK Group is treated as a

significant, independent organisation within the structures of the Santander Group. As a result, the bank is obliged to maintain an internal control environment and assess its effectiveness in conformance with the requirements of the act.

In consultation with the Corporate Internal Control Department of the Santander Group and the external auditor it was agreed that in 2014 SOX certification will cover key activity areas and the audit will be carried out using the solutions and methodology based on the Santander Group approach.

The scope of work was defined with a view to risk factors relevant to the correctness and accuracy of financial statements. A major challenge in 2014 was finalisation of the integration process (mainly, completion of the migration of Kredyt Bank's data to the systems of Bank Zachodni) and incorporation of Dom Maklerski BZ WBK into the bank's structures.

The audit did not identify negative impact of the implemented changes on the effectiveness of Bank Zachodni WBK's control environment.

The bank's management confirmed as part of the Sarbanes-Oxley certification for 2014 that no events had occurred in Bank Zachodni WBK Group which could have a significant influence on the examined processes or on the effectiveness of internal control over financial statements.



[G4-34, G4-39]

SUPERVISION OVER THE ORGANISATION

Supervisory Board

The Supervisory Board exercises on-going supervision over all aspects of the bank’s activities. It consists of at least five members appointed for a joint, three-year term of office. The Supervisory Board members, including the Chairman of the Supervisory Board, are appointed and removed by the General Meeting of Shareholders. Pursuant to the bank’s Statutes, at least half of the Supervisory Board members should have an independent status.

Composition of the Supervisory Board* on 31 December 2014

Gerry Byrne

Chairman of the Supervisory Board

Members:

José Antonio Alvarez

Danuta Dąbrowska

David R. Hexter

Witold Jurcewicz

José Luis de Mora

John Power

Jerzy Surma

Marynika Woroszyńska-Sapieha

José Manuel Varela

[G4-LA12]

| Supervisory Board composition by age and gender | % share for each category in 2014 | |
|---|-----------------------------------|------|
| | Female | Male |
| <30 years | 0% | 0% |
| 30–50 years | 25% | 75% |
| >50 years | 17% | 83% |

* The composition of the Supervisory Board appointed by the General Meeting of Shareholders held on 25 April 2014. The composition of the Supervisory Board on 31 December 2014 is presented in the Annual Report for 2014 available at www.bzwbk.pl in the Investor Relations section. The QR code of the report can be found on p.8 hereof.

On 31 December 2014, the following persons had a status of independent Supervisory Board members: **Danuta Dąbrowska, David R. Hexter, Witold Jurcewicz, Jerzy Surma and Marynika Woroszyńska-Sapieha.**

Between 1 January and 31 December 2014, the Supervisory Board held 7 meetings and adopted 59 resolutions. The average attendance at Supervisory Board meetings was 91%.

The following Supervisory Board committees operate in Bank Zachodni WBK:

- Audit and Compliance Committee,
- Risk Oversight Committee and
- Remuneration and Nominations Committee.

The **Audit and Compliance Committee** assesses the adequacy, scope and effectiveness of accounting and internal control systems.

Together with the Management Board and internal auditors, it conducts reviews of the Groups’ financial control mechanisms, internal control systems and (financial and non-financial) risk management systems.

It monitors the process of preparing the bank’s financial statements and assures high quality of reports and disclosures and their conformance with the law, **requirements of the Polish Financial Supervision Authority** and with the accounting rules. It analyzes the results of work of external auditors examining the bank’s financial statements and supervises their independence and effectiveness.

The Committee also reviews activities carried out by the **Management Board** in terms of conformance with the law, internal regulations and regulatory requirements.

The majority of the Audit and Compliance Committee are independent Supervisory Board members. The scope of audit activities covers all companies from Bank Zachodni WBK Group and the bank’s branches.

[DMA regulatory compliance]

The **Risk Oversight Committee** reports to the Supervisory Board information, conclusions and recommendations concerning the overall risk management framework and principles and the acceptable level of risk according to the policies and limits in force. The Committee regularly reviews the "**Risk Appetite Statement**", assesses the adequacy and conformity of the business strategy from the point of view of related risk, reviews the risk profile and key performance indicators and monitors internal control mechanisms.

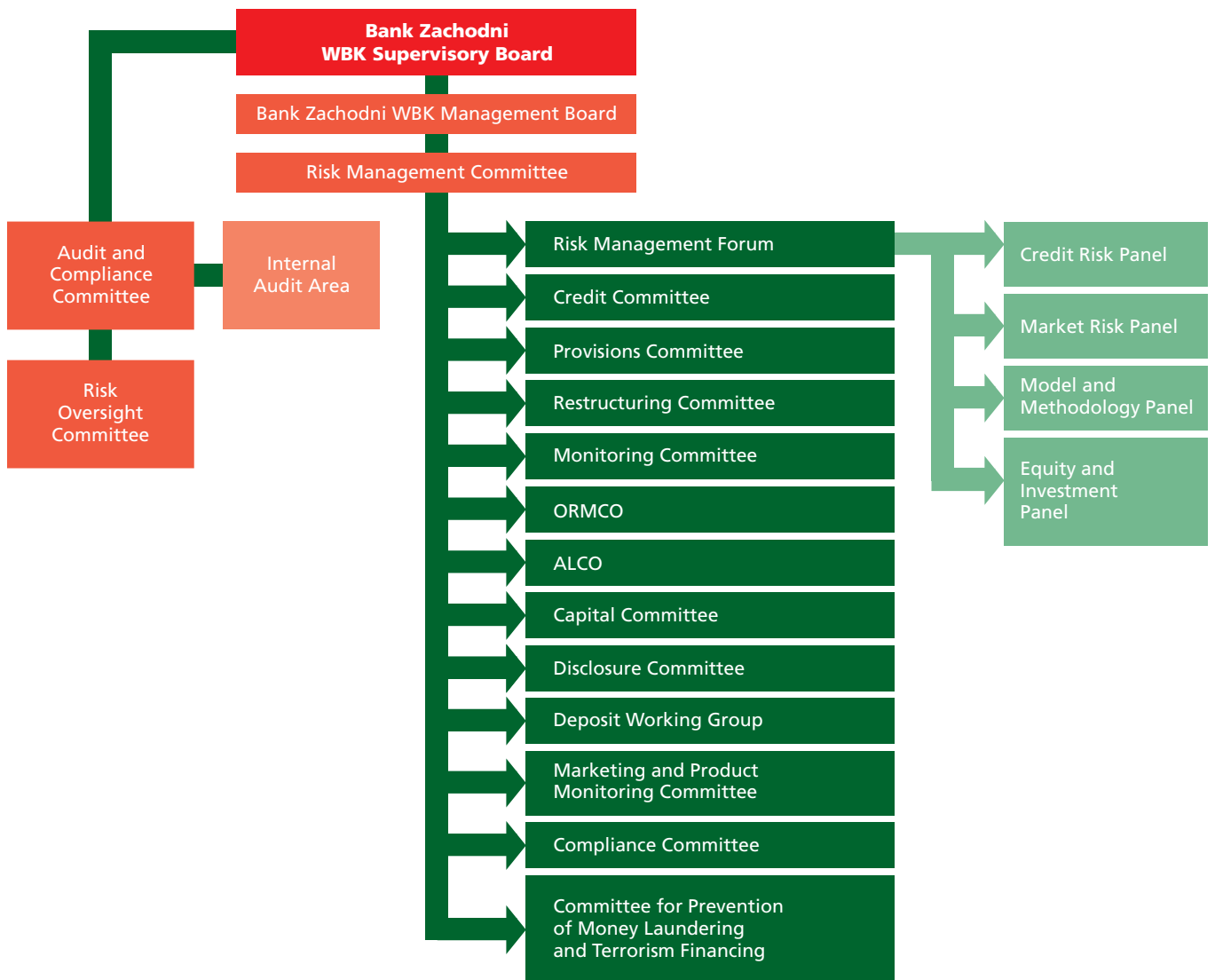
The **Remunerations and Nominations Committee** recommends to the Supervisory

Board appropriate compensation policies and procedures, defines the policy of remuneration of Management Board members and their individual compensation packages and conducts annual reviews of the remuneration of Management and Supervisory Board members.

Additionally, the Committee supervises the bonus system for the Management Board members and evaluates their proposals regarding incentive schemes and other forms of compensation to be implemented in the bank and its subsidiaries.

[G4-14]

Corporate governance structure for risk supervision and management



After the end of the reporting period, on 23 April 2015 the **Supervisory Board** appointed the **Management Board** of the following composition for a new term. The presented composition of the Management Board remains unchanged as at the publication date of this report:

Mateusz Morawiecki
President

Management Board members:

- Andrzej Burliga**
- Eamonn Crowley**
- Beata Daszyńska-Muzyczka**
- Michael McCarthy**
- Carlos Polaino-Izquierdo**
- Juan de Porras Aguirre**
- Marcin Prell**
- Mirosław Skiba**
- Feliks Szyzkowskiak**
- Paweł Wieczorek**

The composition of the Management Board on 31 December 2014 is presented in the Annual Report for 2014 available on our website at www.bzwbk.pl in the Investor Relations section. The QR code of the report can be found on p.8 hereof.



Mateusz Morawiecki



Andrzej Burliga



Eamonn Crowley

According to the provisions of the statutes, the Management Board consists of at least three members (including the Management Board President) appointed by the Supervisory Board for a joint three-year term of office. The Board members are appointed and removed in accordance with the Commercial Companies Code, the Banking Law and the bank's statutes.

At least half of the Management Board members, including the President, should have higher education, be permanent residents of Poland, speak Polish, have good knowledge of the Polish banking market and sufficient experience on the domestic market to manage a Polish banking institution.

[G4-40]

| Supervisory Board composition by age and gender | % share for each category in 2014 | |
|---|-----------------------------------|--------|
| | Female | Male |
| <30 years | 0.0% | 0.0% |
| 30–50 years | 0.0% | 100,0% |
| >50 years | 0.0% | 0.0% |



Beata Daszyńska-Muzyczka



Carlos Polaino-Izquierdo



Marcin Prell



Feliks Szyszkiwicz



Michael McCarthy



Juan de Porras Aguirre



Mirosław Skiba



Paweł Wieczorek

The Management Board members run the bank's affairs jointly and, in particular, define the bank's mission, long-term action plans and strategic objectives, prepare assumptions for the bank's business and financial plans, approve the plans and monitor their performance, regularly report to the Supervisory Board on the bank's standing and appoint permanent and ad hoc committees.

In order to avoid conflicts of interest, pursuant to Art.377 of the Commercial Companies Code, if a conflict arises between the interest of the company and the interest of a Management Board member or his/her spouse, first or second degree relations or associated persons, the respective Management Board Member is obliged to refrain from participating in the voting on such matters and may demand that his/her decision be recorded in the minutes of the meeting.

[G4-41]

The terms of reference of the Supervisory Board and the Management Board are available on the bank's website at www.bzwbk.pl, in the Investor Relations section.

[G4-41]

Members of the Management Board are granted discharge for the performance of their duties on the basis of the annual report on the bank's activities, the key part of which is a summary of the implementation of all policies in force in the bank, including the corporate social responsibility and environmental policy. The report is approved by the Supervisory Board, following a positive recommendation from the **Audit Committee**. Members of the Management Board and Supervisory Board are jointly responsible for the economic, social and environmental performance outcomes. The remuneration of the Management Board Members is conditional on the bank's financial performance.

What we are like – caring for our employees, focusing on dialogue and shaping staff attitudes to better respond to customer needs

The bank is as good as its people. ”

Mateusz Morawiecki
President of the Management Board



PEOPLE ARE MOST IMPORTANT TO US

One of the main objectives which we pursue and have addressed in the bank’s strategy is to gain a reputation of the best employer in the Polish banking sector.

Thanks to the employees’ commitment and motivation and the bank’s efforts to offer attractive professional and personal development opportunities and a comfortable work environment, we will be able to build a responsible and trustworthy organisation.

[G4-10]

Total workforce

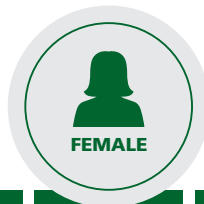
| |  FEMALE |  MALE |
|------------------------------|---|---|
| Total workforce by employees | 8,827 | 3,011 |
| Total workforce by FTEs | 8 43.38 | 2,944.65 |
| Full-time | 8,662 | 2,924 |
| Part-time | 165 | 87 |

Total number of employees and supervised workers (persons) by employment duration:

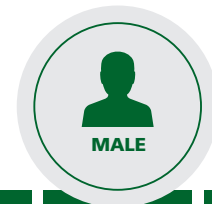
| | | |
|---|-------|-------|
| Contracts for a specified period of time | 968 | 369 |
| Contracts for an unspecified period of time | 7,859 | 2,642 |
| Assignment contracts | 191 | 69 |
| Contracts for specific work | 1 | 12 |

[G4-EC5]

[DMA market presence]



FEMALE



MALE

| | FEMALE | | | MALE | | |
|--|--------------|---------------------|--------|--------------|---------------------|--------|
| | Large cities | Rest of the country | Warsaw | Large cities | Rest of the country | Warsaw |
| Average basic salary of the lowest ranking employees by FTEs (PLN) | 3,108 | 2,994 | 4,033 | 3,093 | 2,964 | 4,125 |
| Number of persons | 1,085 | 1,854 | 395 | 217 | 137 | 76 |

The amount of basic salary of lowest-ranking employees by gender versus the minimum wage on the same market in significant locations of the organisation.

Statistically, the salary of an employee of Bank Zachodni WBK in 2014 was higher than the minimum gross wage **by 88%** in the case of female employees and **by 93%** in the case of male employees.

New employees

The main objective of the bank's recruitment policy is to build a team of highly motivated professionals who work with passion and act fair. We look for people whose knowledge and experience is consistent with the needs of particular jobs and we also pay close attention to the candidates' attitudes and motivation. We expect willingness to work, share knowledge, gain new experience and develop continuously.



Shareholder expectations

Provide information how many people had internships in the bank and how many of them became the bank's employees and add a comment on the value of the internship program for the bank.

In 2014, we employed **1,443 people**

[G4-LA1]




We are open to various groups of job candidates, therefore our offers are addressed both to people with experience and to those beginning their professional career who can participate in our internship and training programs. Last year, more than 800 people took part in them. We deeply value our partnership with universities.

We support them in the organisation of student internships, including programs financed by the EU. We also offer workshops during which students can learn about the whole range of banking operations and their specificity. In this way, we facilitate entry of young people to the labour market and attract employees for whom work is a source of professional satisfaction.

In 2014, we employed 39 persons who had completed internships in the bank's units in 2013 and 2014.

[G4-LA1]




Total number of employees (persons) by:

| |  FEMALE |  MALE |  TOTAL |
|---------------------------------------|--|---|---|
| Number of employees (persons) | 8,827 | 3,011 | 11,838 |
| Number of new employees | 915 | 528 | 1,443 |
| Percentage of new employees (persons) | 10.37% | 17.54% | 12.19% |

Total number of employees (persons) by:

| | | | |
|---|-------|-------|--------|
| Total workforce (persons) | 8,827 | 3,011 | 11,838 |
| Number of employees leaving the company (persons) | 1,199 | 490 | 1,689 |

Total workforce (persons) by age:

| |  <30 years |  30–50 years |  >50 years |
|--|---|--|---|
| New employees (persons) in each category | 829 | 590 | 24 |
| Percentage of new employees | 57.45% | 40.89% | 1.66% |

Total number of employees leaving the company (persons) by age:

| | | | |
|--|--------|--------|--------|
| Number of employees leaving the company (persons) in each age category | 489 | 962 | 238 |
| Percentage of employees leaving the company | 28.95% | 56.96% | 14.09% |

Outplacement Program Workshops "A Successful Job Candidate on the Labour Market"

We support employees who have to leave the bank. The **Outplacement Program** was launched in the second half of 2013 in response to the organisational changes in the bank following its merger with Kredyt Bank. The persons leaving our organisation were often long-term employees and had difficulties with finding their ways on the current labour market. The company felt responsible for them and decided to offer support.

The program is based on individual sessions and group workshops which are intended to facilitate finding new employment, building a competitive advantage and defining key competences appreciated by the market.

| | |
|----|---|
| 97 | workshop participants |
| 22 | individual sessions |
| 8 | group workshops |
| 11 | persons participating in one-to-one consultations and training delivered by a third-party company called Architekci Kariery |

OUR VISION: THE BANK OF PEOPLE WORKING WITH PASSION

We listen to the voice of our employees

PLN 13.5m

spent on training activities that is

PLN 1,140

per each bank employee.



Changes in the Performance Management process

Performance Management (PM) in Bank Zachodni WBK is a key HR management process founded on the idea of a continuous dialogue between managers and employees, the purpose of which is to increase the readiness of the organisation to meet the growing business challenges, by way of:



- introducing employees to the strategic objectives of the entire organisation and their team and to the key challenges throughout the year,
- agreeing performance results expected from employees in a given year,
- building commitment of employees and promoting their development, both with a view to meeting their business objectives and promoting the expected behaviours ,
- determining resources required to carry out the objectives, and
- evaluating and documenting the employee's individual contribution to the performance of their team and the whole organisation.

In 2014, we introduced changes in our **PM** process with the intention of putting an even stronger emphasis on the significance of partnership and relationships with customers. As a result, our **PM** process will now support managers and employees not only in the achievement of the business objectives, but also the goals related to the quality of customer relationships, teamwork and cooperation between different units of the bank.

In the new **PM** model, the important thing is not only **WHAT** we want to achieve, but also **HOW** we are going to do it, **HOW** we treat our customers, **HOW** we work together, **HOW** we plan and execute our activities and **HOW** we develop our competences.

[G4-LA11]

Percentage of employees subject to evaluation under the PM process in 2014, by gender

| |  FEMALE |  MALE |
|---|---|---|
| employment contract for a specified period of time | 87% | 97% |
| employment contract for an unspecified period of time | 51% | 58% |
| employment contract for a trial period | 49% | 47% |

Engagement Survey 2014:

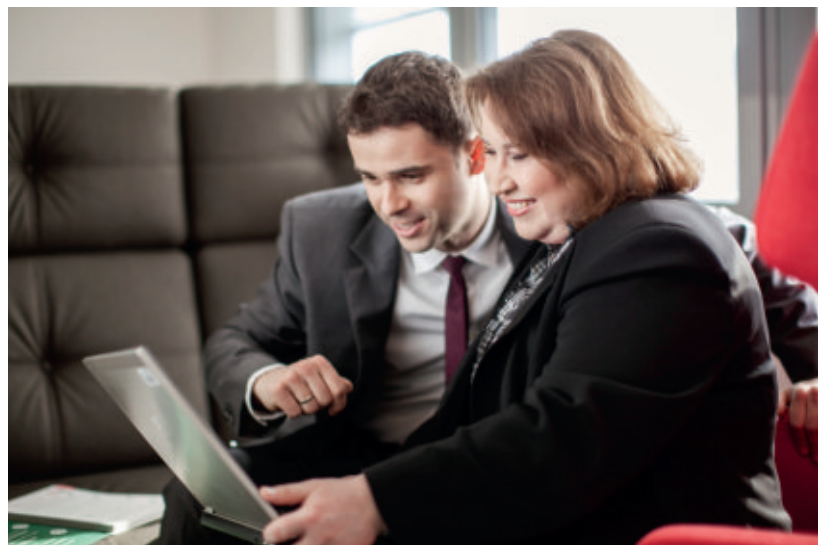
record high

83%

response rate
(3rd place in the Santander Group)

8,718

survey participants – 1,000 more than in 2013



Our bank wants to be the first choice institution, not only to customers but also to employees. In 2014, the annual engagement survey was carried out also on the global level by the **Santander Group**. The survey was conducted by an external company to guarantee full anonymity and confidentiality of opinions.

The idea of the engagement survey goes beyond simple collecting and analysing employees' feedback. The questionnaires contain answers to questions about the work conditions in Bank Zachodni WBK from the point of view of their impact on the commitment of staff members.

The effectiveness of a given employee depends not only on his/her attitude (pride, willingness to make additional effort), but also on the conditions created by the employer (e.g. supportive work environment, optimisation of the role of individual team members).



Shareholder expectations

In addition to presenting information about the employee survey, please explain how the bank uses the survey results.

On the basis of the most recent results, a new program called **New Management Style** was launched. The program focuses on the development of the bank's managerial staff. This year, another survey is planned and the effect of actions undertaken on the central and local level will be measured.

Bank Zachodni against the background of the Santander Group



- over **200,000** employees worldwide were invited to participate in the survey
- **78%** response rate in the entire Group
- **168,575** employees took part in the survey
- **96.3%** was the highest response rate recorded in a single organisational unit - one of the corporate divisions (Internal Audit)
- **93%** was the highest response rate among Group banks recorded in Argentina

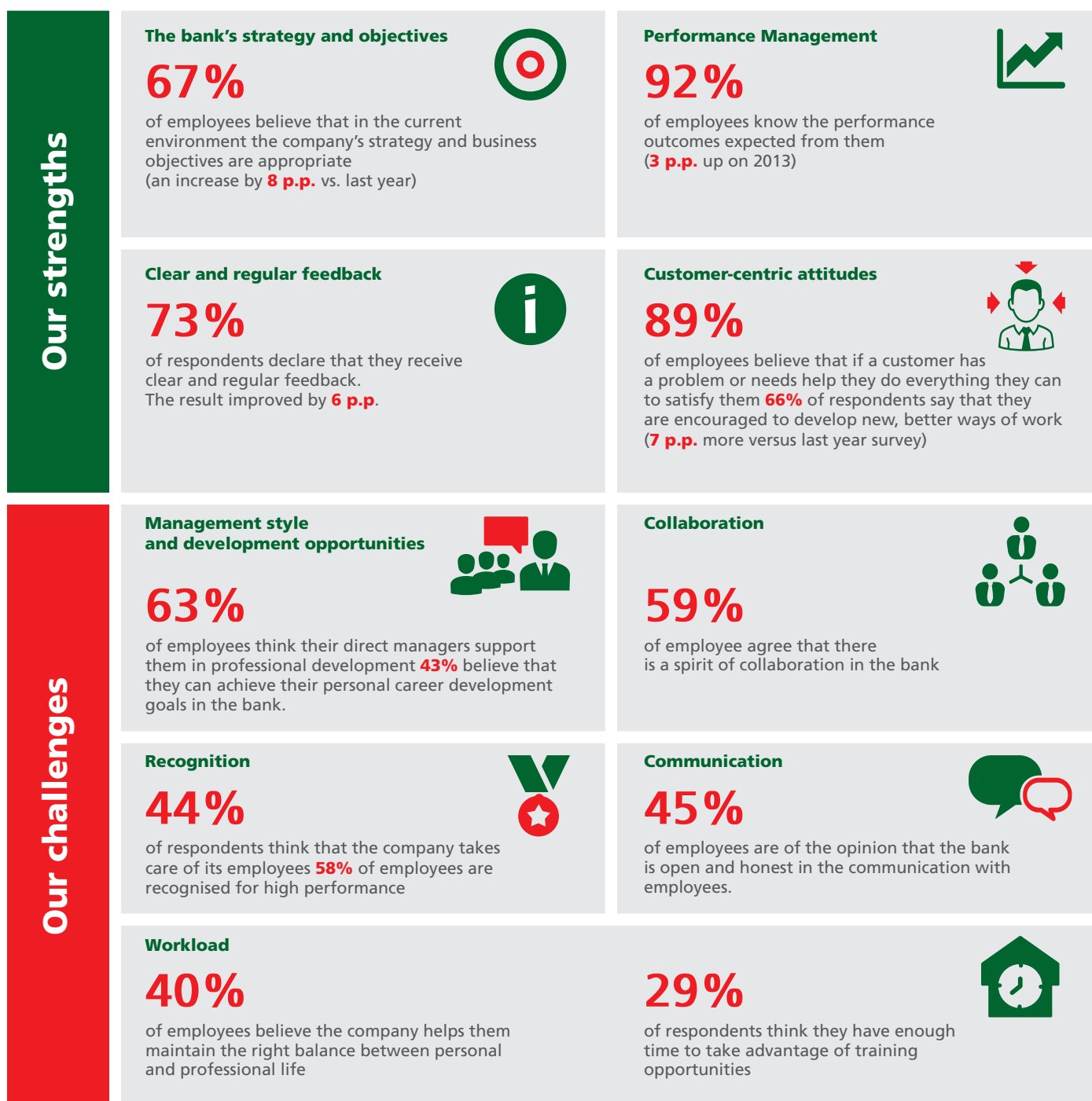
- **83%** is the highest response rate in the history of Bank Zachodni WBK
- **3rd place** among all Santander Group banks
- **8,718 persons** participated in the survey – **1,000 more** than a year ago

We react immediately

The bank's employees identified in the survey five areas which require closer attention of the management: reward and recognition, development opportunities and managerial skills, collaboration, workload and honest and consistent communication.

In response to employees' suggestions and comments, actions were undertaken in all those areas, aimed at improvement of work comfort, including streamlining of the bank's vision, strategy and values and implementation of ideas under the **Next Generation Bank** project.

Engagement Survey – identification of strengths and future challenges



The Next Generation Bank project is founded on a customer-centric approach which involves the highest quality of provided services, advanced technological solutions and a multi-channel service model.

It also requires commitment from employees which they should demonstrate by meeting the needs of customers in the most efficient way. This expectation extends not only to front line staff who are naturally the ambassadors of our brand, but also to those employees whose

daily work contributes to the creation of simple solutions and a personal and fair approach to customers.

In this sense, the **Next Generation Bank** has two dimensions: the external one (customer-centric orientation) and the internal one (commitment of employees). Throughout the year, employees made numerous suggestions of improvements and, subsequently, implemented their ideas to enhance our processes and increase the attractiveness of our offer.



Santander Ideas :)

As part of the **Next Generation Bank** project, we made use of the **Santander Ideas:)** platform. Santander Ideas:) is a social networking service of the Santander Group where all employees can post their ideas for building a better bank.

SANTANDER ideas:)

The platform is available in four languages (Spanish, English, Polish and Portuguese). Every employee can add an idea and evaluate and comment on ideas posted by other users.

This year, we responded to three **Santander Ideas:)**



Santander Ideas

FIRST CHALLENGE

HOW TO MAKE BANCO SANTANDER MORE ACCESSIBLE, TRANSPARENT AND SIMPLE TO OUR CUSTOMERS?

SECOND CHALLENGE

HOW TO MAKE OUR BANK A BETTER PLACE TO WORK?

THIRD CHALLENGE

WHAT CAN WE IMPROVE IN OUR BRANCHES TO BECOME A BANK CHOSEN BY CUSTOMERS?

Key figures:

12,801 users
4,168 ideas
3,821 comments
24,182 votes

Key figures:

20,069 users
4,638 new users
2,080 ideas
1,565 comments
15,115 votes

Key figures:

676 p676 ideas from Poland
1st place in the Group in the third edition of the program
2nd place in the group after all three editions



140

8th place
in the Santander Group



103

9th place
in the Santander Group



676

1st place
in the Santander Group



283

10th place
in the Santander Group



710

8th place
in the Santander Group



480

1st place
in the Santander Group



3

POLISH IDEAS TO BE IMPLEMENTED IN THE GROUP



20

locally
1
globally

POLISH IDEAS TO BE IMPLEMENTED IN THE GROUP



-

results at the end of 2015

POLISH IDEAS TO BE IMPLEMENTED IN THE GROUP

BANK ZACHODNI WBK FULL OF IDEAS

Santander Ideas :) globally:

14,500
registered users

5,000
submitted ideas

500
linked ideas which expand
or complement selected
solutions

242
implementations
reported by respective
countries

out of 98 ideas,
83 ideas
were selected
for implementation in
3 regions, on average.

Year 2014:

329
training initiatives, including
3 strategic programs

35
employees received a subsidy
for post-graduate courses

4
employees received a subsidy
to finance higher education

400
employees received
a subsidy for foreign
language courses

13
employees received
a subsidy for certification
courses.



**WE PROMOTE DEVELOPMENT:
TRAINING AND EDUCATION**

We continuously develop the potential of our employees and focus on upgrading their skills. Each employee contributes to the organisation their individual experience, new ideas and positive energy and the bank creates optimum work conditions to fully utilise that potential.

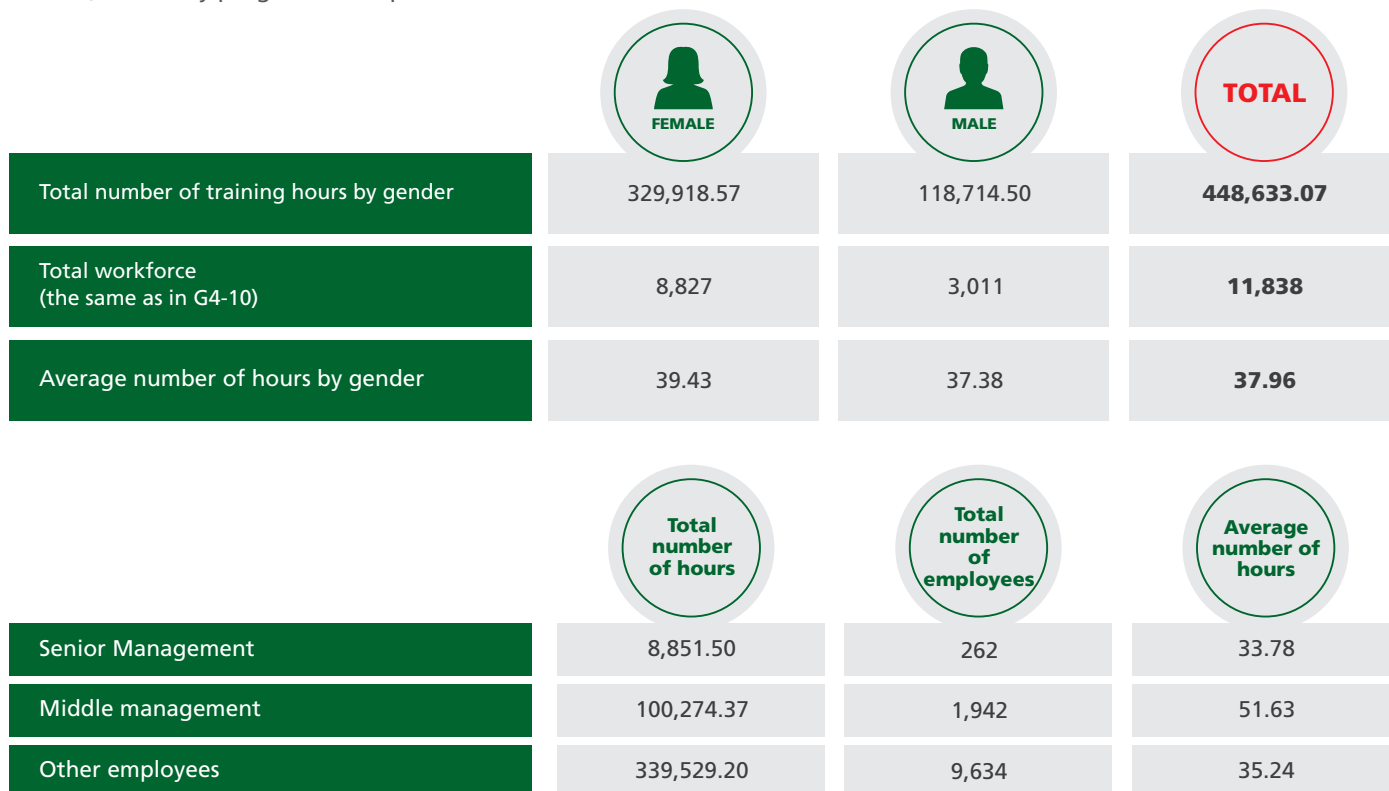
The training and development process starts from a diagnosis of individual needs of employees which are consistent with the needs of the bank.

[G4-LA9, G4-LA10]

[DMA education and training]

Employees take advantage of a wide range of tools which support the development of their professional competences, including remote training (e-learning and webcasts), workshops (indoor and outdoor), foreign language courses, university programs and specialist

courses. An important aspect of employee development is the opportunity to apply the acquired skills in practice, in the workplace and the expectation to share knowledge with the team.



The New Management Style is the bank's survey of leadership styles and organisational climate in which 1,666 managers from all levels of the organisation took part.

Additionally, employees were requested to provide feedback to their managers. The purpose of the program is to develop managers to make them capable of meeting their business objectives and, at the same time, of engaging their employees by promoting innovativeness and collaboration.

Managers took part in feedback sessions and prepared individual plans of development of their management skills.



Stakeholder expectations

Please highlight the projects which focus on the development of managerial staff and indicate the strategic level of the significance of the activities (e.g. projects like the New Management Style).

In the second half of 2014, further actions were undertaken: selection of a workshop for middle management and "Civility Management" program for senior managers. The workshops aimed at enhancement of various leadership styles will be continued in 2015. Coaching processes for managers have also been launched under the New Management Style Program.

[G4 LA10]

A program for new managers

The new manager adaptation process in Bank Zachodni WBK is distributed over a period of approximately 12 months. The program consists of a number of local and central activities and involves many different people (manager, HR business partner, mentor etc.) and its purpose is to facilitate induction of the new manager into his/her role.

The new manager learns how to:

- run team meetings of various kinds,
- hold individual meetings,
- define objectives for himself/ herself and for the employees,
- be effective in business,
- build relationships with team members based on mutual respect and partnership.

Leaders of the Future development program

In 2014, another edition of the Leaders of the Future development program took place. It is addressed to people who are being prepared to take up managerial and expert positions. Its participants attend an annual cycle of workshops and participate in CSR projects and internships.

Last year, 69 people from the entire organisation took part in such initiatives as leadership skill development workshops, personal development planning workshops and a strategic role play in which they assumed roles of executives managing enterprises. Leaders of the Future were also involved in the bank's CSR activities.

The examples of CSR projects with a contribution from the program participants include:

- a lesson in the basics of the sign language for the bank's employees;
- a cycle of meetings with beneficiaries of the Robinson Crusoe Foundation encouraging an active approach of young people to professional career building;
- meetings aimed at raising the awareness of people professionally engaged in doing art, of the significance of various economic aspects;
- support initiatives addressed to Poles living in the countries of Eastern Europe. Participants visited Lithuania, Ukraine and Belarus presenting an economic game called the "Leaders of Europe" to students of Polish language schools and handing over gifts brought from Poland for children from local orphanages.



Leaders of Europe

was an exciting, all year long adventure offering excellent development opportunities and a chance to meet great people from the whole bank. Each program meeting gave me a lot of good energy which I then reinvested in my daily job activities.

I think that after this action-packed year of gaining new experience, the quality of my work, my communication skills and my motivation improved considerably and I have become more empowered to face new challenges. It wouldn't have happened if not for the leaders who I met during the Leaders of the Future program.

Aleksander Szóstka

Communication Service Development
Specialist: Telephone Banking Centre

”

Best of the Best program

Eighty six bank employees from the Business Support division with the highest annual performance evaluation results worked together for a period of 10 months, sharing their competences and experience and creating innovative business projects. The out of the box solutions developed as a result of their joint work are already being implemented by the business owners of respective processes.

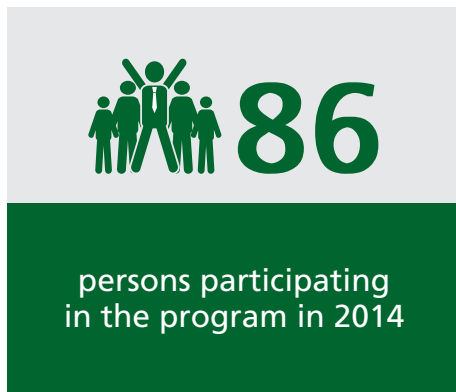
The additional advantage of the program is an opportunity for exchange of knowledge and experience between employees of all divisions of the bank who are invited to join the initiative. As a result, improvement in communication and collaboration between different units of our organisation is observed.

The program participants have a chance to take part in unusual, inventive projects, take advantage of networking opportunities and look at the organisation as a whole.



The examples of tangible project effects in particular modules include:

- **Mobile Module** – the participants were asked to promote the BZWBK24 mobile service among the bank employees. The most effective ones managed to acquire over 890 new users of the mobile application through meetings in branches and webinars.
- **Next Generation Help Desk Module** – 42 innovative ideas of improvements in the Help Desk operations,
- **CSR Module** – the program participants have become ambassadors of skill-based volunteering in the bank and shared their knowledge and competences with four NGOs: ASHOKA, OFOP, Eudajmonia and the Children’s Hospice in Wrocław; the participants responded to the needs of NGOs preparing for them business plans, marketing campaigns and communication strategies.
- **Card Module** – business owners requested the participants to prepare a video promoting innovative card products: the dual card and the web card. The best video will be used in the marketing campaign for the products.



First Step development program

The objective of the program is to create conditions for the development of soft skills (mainly social) of the best specialists and experts in the Business Support Division. Employees from other divisions are also invited to join the program, in order to increase the quality of interaction between individuals and organisational units in the bank.

Program participants develop a broader perspective thanks to involvement in projects which go beyond their standard scope of job duties and drive up the participants' ingenuity and openness to change. The program is also a great help for preparing an individual personal development plan.



completed editions

over
130

participants



persons participating in the program in 2014

Diversity management

[DMA diversity and equal opportunities]

In Bank Zachodni WBK, the basic criteria for recruitment of employees include knowledge, professional skills and attitude, regardless of age, gender or disability.

At present, the organisation employs 1,541 people over the age of 50 and 70 people with various degrees of disability.





Stakeholder expectations



Describe the approach to diversity management in Bank Zachodni WBK (including not only people with disabilities but also seniors, etc.).

[G4-LA12]



Workforce by age and gender

| |  FEMALE |  MALE |
|-------------|--|--|
| <30 years | 13.2% | 4.7% |
| 30–50 years | 50.6% | 18.5% |
| >50 years | 10.8% | 2.2% |



Workforce by job rank

| |  FEMALE |  MALE |
|-----------------|--|--|
| Senior managers | 0.7% | 1.5% |
| Middle managers | 10.1% | 6.4% |
| Other employees | 63.8% | 17.6% |

Supervisory Board Members by age and gender

| |  FEMALE |  MALE |
|-------------|--|--|
| <30 years | 0.0% | 0.0% |
| 30–50 years | 10.0% | 30.0% |
| >50 years | 10.0% | 50.0% |

Management Board Members by age and gender

| |  FEMALE |  MALE |
|-------------|--|--|
| <30 years | 0.0% | 0.0% |
| 30–50 years | 0.0% | 100.0% |
| >50 years | 0.0% | 0.0% |

We have women holding director positions both in the head office and in branches. The percentage of women in both groups is different due to the fact that the positions are not comparable. Branch directors belong to the job grades 16–18, while directors of corporate units to 18+ job grades.

The employees of all job grades, higher and lower, are evaluated exclusively on the basis of their competences and experience and not other qualities are taken into account when. In April 2015 Beata Daszyńska-Muzyczka joined the Management Board as a member in charge of the Business Partnership Division.



Shareholder expectations

Please explain the absence of women on the Management Board. What is the reason? Are there women in director positions in branches? Why women occupy managerial positions in branches but not in the head office?

Differences in remuneration on respective levels result from the fact that the highest paid positions in Bank Zachodni WBK (Management Board) were occupied only by men at the end of 2014, therefore the results for the entire category are biased. The differences between remuneration in different locations are an effect of the compensation policy pursued by the bank which reflects differentiation of wages on the market.

[DMA equal remuneration for women and men]

[G4-LA13]

Basic remuneration of women versus men by job category and by significant locations of the organisation

| | Large cities | Rest of the country | Warsaw |
|-------------------|--------------|---------------------|--------|
| Senior management | 74% | 95% | 60% |
| Middle management | 91% | 87% | 81% |
| Other employees | 78% | 86% | 73% |

Women in Bank Zachodni WBK

“Bank on Women” is a unique initiative addressed to women and organised by women. The project involves celebration of the Women’s Day with exceptional workshops on subjects which combine business knowledge with topics of interest for women. In the organisation which employs more than 9,000 women, such meetings are an excellent opportunity for integration, mutual motivation, exchange of knowledge and experience and, what’s most important, for continuous development.

In 2014, “Bank on Women” meetings enjoyed a great popularity and were attended by nearly 100 women from the branches in Poznań , Warsaw and Wrocław.

The subjects of “Bank on Women” workshops are selected with a view to giving women tools to fully utilise their potential, identify their strengths, boost their self-esteem and make them aware of their potential.



702

women went on a maternity leave

Young mothers are supported in Bank Zachodni WBK in line with the **"Policy of Supporting Women During Pregnancy and Maternity"**. Pursuant to the policy, the women are entitled to:

- an additional 3-week paid leave available right after the end of the statutory maternity leave
- an opportunity to switch temporarily from a full-time job to a part-time job or flexible hours
- an adaptation period after returning to work from the maternity leave and exemption from the obligation to meet sales targets in the first month after return to work.

The basic criteria of employee recruitment include knowledge, professional skills and attitude.

In 2014, Bank Zachodni WBK employed 70 people with various degrees of disability. The majority of them worked as front desk staff in our branches or in the IT area of the Business Support Division.



Shareholder expectations

Please explain why a significant percentage of women in Bank Zachodni WBK who are eligible for a maternity leave do not take advantage of it. How the bank interprets the figures? Does the bank approve of the situation and is the bank planning to undertake any actions in this respect?

In 2014, **1,208 women** and **173 men** went on parental leaves. Out of that group, **536 women** and **169 men** returned from parental leaves by 31 December 2014.



Shareholder expectations

Please include information about employees with disabilities: whether Bank Zachodni WBK employees disabled people and, if so, in what types of jobs. To what extent is the bank open to people with disabilities? What positions are offered to disabled persons?

How we understand minimising our environmental footprint

EKOLOGIA NA CO DZIEŃ WPISANA W DNA BANKU



43 branches

received Green Office Certificates issued by the Partnership for the Environment Foundation. It is the best practice in the entire financial sector in Poland.

We are the only bank certifying its branches.



Shareholder expectations

Explain why the environmental aspect of the bank's operations is less important than other aspects and provide justification.

The direct impact of Bank Zachodni WBK on the natural environment is insignificant. However, bearing in mind the current condition of the natural environment and what we want to leave to the next generations, we take care of all those aspects on which we have at least the slightest influence.



We purchase goods thinking about the environment

The purchasing policy of the bank takes environmental aspects into account. In line with the supplier selection procedure, already at the stage of request for quotation, we send the supplier a questionnaire asking for information about the approach to corporate social responsibility and the impact of the goods and services to be purchased on the natural environment.

Our list of criteria always includes environmental factors, such as, for example, energy efficiency or use of consumables.



We reduce the environmental impact of our infrastructure

We try to reduce or neutralise our most significant environmental impacts associated with the bank's office space.

We are the first bank in Poland which, in collaboration with the Partnership for Environment Foundation, initiated the process of branch certification under the Green Office program.



What is a Green Office?

A Green Office is a place which is friendly not only to the employees but also to the natural environment. To obtain a certificate, a long list of requirements must be met.

In 2014 we certified 10 branches which received the status of a Green Office.

The total number of certified branches at the moment is 43. In 2015, we are planning to certify another 10 outlets.

In Green Offices:



we have installed tap **perlators** to reduce water consumption,



we segregate waste – certified branches have waste segregation stations and promote environment-friendly behaviours among their employees and customers,



we purchase **environment-friendly equipment** and biodegradable detergents.

We save energy

Participation in the project and branch certification brings tangible benefits e.g. through reducing the total consumption of electric power in all certified branches by 4–5% and through rational management of resources.

As far as technology is concerned, all certified branches have heating systems with temperature control. The office equipment is certified according to the Energy Star standard and energy efficient lighting solutions are used (LED instead of traditional lamps).


Such an approach can potentially generate energy savings in the range of 50–60% compared to the previously used lighting. In 2014, the total energy consumption was at 39 423.25 MWh, and indirect CO2 emissions related to the purchased energy amounted to 32 780.43 Mg/year.

[G4-EN16, DMA energy consumption]

Direct and indirect energy consumption by the organisation

[G4-EN3]

| Total consumption of energy from non-renewable sources (self-generated or purchased) | | Total consumption of self-generated or purchased energy broken into electricity and heat | |
|--|------------------------|--|------------------------|
| natural gas | 20,224.26 (MWh) | electricity | 39 423,25 (MWh) |
| heating oil | 1.66 (MWh) | heat (including consumption of steam and cooling energy) | 20 225,92 (MWh) |
| diesel oil | 4.7 (MWh) | | |
| Total | 20,230.62 (MWh) | Total | 59 649,17 (MWh) |



Stakeholder expectations

Does the company invest in eco-friendly heating systems? What technologies does the bank use?

Heating systems are always provided with temperature controllers and buildings have energy performance certificates. In 2014, in relation to generation of heat in boiler rooms powered with natural gas or heating oil, we emitted in total 4345.624 Mg/year of CO₂.

[G4-EN15, DMA emissions]

During renovation we replace old heating systems with modern, energy saving equipment of renowned manufacturers. We also analyse whether it is possible to switch from our own boiler rooms to the district heating system operated by municipal companies.

In each branch, a facility log book is maintained where, in addition to other information, certificates of all required inspections (ventilation, air-conditioning, lighting etc.) are kept and the current fire safety procedure is documented.

[G4-EN1, DMA materialy]

| Resources and materials used by weight (t,m ³) | Total consumption (weight/volume) |
|--|-----------------------------------|
| natural oil (m ³) | 1,916,991.13 |
| heating oil (m ³) | 157.05 |
| diesel oil (m ³) | 445.42 |
| petrol (m ³) | 2,523.6 |
| liquid gas (m ³) | 15.12 |
| certified and uncertified paper (t) | 573.63 |

We segregate waste

In the staff area of branches participating in the project, we have placed recycling bins for basic segregation of waste into paper, glass and plastic and in the customer area, openwork (for safety reasons) waste baskets for paper and plastic segregation are available. In this way, we increase the environmental awareness of our customers. Hazardous wastes i.e. waste electric and electronic equipment, printer cartridges and fluorescent lamps are collected by external contractors, in accordance with agreements signed. Redundant documents are disposed of into special containers and handed over to a third-party company specialising in safe document shredding services. After shredding, the paper is recycled.

Rational management of consumable materials is a practice which we do not have to promote or teach to our people. Each branch tries to reduce the consumption of and reuse as much as possible all office supplies (e.g. folders or ring binders) and paper (black and white, duplex printing is the standard option across the whole bank). Paper is the biggest source of waste generated by the bank. We use integrated solutions to manage hardcopy documents. Every year we buy 573.63 t of paper.



Stakeholder expectations

Demonstrate the environmental activity of Bank Zachodni WBK by presenting changes in the attitudes of its employees, suppliers and customers.



Stakeholder expectations

How do you recycle in the bank?

Redundant documents are destroyed and the paper is recycled. In 2014, 1,359.35 t of waste paper from all units was handed over for recycling. We are getting ready for a transition to a fully electronic documents circulation system.

The central printing system which records the number of pages printed off by each employee motivates us to development of positive habits. Furthermore, the main system where all scanned customer documents are stored does not have the 'print' option.

[DMA resources]

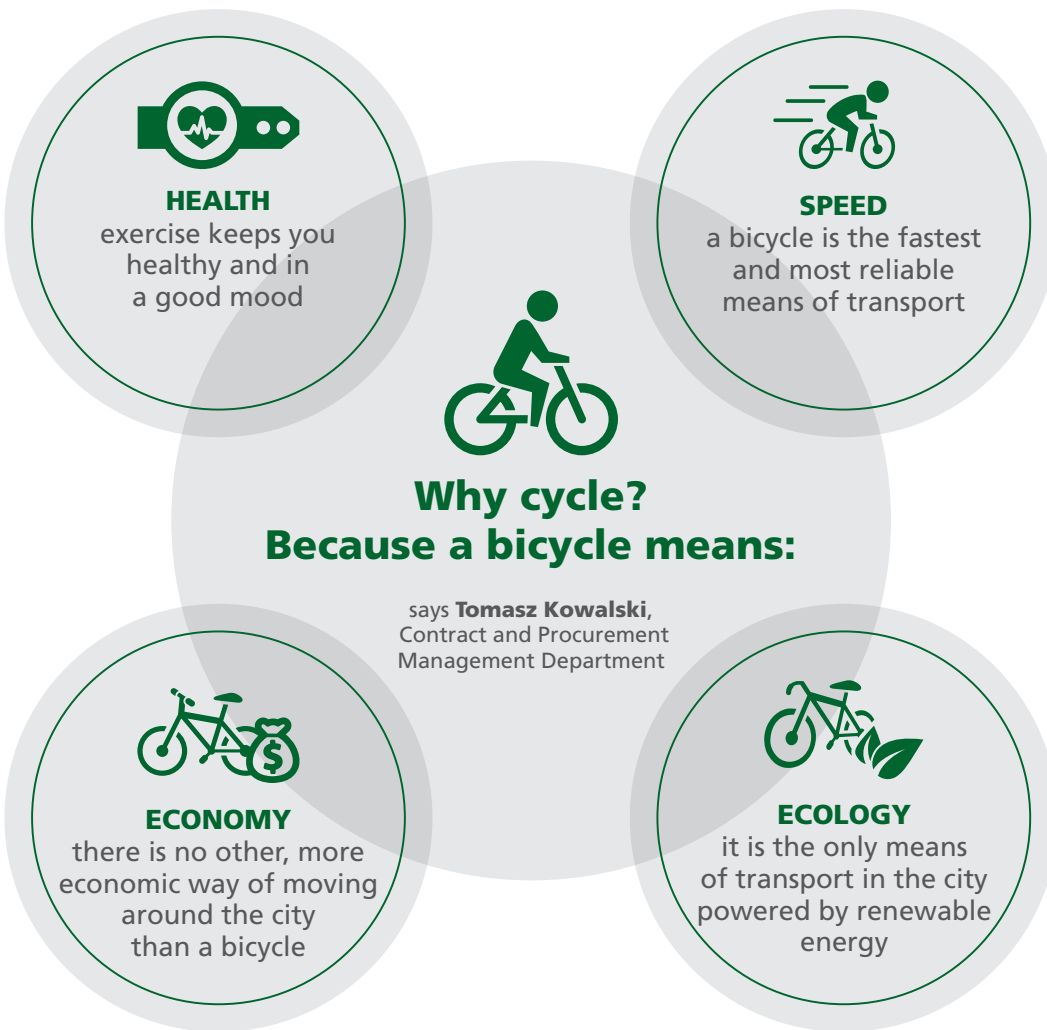
We use less water

In Green Offices, all water facilities are equipped with devices which help to save water (dual flushes and tap perlaters). We buy environment-friendly equipment and biodegradable detergents.

We raise the environmental awareness of employees and customers

We encourage and support pro-environmental behaviours of our employees. One example is the **"Biking to the Bank"** campaign organised in 2014 and inspired by the World Carfree Day which falls on 22 September.

The campaign was promoted on the bank's intranet and enjoyed a lot of interest from numerous fans of cycling. Many employees use this means of transport all year round, weather permitting.



Our employees who cycle to work can leave their bikes in special racks. In 2014, we installed bicycle racks in 30 locations and we will be systematically adding new ones.

Our participation in the Green Office program also involves a commitment to educate our employees and customers. We organise workshops during which employees have jointly developed a code of good environmental practices and submitted ideas for corporate social responsibility campaigns. In branches, stickers encouraging care for the environment appeared and on the intranet we launched the **“Green Spirit”** website.

The important aspect is to raise environmental awareness of people, including our customers. Therefore, transaction confirmations are printed off only at the customer's request.



Stakeholder expectations

How does the bank reduce the use of paper in credit processes? How is paper saved thanks to simplification of procedures?



A modern bank is a bank

in which we are continuously making efforts to reduce the volume of paper documents. We implement simple, reliable solutions which customers appreciate and which are acceptable from the legal point of view. To this end, we make use of new technologies, mobile devices and electronic channels through which our customers who have the required credit capacity can take out a cash loan or apply for an overdraft or a credit limit without visiting a branch and without signing any paper documents.

Paweł Wiczorek,
Member of the Management Board
of Bank Zachodni WBK in charge
of the Technology Division



We use only new cars meeting the lowest CO₂ emissions standards through reduced consumption of fuel

We are considering purchase of cars with economic ecoboost engines which offer lower consumption of fuel without a negative impact on performance. We already use Volkswagen cars with blue motion engines. The start-stop system helps to reduce fuel usage by 5–8%, resulting in much lower gas emissions.

New cars have exhaust systems with modern catalytic converters which ensure reduction of emissions to the level acceptable under the Euro 5 standard.

Another important aspect is our corporate tyre management system. We have signed an agreement with a highly qualified contractor who, in addition to supplying and maintaining car tyres, operates a professional scrap tyre recycling system and, in this way, contributes to protection of the natural environment.

We do not use cars older than 4 years and this strategy helps us keep our costs under control - not only the cost of fuel and lubricants, but also of spare parts used in servicing cars. Our activities are generally limited to warranty inspections and, therefore, our waste management costs are low.



Stakeholder expectations

Is your car fleet friendly to the environment?

We try to limit the frequency of business travels and promote car pooling and the use of environment-friendly means of transport. Transport related carbon dioxide emissions in Bank Zachodni WBK in 2014 totalled 7,067.610 Mg CO₂/year.

[G4-EN17, DMA transport, G4-EN30]

Looking for a new seat for Bank Zachodni WBK in Warsaw, we tried to find a building which would conform with the highest environmental standards.

The property which has met all our expectations is the Atrium One building designed and erected by Skanska. It is one of the greenest buildings in Poland, making use of technological solutions which are unique in this part of the world and which significantly reduce consumption of energy and water.

Thanks to employment of state-of-the-art technologies, the building has received LEED certification at the highest, platinum level as a token of its top quality.




Stakeholder expectations

Please demonstrate how partnership and cooperation in selected areas of environmental activity can drive down costs of Bank Zachodni WBK. What external activities does the bank undertake e.g. to support ecological companies?

It also offers an ideal work environment for the building users.


The Santander Group has recently adopted a new environmental policy. The process involved adoption of new environmental commitments under the Banking Environment Initiative (BEI), the members of which include Santander and ten other global banks.

The three main areas where Bank Zachodni WBK makes a significant contribution are:



Stakeholder expectations


Has the bank defined, or is it planning to define, a measurable objective for reduction of its environmental impact e.g. by x%?



reduction of CO₂ emissions,




increase in the share of electric power from renewable sources,




reduction of paper consumption.

At present, the Group is working on an energy EFFICIENCY plan (20-20-15), therefore our common objective for 2015 will be:



to reduce energy consumption by 20% versus 2011,



to reduce CO₂ emissions by 20% versus 2011.

MAJOR ACHIEVEMENTS IN 2014 AND PLANS FOR 2015



We want to be an organisation of people who work with passion, are committed and can develop and excel their skills. The strategy for the coming years assumes creation of an engaging work environment through:

- enhancement of the organisational culture based on three pillars: the culture of dialogue, partnership and making employees' responsible for the implementation of their own ideas;
- development of managers who are expected to support their team members in the achievement of short-term and long-term directives.

Our goal is to increase the efficiency of the organisation by looking for solutions which will help us maintain the right balance between work and personal life. We are also aware of the fact that diversity is an aspect of significance to our stakeholders and the current focus of the European Union. We are working at the moment on making an even better use of the benefits offered by diversity. Additionally, under the strategy of sustainable development of our bank we will also define environmental objectives.

Beata Daszyńska-Muzyczka

Member of the Management Board
in charge of the Business Partnership Division



One of our key commitments in the sustainable development area is responsible risk management. The bank proactively approaches regulations and good practices issued by international and domestic regulators in order to mitigate risks inherent in banking operations. Our Legal and Compliance area participates in the implementation of the requirements of the Basel Committee on Banking Supervision which pertain to effective recording and reporting of risk data. We are also involved in the new project of the Santander Group called Corporate Data Protection Methodology in the area of personal data protection and risk monitoring (although the first self-assessment carried out by our organisation did not reveal any major non-conformances or gaps). Additionally, we work on the introduction of a model of criminal liability risk prevention. To this end, we implement in Bank Zachodni WBK Group control mechanisms which are intended to prevent, detect and manage the risk of criminal liability imposed on the bank for offences committed by its employees. We also

monitor and analyse carefully all internal regulations in force in Dom Maklerski BZ WBK.

In 2014, the bank worked on alignment of its operations with Recommendation U on good practices in the area of bancassurance. As a member of the Polish Bank Association, we actively participated in the FATCA work group which focused on the interpretation and implementation of the provisions of FATCA (a US bill which sets forth an obligation to acquire and report information about US taxpayers abroad). The recommendations which we have developed will have a direct impact on the transposition of the FATCA regulations into the Polish legal system.

In 2015, we will continue to adapt our risk management framework to new laws in force. We are planning to implement the requirements stipulated in the new EU legislation, including MiFID II and MiFIR (a regulation pertaining to a wide range of investment services and financial instruments). We will also launch a process of assessing the risk of money laundering and financing terrorism and a global management of financial sanctions. At present, we are finalising the last stages of the Volcker Rule Compliance Program. The rule prohibits banks to invest their equity on financial markets.

Marcin Prell

Member of the Management Board
in charge of Legal and Compliance Division





Our goal is

to influence the environment by activating social potential and promoting equal opportunities for disadvantaged populations and people in difficult life situations, including persons with disabilities.



4.

Social Investments

How we support education
and science

How we support everyday activity
and ensure equal opportunities
to persons with disabilities

How we promote the development
of civil society

Social investments

[DMA indirect economic impact, G4-EC7]



Shareholder expectations

Which social issues Bank Zachodni WBK wants to address? Why does the bank focus on these particular activities?

For a number of years, the bank and the Stefan Bryła Foundation of Bank Zachodni WBK have implemented programs to support the development of education, by providing assistance to schools and universities and raising the level of financial awareness. We put special emphasis on dissemination of knowledge to children, young people starting their professional careers and adults. We are convinced that a key to long-term success is to stimulate entrepreneurship, active participation in the life of local communities and citizens' activity.

[DMA local communities]

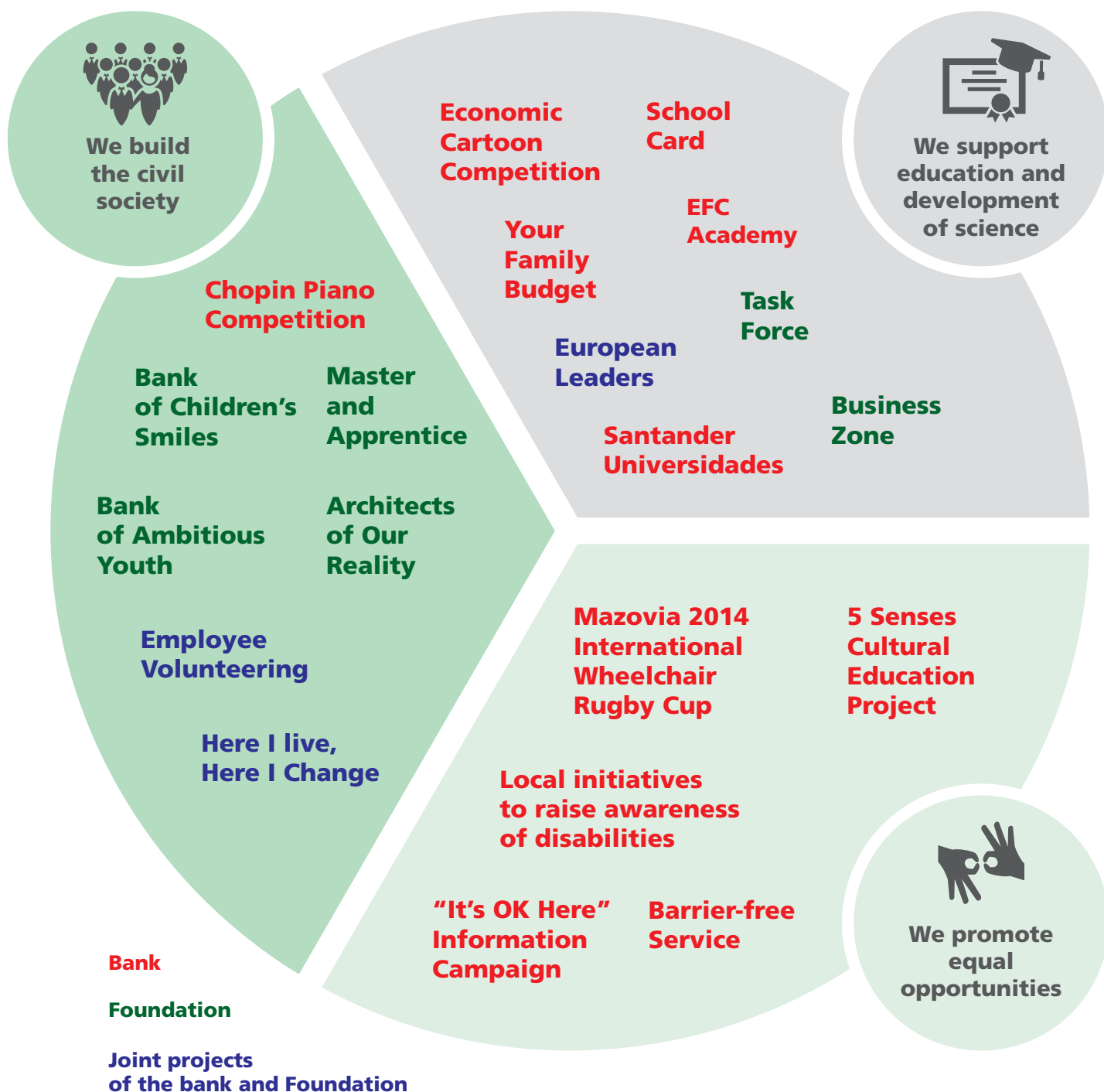


Major social projects implemented by Bank Zachodni WBK and the Stefan Bryła Foundation of Bank Zachodni WBK



Shareholder expectations

Please separate clearly the Foundation's activities from the social activities carried out by the bank.





Stakeholder expectations

What are the effects of your educational activities to date?

What is the value added?

What are the plans and project goals for the coming years?

As **Peter Drucker**, one of the most famous management thinkers and experts of the 20th century, said

You can't manage what you can't measure. ”

Therefore, in our 2013 CSR report we declared that our key challenge for the next year would be to demonstrate the impact and the direct and indirect effects of our activities in a measurable way.

And we delivered on our promise. In 2014, we made a decision to measure the outcome of our activities. The programs which we wanted to measure included the **School Card, educational games and comic books, Santander Universidades and the Barrier-free Service.**

It has been one of the first measurements of the impact of corporate social responsibility activities in Poland.

The study helped us identify the goals, **expenditures, effects and the impact of the executed programs.** Numerous analyses, surveys and interviews were carried out. An important element was a dialogue session with the participation of the bank's stakeholders. The value added was the development of recommendations for enhancement of the impact of our programs.



Bank Zachodni WBK, as one of few companies on the Polish market, has decided to measure the direct and indirect impact of its activities on the external environment. We are glad to see that the bank wants to know what it achieves through the implemented CSR programs and whether they trigger a real change and generate value to stakeholders. From the point of view of continuous improvement, it is very important to engage in a dialogue with beneficiaries and communities participating in the programs.

Congratulations on your initiative. ”

Irena Pichola
Partner Deloitte,
Leader of the Sustainability
Consulting Central Europe Team

How we support education and science



We offer financial education

Education and knowledge are of key importance in adult life and should be developed from the early years. Therefore, we make use of our competences in collaboration with schools and universities, launching projects aimed at promoting knowledge and entrepreneurship and creating positive social role models.

We know there is a lot to be done in this field because the results of research carried out at the request of the OECD in 2012 showed that the level of financial education in Poland is very low compared to other countries in Europe.



We support the development of Polish universities

Poland does not have at the moment a coherent government policy on promoting informed use of financial products and services. As a financial sector institution, we feel particular responsibility for the situation.

For this reason, we get involved in educational activities addressed to students of junior and high schools and to adults.

THE SCHOOL CARD – WE SUPPORT SAFETY AT SCHOOL

By implementing the program we want to:



increase the safety of students at school and of the schools themselves,



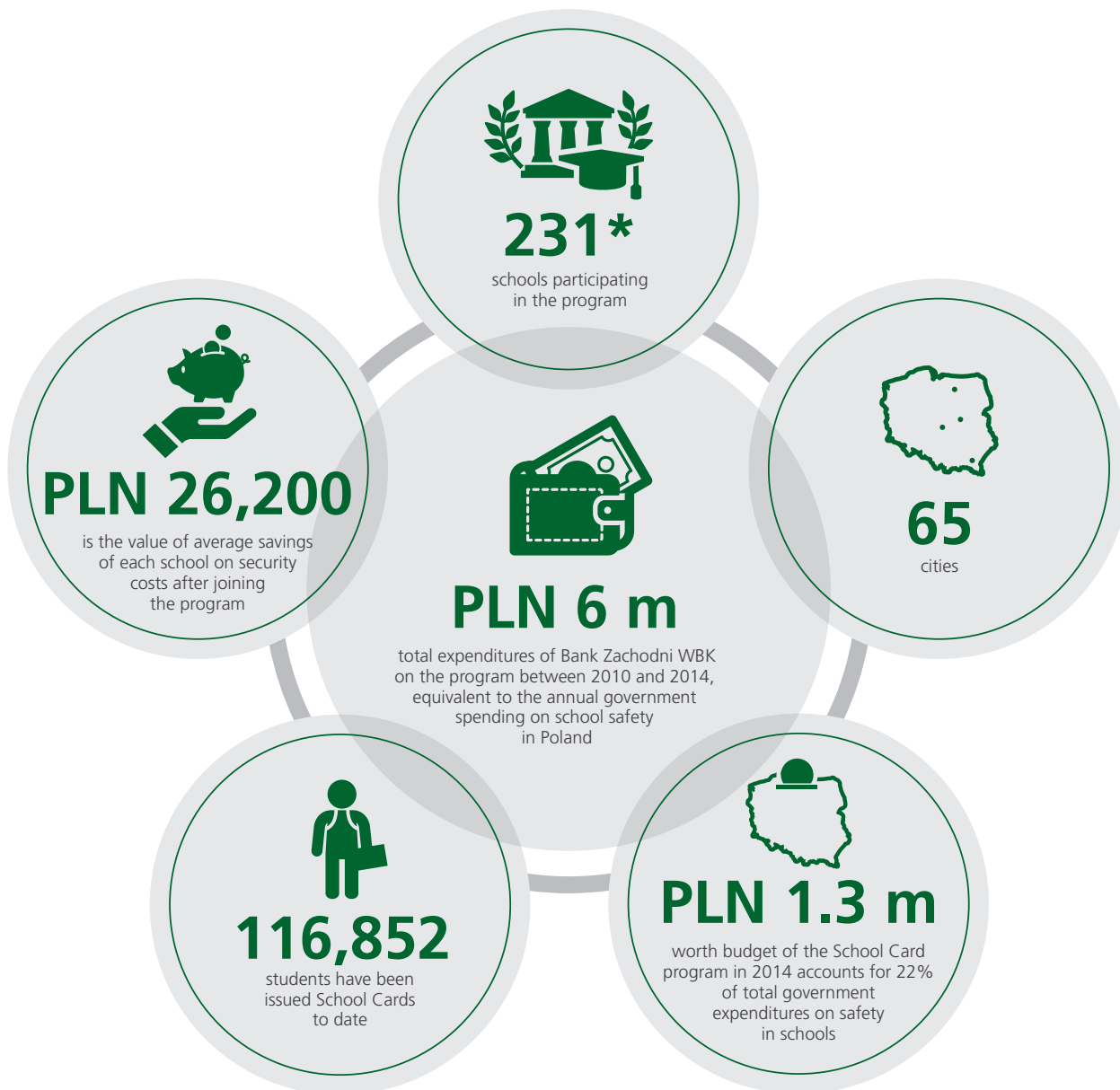
raise the level of economic education of children and youth,



promote the use of payment cards and other banking products and services,



familiarise children and young people with cash-free transactions.



* the number is valid as at the end of June 2015; at the end of 2014, we had 179 schools participating in the program.

What is the program about?

The School Card program combines two elements: enhancement of safety at school and economic education of children and teenagers. The bank donates to schools access control systems (card readers mounted at the doors) which prevent access of unauthorised persons to school buildings.

In addition to the access control functionality, the cards are also payment instruments (pre-paid cards) and, as such, help schoolchildren familiarise with modern banking. Financial education is an important element of the program.

Each school which has joined the program benefits from a special series of lectures in finance delivered by experts from the bank sharing their knowledge as volunteers.



How does it work in practice?

Thanks to the EMV (chip based) technology, numerous functions can be added to the School Card, such as:

- identification (instead of the school badges used in the past),
- access control (entry to school buildings),
- payment (making micropayments and online purchases with an option of parent online access to the statement of transactions),
- integration with other IT systems (e.g. of a library or a swimming pool).

Participants' evaluation of the program:



Reinforcement of school safety

98.4%

of school principals declare that higher safety at school was their main motivation for joining the program



Improvement of economic education

90.3%

of school principals mention education as a major reason for taking part in the program



Enhancement of the school image in the local community

According to **81%**

of respondents schools which have joined the program are perceived as "more innovative than other schools in town"

Lessons learned and goals for the future:

To measure the impact of the program, we conducted a survey which helped us identify those aspects which need enhanced in the future to yield the expected results. We also engaged stakeholders in a dialogue to make the School Program better by working together.



EDUCATIONAL GAMES AND COMIC BOOKS – WE RAISE THE LEVEL OF ECONOMIC AWARENESS

By implementing the program we want to:



increase the level of knowledge about responsible use of bank loans (consumer loans and mortgages),

teach the skill of effective household budget management,

promote knowledge on savings and investments,

prevent financial exclusion by disseminating financial knowledge,

provide education in business activity,

propagate knowledge about the worldwide finance, key economic terms and global consequences of wrong credit decisions

We put emphasis on high quality content, but also on an innovative and attractive form of communicating it.

Learning through play is a very effective method, that's why we came up with a number of educational games for different target groups, including the **Business Zone**, **Your Family Budget** and **European Leaders**.

Players of the online games **Your Family Budget** and **Business Zone**

spent in total **8,700 hours**, playing and learning at the same time.

5,662

user accounts of **Your Family Budget**

2,308

lessons with the use of the **European Leaders** game

4,000

comic books distributed to schools

3,000

uczestników **Business Zone**

BUSINESS ZONE

<http://business-zone.com.pl>

The purpose of the game is to stimulate entrepreneurial spirit. The ranking of the best players is available online. Nine contest editions have already been completed (three rounds with three editions each). You can join **Business Zone** at any time, however, you will not be eligible for the contest edition in that case. The game has over **3,000 registered online users**.



ECONOMIC COMIC BOOKS

The project has been implemented in partnership with the Civil Development Forum. The best and most interesting comics are selected in a competition and published in the form of a compilation. The printed comic books together with scenarios of entrepreneurship lessons prepared by experts are distributed to schools. Every year comic books are sent to all schools which take part in the bank's School Card project.



YOUR FAMILY BUDGET

<http://twojbudzetrodzinny.pl>

The game educates its users by teaching them how to rationally manage borrowed money and how to avoid excessive debt. The game has over **5,662 registered user accounts**.



EUROPEAN LEADERS

European Leaders is a board game for students of junior schools and high schools which promotes knowledge of the global market economy. The game is presented to school students during meetings with volunteers from the bank.





User rating of the applications:

According to respondents, the games help to develop:

| | |
|------------|--|
| 91% | of respondents believe that educational games stimulate entrepreneurship |
| 87% | creativity |
| 84% | good citizenship |
| 83% | better communication skills |
| 81% | ability to use new technologies |
| 80% | teamwork |

We have also analysed the impact of online games on the knowledge and skills of their users. The statistics indicate that the rate of correct answers throughout the game has been increasing significantly. In the "Loans" category, the rate of correct answers was **69% (24% higher than at the beginning of the game)**. In the "Investments" category, the rate of correct answers amounted to **71% (+25%)** and in the "Household Budget" category to **76% (+18%)**.

Shareholder expectations

Please refer to issues and challenges which are common to the entire finance sector e.g. the AMBER GOLD case.




We are aware of the fact that the conduct of all financial institutions – their slips and misdemeanours - may give rise to distrust towards the entire sector. Therefore, one of our major focuses for many years has been to promote an increase in the level of economic awareness of Poles and to shape positive behaviours in the area of rational and safe management of finance and use of financial products. In 2015, we are planning to continue developing our financial education tools and launch a new, dedicated website. We perceive each activity as an opportunity to enhance the economic knowledge of our customers.

Katarzyna Teter
Corporate Social Responsibility Manager










SANTANDER UNIVERSIDADES – WE SUPPORT HIGHER EDUCATION INSTITUTIONS

By implementing the program we want to:

| | | | |
|---|---|--|---|
|  |  |  |  |
| <p>develop contacts and exchange knowledge with universities</p> | <p>provide innovative solutions</p> | <p>support research and its commercialisation</p> | <p>enhance the entrepreneurial spirit and increase mobility of college students and faculty staff</p> |

| | | |
|---|--|---|
| <p>Santander Universidades globally:</p>  | <p>1,175 universities participating in the program</p>  | <p>4,000 projects</p>  |
| | <p>in 20 countries</p>  | <p>1,200 agreements signed with universities worldwide under the program</p>  |

| | | |
|--|---|--|
| <p>Santander Universidades in Poland:</p>  | <p>54 universities participating in the program</p>  | <p>14 universities joined in 2014</p>  |
|--|---|--|

| | | |
|--|---|--|
|  | <p>in 25 universities</p> | <p>73 projects financed by Santander Universidades are now in progress</p>  |
| | <p>PLN 5,000,000 was spent by Bank Zachodni WBK between 2011 and 2014 on the operation of Santander Universidades</p>  | <p>64% of respondents declared that projects implemented under the Santander Universidades program gave rise to new research ideas.</p>  |

What is Santander Universidades?

Santander Universidades is a global initiative which, over the 18 years of its existence, has brought together thousands of leading universities around one common goal which is development of education. The bank signed more than 1,175 partnership agreements with universities in North and South America, Asia, Africa and Europe. The collaboration is founded on a belief that the best way to stimulate growth and economic and social development is to support higher education and research programs.

According to the research carried out by the Varkey Foundation and UNESCO, Banco Santander is number one among companies from the Global Fortune 500 in terms of promotion of education.

In Poland, the Santander Universidades program was launched in 2011 and has been operated within the framework of Bank Zachodni WBK. Over the period of 3 years, the Polish division of Santander Universidades entered into partnership with more than 50 renowned universities from Poland which actively utilise the opportunities offered by Santander Universidades.

One of the fundamental practices of Santander Universidades is supporting individual research programs in the field of entrepreneurship, science, in particular new technologies, the mobility of students and faculty staff and development of networking.

The second most important benefit is the possibility of knowledge exchange on a worldwide scale, thanks to dedicated global programs organised by the best universities in the world.

By implementing projects in many different fields, we can get engaged in the whole array of research activities of each supported institution.

All students of universities which are members of Santander Universidades can take part in dedicated scholarship programs. In our case, supporting the best students means a long-term investment in the future of their leaders.

Regardless of the form of support offered, we always make sure that Santander Universidades promotes innovative solutions from the world of academia.



We help universities reconcile educational goals with labour market expectations.



The activities of Santander Universidades prove that it is possible to bridge the world of business and the world of science. We have decided to focus on the academic community, because it is a real investment in our future. We try to support initiatives of the younger generation.

One of our strategic directions is to promote entrepreneurship of students and their collaboration with the business which, in our opinion, is a valuable contribution to the future growth of the Polish economy.

Michał Kuczmierowski
Director of Santander Universidades in Poland



By the end of 2018, the Santander Group is planning to spend

EUR 700 m

on projects of universities which participate in the Santander Universidades program.

Global programs

Organised by the best universities in the world, such as the Harvard Law School, Brown University, the University of California, the University of Pennsylvania, the National University in Singapore and Cologne University, they offer an opportunity for the exchange of thoughts, knowledge and opinions on the top global level.



Stakeholder expectations

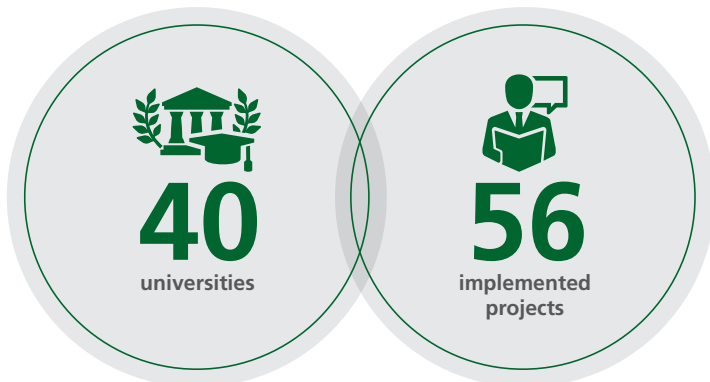
Please add information about the subjects of projects implemented under the Santander Universidades program.

Individual projects

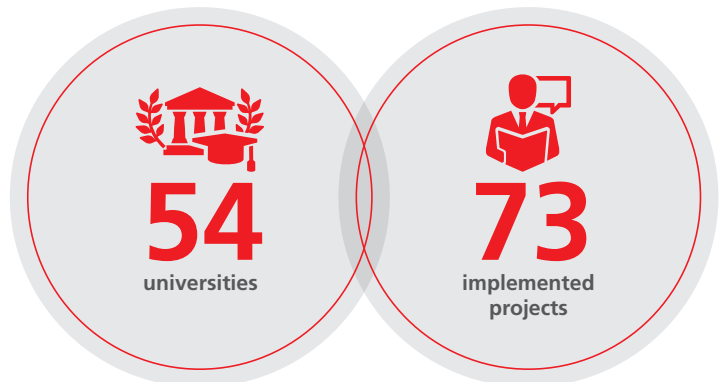
Based on signed partnership agreements and the funding received from Santander Universidades, universities carry out individual projects in the field of entrepreneurship, development of new technologies, mobility of students and faculty staff, development of networking and exchange of knowledge on a global level.



2013



2014



A research project "Improved self-control and rational consumer behaviours"

based on execution of experimental studies and implementation of practical measures in respect of factors which contribute to more rational behaviours of consumers (University of Social Sciences and Humanities in Warsaw)

Academic Entrepreneurship Accelerator of Santander Universidades

professional support to individual projects in the area of intelligent markets, international cooperation provided on the basis of extensive experience and development of talents through specialist training programs. One of the key tasks under the project was to propagate a methodology of designing business models among students, graduates, Ph.D. program participants and faculty staff from all over Poland, in order to help them gain competitive advantage on the market (Silesian University of Technology).

Vistula EdunessSummer School

a project popularising new service management concepts (in business and in public administration) according to the 'Design Thinking' Philosophy (Vistula Finance and Business Academy).

"Street Law" Kozminski University

Students of Kozminski University, under the supervision of their tutors, prepare and deliver workshops on law to high school students. The purpose of the project is to raise young people's awareness of law and teach them basic skills in this area e.g. writing simple process letters.

Internship and scholarship programs

Students with above-average results receive Santander Universidades Awards. In 2014, we awarded

15 students.



Products and services for the university segment

Smartcard

One of the major effects of cooperation between Santander Universidades and the academic community is the **Smartcard** – an **electronic student ID**.

The original assumption was to combine the university document with an option of activating a banking application allowing, for instance, to make contactless payments.




At present, the card is developed in all possible ways, depending on the needs of universities and of the students themselves. The Smartcard can combine the functionalities of a library card, electronic signature, electronic attendance record, access to discount programs or a pass to enter the university buildings.

And these are just examples of functionalities which Smartcards around the world already have at the present. Until last year, over **6 million** Electronic IDs had been issued globally.

In 2014, the bank was the first one to issue 40,000 student IDs with inactive payment functionality for 7 universities.

EFFECTS OF THE SANTANDER UNIVERSIDADES PROGRAM:

Different groups of Santander Universidades beneficiaries profited from the implemented projects in many ways:

|  |  |  |
|---|---|---|
| <p>Students / graduates:</p> | <p>Faculty staff</p> | <p>Universities</p> |
| <ul style="list-style-type: none"> • gain experience in the course of implemented research/ scientific projects • expand knowledge in selected areas • increase their mobility – a possibility to participate in international projects • gather experience during internship programs • are better prepared for work after graduation • develop international contacts • get to know the BZ WBK brand | <ul style="list-style-type: none"> • gain experience in the course of implemented research/ scientific projects • expand knowledge in selected areas • increase their mobility • develop international contacts • get to know the BZ WBK brand | <ul style="list-style-type: none"> • gain more prestige • have access to additional funding for research projects • can participate in international exchange of experience. |

One of the current challenges which universities face is raising funds under EU grants. In 2012, out of **EUR 800 m,** allocated by the European Research Council (ERC), only one out of 538 grants went to Poland.

Between 2007 and 2013, Polish scientists obtained **11 grants** from the ERC.

| | |
|-------------------|---|
| <p>61%</p> | <p>of respondents declared that if not for Santander Universidades funding, their research projects or studies abroad would not have been possible.</p> |
| <p>73%</p> | <p>of survey participants believe that participation in the Santander Universidades program had a major impact on their scientific career.</p> |
| <p>89%</p> | <p>of respondents mentioned new scientific contacts made as a significant or main benefit of participating in the program.</p> |
| <p>90%</p> | <p>of respondents would definitely recommend participation in Santander Universidades activities to other people.</p> |

Future plans:

We want to support collaboration between universities in the field of applying for EU grants and funding and to develop the Santander Universidades scholarship program to increase international competitiveness of our students.

We also want to build a coherent development strategy of the Santander Universidades program (priorities, subjects, project selection criteria), to guide the beneficiaries of funding towards specific effects.

We believe that such an approach will help to communicate and measure the effects/ impacts more effectively, which is in line with our goal of measuring the impact of CSR activities.

GRAND TOUR – MEET YOURSELF!

The project idea draws directly on the 17th century tradition of travelling in order to gain the necessary knowledge about the world and different cultures. All young intellectuals would once set off on a journey of this kind. We launched a self-development program under which 12 participants during 6 days get an opportunity to meet exceptional people, with passion for their work and a life mission to accomplish. Each day brings new challenges and new experience, with lessons to be learned for the future.

How does Grand Tour work?

The program consists of six parts which relate directly to specific competences which are important both in professional and personal life, such as communication, willingness to learn, continuous development, activity and engagement, flexibility and adaptability, teamwork and ability to achieve the planned results. Our activities respond to the need of educating social leaders, people aware of their strengths, who can learn the meaning of the word "responsibility" in many different dimensions at the same time. Every day, the participants of Grand Tour face new challenges in one of three main roles which we assume in life: of a Citizen, a Person and an Employee/ Entrepreneur. **Grand Tour is an example of an innovative practice in the entire Santander Group.**



Shareholder expectations

Provide examples of activities supporting social engagement of students.



The exceptional thing about Grand Tour workshops is that participants meet people who live by their passion and who want to share it with other people. All week long we visited small and large companies and talked to their managers. We also had a chance to meet employees of public benefit institutions. I still vividly remember the day spent in the clinic operated by the "Light " Foundation in Toruń. It was definitely the most emotional part of the program.

The one-week workshop was supposed to teach us good communication and provide answers to questions like 'who am I?' 'what life do I want to have?'. These are fundamental questions which, however, are never asked at the university. GT fills that gap excellently and offers young people an opportunity to look around them and find answers to questions which might often be decisive for their future. The "Grand Tour – Meet Yourself!" program persuades young people that they are responsible for their life and for their surroundings. If I were to use one word to describe what I learned in the workshop I would say 'proactivity'.

Robert Trzciński

participant of the first edition of the "Grand Tour – Meet Yourself!" program



EUROPEAN FINANCIAL CONGRESS (EFC) ACADEMY

We introduce young people to the world of economy and finance

The Academy is a joint initiative of Bank Zachodni WBK and the Gdańsk Banking Academy and targets students and graduates who 'want more' and not only have very good grades, but also demonstrate above-average inventiveness, activity and commitment.




The program was launched in 2014 as part of the European Financial Congress held in Sopot since 2011. The purpose of the Congress is to propose and support initiatives which enhance the financial security and stability of Poland and the European Union. The Congress organizes debates of the representatives of the business, science and politics communities. The EFC also issues recommendations and expert opinions on their feasibility in practice and, additionally, organizes media debates devoted to the implementation of the recommendations.

The Academy contributes the voice of young people to the Congress idea. It engages them in a discussion about the future of the economy and the EU, in particular including career opportunities for young graduates, problems encountered by them at the beginning of their professional career and potential solutions to such problems. An additional goal of the program is to facilitate contacts of young people with potential, attractive employers.


We have recently launched a website of the EFC Academy, which the members can use to:



communicate and develop relationships, publish articles, presentations and excerpts from research papers



share information about student projects and initiatives, present their CVs



obtain information about other events organised by the European Financial Congress

The EFC Academy members are invited to take part in conferences and debates.

Effects:

Under the EFC Academy program, open meetings and lectures are organised at Polish universities. In 2014, four such lectures were held (e.g. at the Warsaw School of Economics and Łódź University). The Academy members may additionally count on the support of the EFC Academy organiser in implementing projects at their own universities. The Academy enters into partnerships with the most active student organisations.

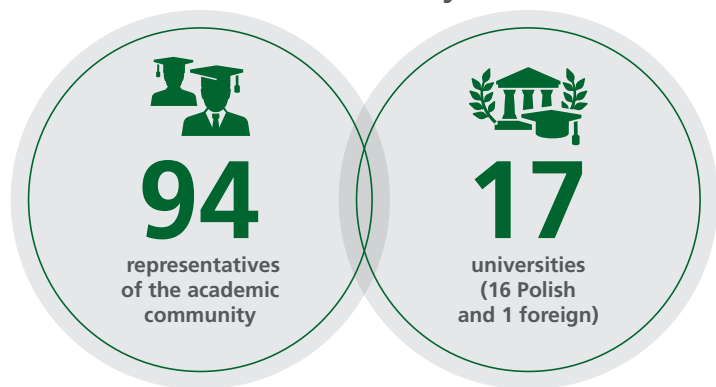
In 2014, the meeting of the EFC Academy was attended by **94 representatives** of **17 universities** (16 from Poland and the London School of Economics). Twenty five university professors submitted their proposals of candidates for the Academy.

The Academy members took part in the workshops, lectures and debates organised specially for them. In line with the organiser's concept, the **"voice of the young generation"** was included in the recommendations of the European Financial Congress.

Future plans:

In 2015, the second edition of the Academy will be held. One of the planned directions for the Academy's development is its internationalisation i.e. inviting to the Academy students of selected foreign universities in Europe. One hundred and fifty students in total will participate in this year's Academy.

Current reach of the EFC Academy:



How we support everyday activity and ensure equal opportunities to persons with disabilities

As one of the largest institutions of the Polish banking sector, we actively counteract financial and social exclusion. Our strategic social project in this area is the Barrier-free Service which aspires to ensure full availability of the bank's products and services to customers with various disabilities, but also to seniors and pregnant women.

We work with external organisations to involve these social groups in spheres of life which are normally not available to them. We also want to encourage seniors to take up an active lifestyle through special inducements distributed together with the bank's products.



BARRIER-FREE SERVICE – we counteract social exclusion

[G4-FS14]

By implementing the program we want to:

| | | |
|---|---|--|
| <p>ensure equal treatment of all customers of Bank Zachodni WBK, including accessibility of all products and services to disabled customers, and have the highest disabled customer service standards, unparalleled on the Polish financial market,</p> | <p>provide high-quality services to customers with various disabilities, in line with their expectations,</p> | <p>prevent social exclusion, also through economic education of disabled customers,</p> |
| <p>remove all barriers between the bank's staff and customers, also in terms of building attitudes,</p> | <p>support social integration of people with and without disabilities,</p> | <p>offer support at the initial stage of professional career to disabled students and graduates.</p> |

Through the **Barrier-free Program**, regardless of the service channel – whether in a branch, over the telephone or through an ATM – we want to offer our customers consistent, good experience. The program was launched in 2010 and since then we have established a network of branches adapted to the needs of people with different disabilities. At present, the bank has **145 certified outlets** located all over Poland.



We have introduced a number of convenient solutions for disabled customers, such as:

- friendly branches without any architectural barriers where each customer will feel comfortable,
- ATMs with advanced technology customised to the needs of people with visual impairments,
- new services on BZWBK24 Internet electronic banking platform certified for accessibility to customers with visual impairments,
- videochat adapted to the needs of customers communicating in the Polish sign language.

In 2014, we worked on the development of the network of accessible branches. Together with the Barrier-free Poland Foundation and TUS Foundation, we carried out an audit of architectural accessibility of the branches to customers with disabilities.



48 branches received the accessibility certificate so that the total number of such outlets increased to 145 (from 97 in the past). The certification process also includes preparation of the front staff in branches for interaction with disabled customers.

Our efforts to expand the network of barrier-free branches have brought the following results:

- we carried out accessibility audits in 55 branches and 48 received the Accessibility Certificate confirming their readiness for providing services to disabled customers,
- we developed and implemented new communication tools for branches in the form of leaflets and brochures for bank customers with information about the Barrier-free Service program,
- we conducted training in the service of customers with disabilities (attended by nearly 200 employees of branches and business units responsible for the design and development of solutions for disabled customers),
- we equipped branches with new useful tools, such as 'priority service' signs, guide frames for signing documents and aids for recognition of banknote denominations for visually impaired customers.

Furthermore, each certified branch has a budget to spend on local educational and promotional activities supporting the idea of a barrier-free bank.

In 2014, we participated in the following initiatives:

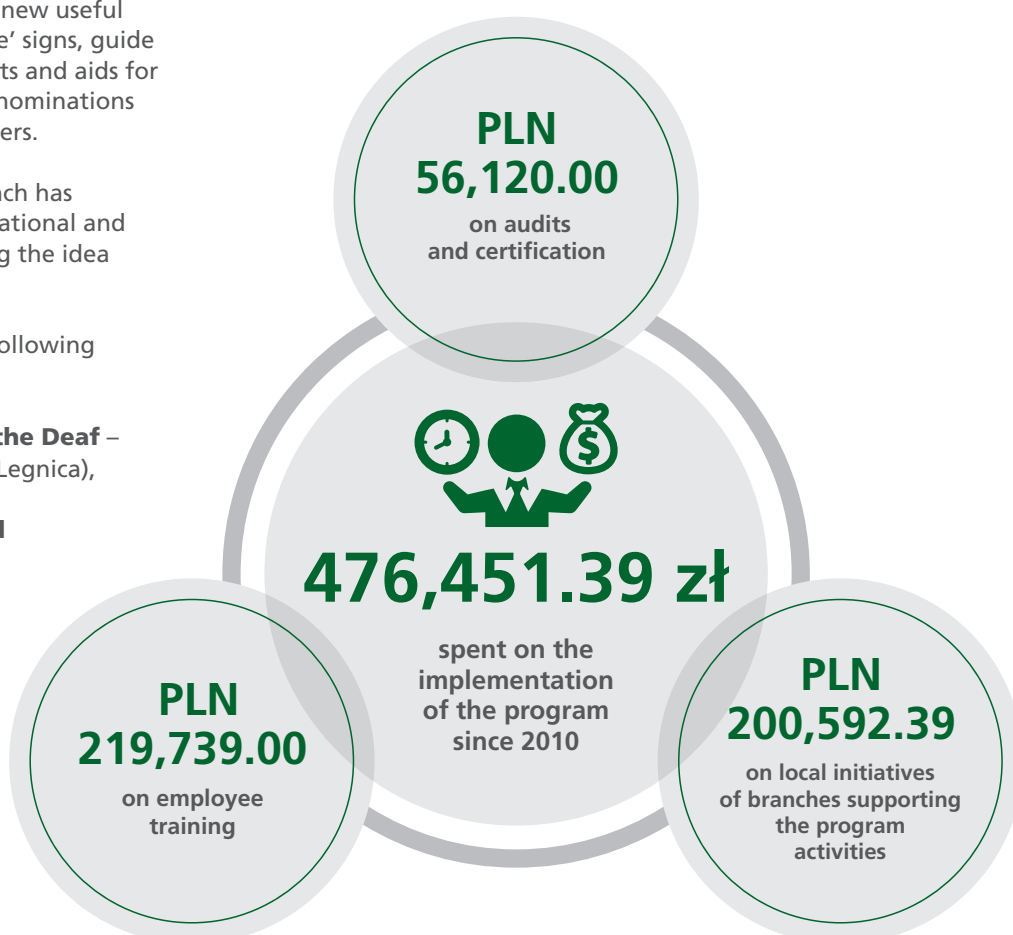
- **3rd International Day of the Deaf** – Legnica 2014 (1st Branch in Legnica),
- **Celebrations of the World Disability Day** (44th Branch in Warsaw),
- **Regional Bocci Tournament for People with Disabilities** (1st Branch in Głogów),

- **PSB Tarnowo Podgórze Dance Championships for People with Disabilities**,
- **"Live a Healthy Lifestyle" Festival** (44th Branch in Warsaw),
- **Gliwice Rainbow Meetings** – 1st Branch in Gliwice,
- **Gdynia for the Eagle** – 8th Branch in Gdynia
- **"Don't let anyone control your money"** – a national program of lessons on banking organised in training and educational centres for adolescents with visual impairments in partnership with the Vis Maior Foundation.

We are planning to continue the development of our network of barrier-free branches. Thirty new branches have been registered for the audit.

Thanks to successful collaboration with Bank Zachodni WBK in 2014 on the educational project for people with visual impairment, an important need for access to modern banking was addressed and the awareness of the visually impaired concerning their rights was significantly increased.

Jolanta Kramarz
Vis Maior Foundation



Talking ATMs

In 2014, we expanded our network of talking ATMs to the total of 225 machines all over Poland. We are the first bank in Poland which has decided to adapt its ATMs to the special needs of customers with visual impairment. The modification involved adding a socket to plug in earphones through which audible instructions are issued for basic operations, such as cash withdrawal, card activation or PIN change. The voice communication service is available to holders of cards issued by any bank.

The messages can be heard only via earphones so the user's privacy and security is ensured. The list of ATM's with the voice communication functionality can be found on our website. We are planning to further develop the bank's network of talking ATMs, provide them with a better signage and simplify the process of searching their locations on the bank's website.

Barrier-free call centre

Bank Zachodni WBK has been the first bank in Poland and in the Santander Group to have developed and implemented a videochat for customers with hearing impairment. The videochat is operated by advisers who can communicate in the Polish sign language. We are particularly proud of this innovation since no other Polish bank offers video communication adapted to the special needs of this group of customers.

Two organisations were involved in the work on the development and launch of the service: the Polish Association of the Deaf and the Barrier-free Poland Foundation, which offered support at the stage of testing, implementing and evaluating the functionality in terms of meeting the expectations of customers using the sign language.

We employed advisers who know sign language and use it in everyday life and produced a video with instructions on how to use the videochat.

In the second quarter of 2015 we executed a pilot of the project of making the videochat with the sign language advisor available on tablets in branches. The purpose of the pilot was to check the availability and functionality of connection between the branch staff and the customer with hearing impairment and the Polish sign language advisor who acted as a translator.

Since August, the solution has been available in all 762 branches of Bank Zachodni WBK (as at 1 September 2015). Thanks to the transfer of the sign language service to the Online Advisor functionality of BZWBK24 mobile and making it available on tablets in branches, the branch employee can connect with the call centre adviser at any time and request for help in providing service to a customer with hearing impairment.

"It's OK here" information campaign

For a number of years, Bank Zachodni WBK has been regularly supporting financial education and integration of people with disabilities in local communities. The example of a wide-scale initiative of this kind is participation in the information campaign "It's OK here" promoting integration of the disabled and preventing their discrimination. The campaign implemented by the Polish Association of Employers of the Disabled (POPON) and the Foundation for Occupational Activation of the Disabled was co-financed from the budget of the Mazowieckie Province. Thirty barrier-free branches from Warsaw took part in the project.



Disability must not be an obstacle to management of one's own finance. Therefore, we were the first bank to develop an in-house communication solution for people with hearing impairment who use the Polish sign language in the form of a video chat. Worth emphasizing is the fact that it was our proprietary project, both in terms of the concept and execution.

Marta Walaszczyk-Szymańska,
Service Quality Communication Manager





Openness to the needs of people with disabilities is not only a matter of architecture but, above all, of awareness, maturity and willingness. Accessibility starts and ends with people. We are very glad that our partners from Bank Zachodni WBK have proved, not only through the Barrier-free Service program but also many other CSR activities, that the theme of accessibility has become a permanent element of the organisation's policy and that the customer matters most. Every customer.

Agata Etmanowicz
and **Maciek Augustyniak**
Barrier-free Poland Foundation



Five Senses – we support integration through art

The project is addressed to a wide group of people with various disabilities. Its aim is to engage them in various aspects of the cultural life which are usually unavailable to them. The recent edition of the cultural education project **"5 Senses. Expression"** lasted from 15 September and 29 November 2014. Over two months of the project duration, approximately 500 educational, artistic and scientific events were organised with the involvement of 30 actors, dancers, directors and instructors from all over Poland. The events attracted a few thousand participants.

One example was a disco for young people with hearing impairments from the Special Educational and Training Centre no. 2 in Kalisz. Participants could feel like in a real disco thanks to the use of special audio equipment and music of specific sound frequency. The deaf teenagers were able to "feel the sound" and disco lights enhanced the experience. In 2015, we are planning the 5th edition of the project organised by More Than One Production.



Future goals

We intend to continue the development of the Barrier-free Service program by expanding the network of branches adapted to the needs of disabled customers and development of other channels of contact available thanks to new technologies (like the videochat launched in 2014).

How we promote the development of civil society



The future of our country will soon be in the hands of the next generation and the values and skills which members of that generation develop will determine what nation and society we will become and how successful our economy will be. We focus on positive, inventive projects which engage young people in the domain of public life. We provide inspiration for people to get involved in the work for common good, to exercise their civil rights consciously and to rise to the challenges of the 21st century.

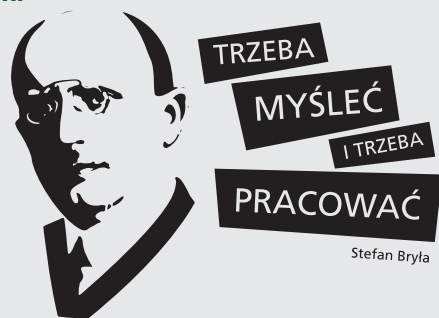
To this end, we try to develop projects through which young people will discover our splendid national heritage and history and find there points of reference for their own actions and decisions. We create opportunities for ambitious and responsible people and promote creativity and entrepreneurship of young people. We also want to strengthen the idea of economic patriotism, starting at the local level.



THE PATRON OF OUR FOUNDATION

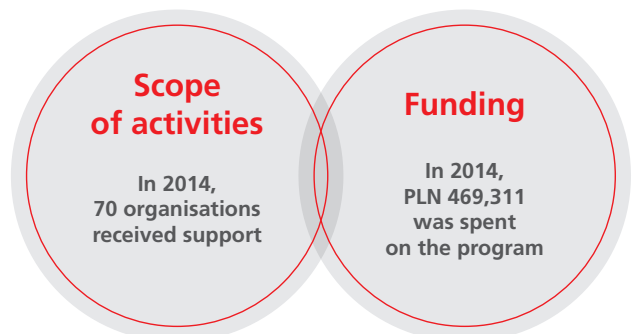
In 2014, Bank Zachodni WBK Foundation announced a competition for a patron. Out of 188 submitted candidates, the Foundation's Board and Council which were the judging panel in the competition decided to choose Professor Stefan Bryła as the Foundations' patron.

Stefan Bryła (1886-1943) was a Polish construction engineer, a pioneer of welding technologies and welded structures and a members of the 2nd Parliament of the Republic of Poland. He designed the first entirely welded bridge over the Słudwia River, in Maurzyce near Łowicz which today has a status of the world heritage monument. The Prudential tower designed by Stefan Bryła which was the tallest building in Warsaw before World War II, survived the Warsaw Uprising despite one thousand missiles fired in its direction. Bryła was also the author of the plan for the reconstruction of Poland destroyed in the Second World War.



Bank of Children's Smiles

The Bank of Children's Smiles is a micro-grant program addressed to institutions and organizations which work on a daily basis with children from dysfunctional and disadvantaged families. It helps to shape desirable social attitudes and prepare the children for adult life. The implemented projects develop the sense of social sensitivity and activity, responsibility for one's own life, for other people and for our country and propose positive role models. The program was launched in 2004



Bank of Ambitious Youth

The program launched in 2010 educates young people in such skills as defining local community needs, setting objectives, creating task forces, solving problems and implementing measures on a local level, in order to promote positive social attitudes.

One of the project goals is to define the qualities of an individual necessary for effective functioning in a civil society, such as knowledge, interpersonal communication, social sensitivity, leadership skills and building a leader's position. In order to develop socially responsible attitudes, people need to identify themselves with the history and culture, both in a local and national dimension.

PLN 1,120,073

was spent
on project
funding in 2014



2014

Bank of Ambitious
Youth

177

local organisations
received grants

PLN 4,695,082

total expenditures
on the program
since 2010



Shareholder expectations

How are partners selected for social activities?
Do you enter into partnerships with NGOs with a view to
a long-term relationship?

The Bank Zachodni WBK Foundation collaborates with a wide range of non-governmental organisations under such grant programs as the **bank of Ambitious Youth**, the **Bank of Children's Smiles** and **Here I Live Here I Change**. Additionally, on a smaller but more intense scale, the Foundation works with partners from among different institutions and NGOs to implement the banks own educational project or to support third-party projects. In the first case, grant beneficiaries are selected based on the highest evaluation of grant applications by the Foundation's experts. All projects submitted to grant competitions are examined by at least two and most often three reviewers. The final rating is a combination of the score and the analysis of descriptive opinions issued by the experts. The whole process of application submission and evaluation is handled via electronic channels, using a dedicated grant application.

In the latter case, partners are selected based on many different criteria, such as the subject, timelines, organisational capacity, competences or experience. We always look for reliable partners with expertise in a given field. We need to have common goals and time schedules. Each party makes a proportionate contribution to the project, which may last one-year or many years. Our Foundation does not act as a sponsor – we are originators and creators of social, educational and citizenship activities.

Eliza Dzwonkiewicz
President of Bank Zachodni WBK Foundation



EMPLOYEE VOLUNTEERING

Scope of employee volunteering activities

In 2014,
51 projects,
 were implemented with the involvement of
650 volunteers.



Stakeholder expectations

Please include information about your volunteer service program. What are its principles and do you engage volunteers in other, strategic activities of the bank?

Expenditures

PLN 139,844

was spent on volunteering programs in 2014.

Employee volunteering is an inseparable part of the activities of Bank Zachodni WBK. It gives our employees an opportunity to put their ideas into action, develop their passions, help other people and work in a team. Together with the Bank Zachodni WBK Foundation which coordinates volunteering activities we give our full support to social initiatives of this kind.

Each group of employees who want engage in a voluntary work program can apply for a grant.

The maximum value of financial support is PLN 3,000. Additionally, Bank Zachodni WBK organizes a competition "Volunteer Project of the Year" in which employees can vote for the best initiative and the winning team receives an additional **PLN 3,000** for their social cause.

The ideas for activities submitted to the competition respond to the real needs of local communities. The competition is one of the vehicles for promoting activities for the benefit of people in need, the natural environment and social communities and for inspiring people to get involved in voluntary work.

In 2014, the main award went to a team from the 1st Branch in Wałbrzych which organised a campaign **"The Colours of Life"** for Children and Youth from the Day-care Psychiatric Unit of the Specialist Hospital in Wałbrzych.



Voluntary service for me means taking a step towards people who, for different reasons, find it difficult to cope with everyday life. It is also a great way of gaining new experience and breaking away from the daily grind. I get a lot of satisfaction from feeling needed and doing something of tangible value for others. It is a great lesson of life for me and for the people I work with.

The fact that our bank promotes the spirit of altruism among its employees and supports their voluntary work financially is very important for me. As a result, we can reach those who need our help most

Joanna Zakrzewska
 Director of the 1st Branch
 of Bank Zachodni WBK in Wałbrzych



In 2014, the Bank Zachodni WBK Foundation supported by volunteers from the bank carried out an international version of the project **“European Leaders”** based on a game with the same name. For more information, see the **“Economic Education”** section.

The project was co-financed by the Ministry of Foreign Affairs. **50 volunteers in 20 Polish schools** in Belarus, Lithuania and Ukraine carried out lessons in entrepreneurship and demonstrated a strategic business game for teachers and students. In addition to educational activities, the project participants met with the Polish community living in the East of Europe.

In 2014, we decided to go one step further and focused our attention on skill-based volunteering. In order to get an insight into the subject and identify potential demand, we organised a dialogue session with the participation of representatives of various stakeholder groups and conducted a survey of the bank’s employees.



The outcome of the process was a publication issued at the end of 2014 entitled **“Skill-Based Volunteering - From Idea to Success”** which is a practical guide both for the future volunteers and beneficiaries of voluntary work.

One of the first skill-based volunteering projects was the **“Week in BZ WBK”** organised for the beneficiaries of the **Robinson Crusoe Foundation** which helps children from foster families and orphanages enter into the stage of adult life.



We prefer to see our activities as processes rather than campaigns. For 12 years, our Foundation has been developing and implementing innovative solutions supporting transition of children from foster families and orphanages into independent, adult life. Innovation is possible only when you have wise business partners, capable of holistic and flexible thinking.

That’s exactly how we see our partnership with Bank Zachodni WBK. One of our joint initiatives in 2014 was the “Week in the Bank”, a project consistent with the strategy of building lasting relationships with young people through “friendly adults” and good brands. During the “Week in the Bank”, the participants had a chance to observe the work of the bankers from the inside. We taught them how to read agreements and what they should pay attention to when looking at advertisements. We also met with Mr. Feliks Szyzkowiak, the bank’s Management Board Member, who shared with us an inspiring career story. Finally, we had a chance to play an economic game called the “European Leaders”.

Another activity was the participation of volunteers in the Foundation’s project “Robinsons on their own”. The volunteers ran a workshop on banking and on managing one’s own business. To celebrate the success of the program, we all went skating together and supported a social foundation ‘Food for Good’. The involvement of the banks volunteers is an example of a good CSR practice and a long-term process rather than a one-time event.

Aureliusz Leżeński
President of the Robinson Crusoe Foundation



HERE I LIVE, HERE I CHANGE PROGRAM

247 initiatives

were supported
with grants

PLN 1.5 m

was spent
on supporting
local communities



The competition is a new initiative launched in the autumn of 2014. The purpose of the project is to untap the social activity potential of members of local NGOs and public institutions engaged in cultural, educational, and charity activities. The program is expected to inspire local community activity and joint work for the common good. The most interesting social initiatives receive grants supporting their execution.

Grants were awarded to ideas and projects related to improvement of the local public space, its aesthetics, cleanliness and functionality, protection of historical monuments, cultivation of places which commemorate people who made an important contribution to the history of the place or its community and whose output deserves recognition.

“A Common Goal: Roof Over Ponurak Building”

One of the projects implemented under the **Here I Live, Here I change** project.

The purpose of the project implemented by the **Education and Social Activation Centre Foundation** was to repair the roof over an old school building in the village of Ponurzyca.

Ponurzyca is a beautiful settlement located in Mazowiecki Landscape Park, near Celestynów (Otwock County). The village has 300 residents and is poorly communicated (during summer and winter holidays there is no bus service at all).

There are no shops there, no school, no culture centre or a soccer field. Last year, an informal action group formed in the village and attended a workshop organised by the CEAS Foundation which focused around a vision for the old school building, the only public space available which could integrate the local population and become a home to community activities. In order to revive the old school building in Ponurzyca, the roof needed to be repaired.

Unfortunately, no funding was available and without an investment, in a few years' time the building would be totally destroyed. The place was close to the hearts of the residents whose family members built it in 1930s with a joint effort of the whole community. Once a busy, vibrant centre of the village life, today a remnant of the past of which the local people were still proud. It was the only place in the village which could become a centre of social life. The originators of the initiative wanted to preserve the history of the building and its functions: integration, education and culture.

But the cost of repair was very high – the work itself was worth PLN 25,000. The residents managed to collect the necessary building materials and received a small grant from the local authorities but it was still not sufficient. Therefore, they decided to enrol in the competition **Here I Live, Here I Change** and, to the great satisfaction of all the community, the CEAS Foundation turned out to be one of the winners. Worth emphasizing is the fact that the residents of the village actively participated in the renovation work.



Thanks to the grant, we have managed to repair the roof of the **Ponurak Building** and save it from unavoidable destruction within a few years' time. But participation in the competition **'Here I Live Here I Change'** meant more than just replacement of the roof cover. It was a very important experience in the life of our community which taught us that it is worthwhile to work for the common good, that tradition and history are great values and that people can be brought together around a common idea! The older inhabitants of the village who remember the work of their parents, grandfathers and great grandfathers are proud of the younger generation who showed initiative and took responsibility for Ponurak building – one of the most valuable assets of the whole village. What seemed impossible still a few years ago, today is a reality and, what's more – a reality created by ourselves.

We are very glad that a competition of this kind was organised and that small communities like ours were eligible for participating in it. Thanks to such initiatives and to corporate business responsibility activities our environment changes for the better.

Zofia Gajewska
President of the Education and Social Activation Centre Foundation



Awarded application by provinces



BUY FROM YOUR NEIGHBOUR PROGRAM

The new project **Buy From Your Neighbour** is our response to the low level of awareness in the society of the significance of consumer patriotism to the development of entrepreneurship and its impact on the national economy. The goal of the program is to promote Polish brands among young people. The target groups of the program launched in 2014 are school students and teachers, on the one hand, and owners of small and medium size

businesses operating on local markets, on the other hand. The first stage of the project involves educational events organised by volunteers using presentations and scenarios promoting informed consumer attitudes and behaviours. The meetings at schools are also attended by owners of small and medium size companies.

PROMOTION OF CULTURAL EVENTS

Bank Zachodni WBK for many years has organised and sponsored valuable cultural events. We believe that each organisation conducting successful business operations should feel obliged to support culture, education and national heritage. In our bank, such activities are an important element of non-commercial operations of the bank. The examples include the **BZ WBK Press Photo** competition organised by 10 years and our contribution to the prestigious **Chopin Piano Competition**.

BZ WBK Press Photo

The competition launched by Bank Zachodni WBK in 2005 is addressed to professional photographers and its goal is to present and award the best press photographs in Poland, documenting important events in our country and around the world. The competition is a platform for presenting the output of Polish photographers which motivates them to further professional development and offers new inspirations.



Chopin Piano Competition

In August 2014, we worked together with Fryderyk Chopin National Institute organizing the world famous music festival “Chopin and His Europe”. The concerts attracted a large audience. Our next joint project will be the 17th Fryderyk Chopin International Piano Competition – the most important cultural event of 2015 in Poland.



On behalf of the **Fryderyk Chopin Institute**, I would like to express great satisfaction from the fact that Bank Zachodni WBK has become a Sponsor of the **17th International Fryderyk Chopin Piano Competition**. We look forward to the meeting of the two worlds, which may seem distant, but in fact have a lot in common: respect for history and tradition, perfectionism, international scope of operations and an aspiration to set new directions in the contemporary world.

Our partnership is a combination of high art and high quality business conducted on a grand scale and with a great deal of social responsibility. We are positive that the collaboration on the **Chopin Piano Competition** will be our joint success, not only in terms of the image, but also promotion of traditional values and contribution to the development of the art of piano playing.

Dr Artur Szklener
Director of the Fryderyk Chopin Institute



MOST IMPORTANT ACHIEVEMENTS OF 2014 AND PLANS FOR 2015



The main theme last year was a dialogue with our stakeholders. For the first time, we had a chance to listen directly to opinions about the bank during specially organised sessions. The conclusions presented during the meetings motivated us to intensify our activities carried out under the **Barrier-free Service** program and promote **skill-based volunteering** in the bank.

In 2014, we also carried out a project aimed at measuring the impact of our key CSR projects. As a result, we learned, for instance, that the bank's educational activities and the **Santander Universidades** are highly appreciated.

We received a confirmation that our model of partnership with universities based on a dialogue between the bank and the institutions is an exceptional initiative on the Polish market and our projects fill the gap in the process of preparing students for confrontation with the labour market.

We try to make sure that each of our activities is founded on the bank's mission of helping people and business prosper.

Our initiatives demonstrate that for Bank Zachodni WBK being responsible means continuous improvement and responding to the needs of the environment in which we operated. Therefore, one of our goals for 2-15 is to develop and implement a CSR strategy.

Artur Sikora

Head of Corporate
Communication & Marketing Area





By publishing this report we want to:

- inform the public about social activities initiated and continued by the bank in 2014,
- discuss openly the areas and objectives in which we have succeeded and those which still pose a challenge and require further actions,
- present the effect of completed projects and make commitments for the coming year.

5.

About the Report

Methodology

Report on the independent assurance service

GRI Content Index

Glossary



About the Report

This is the second corporate social responsibility report published by Bank Zachodni WBK. The first one was the report for 2013 prepared last year. As the third largest bank in Poland, we want to communicate publically our non-commercial and non-business activities. Our CSR report for 2014 shows the results of activities and measures which we started or implemented in the previous year.

By publishing this report we want to:

- inform the public about social activities initiated and continued by the bank in 2014,
- discuss openly the areas and objectives in which we have succeeded and those which still pose a challenge and require further actions,
- present the effect of completed projects and make commitments for the coming year.

Methodology

The second CSR report for 2014 was prepared on the basis of the **Global Reporting Initiative** guidelines, in line with the **GRI G.4** reporting methodology.

The report is published annually – the previous report was issued in September 2014

[G4-29, G4-30]

The report includes data for 2014 (from 1 January to 31 December) and covers Bank Zachodni WBK and Dom Maklerski BZ WBK incorporated into the banks structures in 2014, unless otherwise indicated elsewhere in this report.

[G4-28]

Data concerning the environmental aspect (consumption of energy and emissions) reported for the indicator GR-EN3 include partial demand for heat in the bank, related to the consumption of natural gas and heating oil for the purpose of boiler rooms operated by the bank in 2014.

Data on emissions related to purchased electricity reported for the indicator **GR-EN16** includes only emissions due to purchase of electric power.

A restatement of the EC1 indicator value for 2013 concerning investments for the community was made. Data for 2014 is also presented according to the new indicator calculation formula. No other significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

[G4-22, G4-23]

For the first time, the presented data has been subjected to independent assurance.

[G4-33]

While preparing this report we listened to the expectations of our stakeholders and we declare that the bank is open to dialogue and ready to accept comments concerning the content of the report and CSR activities implemented by CSR Bank Zachodni WBK.

The contact person in charge of this report is Katarzyna Teter, Corporate Social Responsibility Manager of Bank Zachodni WBK. Please email or your comments or suggestions to katarzyna.teter@bzwbk.pl

[G4-31]



Limited assurance report

To the Management Board of Bank Zachodni WBK S.A.

Subject matter and criteria

We have been engaged by the Management Board of Bank Zachodni WBK S.A. ("the Company") in accordance with our agreement dated 10 June 2015 (the "Agreement") to perform a limited assurance engagement on correctness of selected non-financial data, presented in the "2014 CSR Report" prepared for the period of 1 January to 31 December 2014 and marked with symbol "Yes" in a column "Review" in a table „GRI G4 Content Index" on pages 134-141 ("2014 CSR Report").

The Company's management prepared 2014 CSR Report ensuring its adherence to the Sustainability Reporting Guidelines of the Global Reporting Initiative version 4.0 Core (the "GRI G4 criteria").

Management's Responsibility

The Company's Management is responsible for the preparation of the 2014 CSR Report in accordance with the GRI G4 criteria.

The responsibility of the Company's Management includes the selection and application of appropriate methods to prepare the non-financial data and the design, implementation and maintenance of systems and processes which ensure the adherence to the GRI G4 criteria relevant for the preparation of the non-financial data using assumptions and estimates which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion as to the correctness of selected non-financial data, presented in the 2014 CSR Report. We chose performed procedures based on our judgment and take under consideration our assessment of the risk of material misstatement of the selected indicators. We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance engagements other than audits or reviews of historical financial information" („ISAE 3000").

Summary of work performed

Our limited assurance procedures included:

- Interviews with management and persons responsible for the reporting of the non-financial data,
- Analytical procedures for the selected non-financial data,
- Obtaining sample evidence for the selected non-financial data.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on performed procedures, nothing has come to our attention that causes us to believe that the selected indicators as presented in the 2014 CSR Report have not been prepared, in all material respects, in accordance with the GRI G4 criteria.

Limitation of use and distribution

Our limited assurance report prepared by PricewaterhouseCoopers Sp. z o.o. („PwC") for Bank Zachodni WBK S.A. in respect of the Agreement is directed to sole use of the Bank Zachodni WBK S.A. Management Board. It should not be used to other purposes.

PwC does not take any responsibility in respect of this report (contractual, tort (including that for negligence) or any other) in respect of any parties other than Bank Zachodni WBK S.A. Respectively, regardless of the form of the actions, whether in contract, tort or other, within the capacity allowed by the law, PwC does not take any responsibility, and any consequences coming out of the report for any person (excluding the Company, based on rules described above) or for any other decision taken based on this report.

The 2014 CSR Report should be read together with the Sustainability Reporting Guidelines of the GRI G4 Core.

TRANSLATION ONLY

PricewaterhouseCoopers sp. z o.o.

PricewaterhouseCoopers Sp. z o.o.
Warsaw 9 September 2015

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PricewaterhouseCoopers Sp. z o.o. is entered into the National Court Register maintained by the District Court for the Capital City of Warsaw, under KRS number 0000044655, NIP 526-021-02-28. The share capital is PLN 10,363,900. The seat of the Company is in Warsaw at Al. Armii Ludowej 14.

GRI G4 Content Index

[G4-32]



| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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STRATEGY AND ANALYSIS

| | | | | | |
|------|--|------|--|-----|-----|
| G4-1 | Statement from the most senior decision-maker of the organization. (e.g. CEO, Management Board President or a holder of another equivalent position) on the significance of sustainable development for the organisation and its strategy. | CORE | | Yes | 2-3 |
|------|--|------|--|-----|-----|

ORGANISATIONAL PROFILE

| | | | | | |
|-------|---|------|--|-----|---------------|
| G4-3 | Name of the organization | CORE | | Yes | 8 |
| G4-4 | Primary brands, products, and/or services | CORE | | Yes | 8,37,42,46,55 |
| G4-5 | Location of organization's headquarters | CORE | | Yes | 6 |
| G4-6 | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report | CORE | | Yes | 6 |
| G4-7 | Nature of ownership and legal form | CORE | | Yes | 8,9 |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) | CORE | | Yes | 6-8 |
| G4-9 | Scale of the reporting organization | CORE | | Yes | 6,11 |
| G4-10 | Total number of employees by employment type, gender and region | CORE | | Yes | 76 |
| G4-11 | Percentage of employees covered by collective bargaining agreements | CORE | As at 31 December 2014, 5,104 bank employees were members of four trade union organizations operating in Bank Zachodni WBK | Yes | 134 |
| G4-12 | Description of the organisation's supply chain | CORE | | Yes | 70 |
| G4-13 | Report any significant changes during the reporting period regarding the organisation's size, structure, or ownership of its supply chain | CORE | | Yes | 12,30 |
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organisation | CORE | | Yes | 73 |
| G4-15 | Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses | CORE | | Yes | 19 |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organisations | CORE | | Yes | 18 |

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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|-----------|------------|------------------------|-----------|--------|---------------------|

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

| | | | | | |
|-------|---|------|--|-----|-----|
| G4-17 | List of all entities included in the organisation's consolidated financial statements or equivalent documents | CORE | | Yes | 8 |
| G4-18 | The process for defining the report content and the aspect boundaries | CORE | | Yes | 24 |
| G4-19 | List all the material aspects identified in the process for defining report content | CORE | | Yes | 25 |
| G4-20 | Materiality of the identified aspects of social and environmental impact for entities within the organisation | CORE | | Yes | 25 |
| G4-21 | Any specific limitations on the scope or boundary of the report in respect of material environmental and social impacts | CORE | | Yes | 25 |
| G4-22 | The effect of any restatements of information provided in previous reports, and the reasons for such restatements. (e.g. mergers, acquisition, change of the accounting year/ period, core business or measurement methods) | CORE | | Yes | 132 |
| G4-23 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report | CORE | | Yes | 132 |

STAKEHOLDER ENGAGEMENT

| | | | | | |
|-------|--|------|--|-----|-------|
| G4-24 | List of stakeholder groups engaged by the organization | CORE | | Yes | 20-21 |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | CORE | | Yes | 19 |
| G4-26 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | CORE | | Yes | 22 |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting | CORE | | Yes | 23-24 |

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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| REPORT PROFILE | | | | | |
| G4-28 | Reporting period (e.g., fiscal/calendar year) for information provided | CORE | | Yes | 132 |
| G4-29 | Date of most recent previous report (if any) | CORE | | Yes | 132 |
| G4-30 | Reporting cycle (annual, biennial, etc.) | CORE | | Yes | 132 |
| G4-31 | Contact point for questions regarding the report or its contents | CORE | | Yes | 132 |
| G4-32 | Indeks GRI | CORE | | Yes | 134-141 |
| G4-33 | Report the organisation's policy and current practice with regard to seeking external assurance for the report. If the information is not included in an independent assurance report, describe the scope and basis of assurance and the relationship between the organisation and the assurance providers | CORE | Auditor's assurance (p. 133) | Yes | 132-133 |
| GOVERNANCE | | | | | |
| G4-34 | Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts. | CORE | | Yes | 72-73 |
| G4-39 | Indicate whether the Chair of the highest governance body is also an executive officer (if so, what is his/her scope of responsibility with justification of such a structure). | | | No | 72-73 |
| G4-40 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | | | No | 74, 90 |
| G4-41 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. Information, whether the existing conflicts are disclosed to stakeholders. | | | No | 75 |
| ETHICS AND INTEGRITY | | | | | |
| G4-56 | Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics | CORE | | Yes | 65-66 |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity | | | No | 66-67 |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity | | | No | 66-67 |

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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SPECIFIC STANDARD DISCLOSURES

CATEGORY: ECONOMIC (EC)

ASPECT: economic performance

| | | | | | |
|--------|--|--|--|----|-----|
| | DMA: economic performance | | | No | 7,9 |
| G4-EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments | | | No | 7 |

ASPECT: Market presence

| | | | | | |
|--------|---|--|--|----|----|
| | DMA: Remuneration/ local market presence | | | No | 77 |
| G4-EC5 | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | | | No | 77 |

ASPECT: Indirect economic impact

| | | | | | |
|--------|--|--|--|----|---------|
| | DMA: Indirect economic impact | | | No | 102 |
| G4-EC7 | Contribution to the development of infrastructure and services provided to communities through commercial, in-kind, or pro bono engagements. Impact of such engagements on communities | | | No | 102-129 |

ASPECT: Procurement practices

| | | | | | |
|--|----------------------------|--|--|----|----|
| | DMA: Procurement practices | | | No | 69 |
|--|----------------------------|--|--|----|----|

CATEGORY : ENVIRONMENTAL (EN)

ASPECT: Materials

| | | | | | |
|--------|------------------------------------|--|--|----|-------|
| | DMA: Materials | | | No | 94-95 |
| G4-EN1 | Materials used by weight or volume | | | No | 94 |

ASPECT: Energy

| | | | | | |
|--------|---|--|--|----|----|
| | DMA: Energy consumption | | | No | 94 |
| G4-EN3 | Direct and indirect consumption of energy within the organisation | | | No | 94 |

* data concerning heat energy is based on the information about consumption of natural gas and heating oil for the purpose of the boiler room (1,917,251.27m3); the organisation does not have precise data on the consumption of network heat within the entire organisation

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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| SPECIFIC STANDARD DISCLOSURES | | | | | |
| CATEGORY : ENVIRONMENTAL (EN) | | | | | |
| ASPECT: Emissions | | | | | |
| | DMA: Management of emissions | | | No | 94 |
| G4-EN15 | Direct greenhouse gas emissions by weight | | | No | 94 |
| G4-EN16 | Indirect greenhouse gas emissions by weight | | | No | 94 |
| G4-EN17 | Other significant indirect greenhouse gas emissions by weight | | | No | 97 |
| ASPECT: Transport | | | | | |
| | DMA: Transport | | | No | 97 |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | | | No | 97 |
| CATEGORY : SOCIAL (SO, HR, LA, PR) LABOUR PRACTICES | | | | | |
| ASPECT: Employment | | | | | |
| | DMA: Employment | | | No | 64 |
| G4-LA1 | Total number and rate of new employee hires during the reporting period, by age group, gender and region | | | Yes | 77-78 |
| ASPECT: Education and training | | | | | |
| | DMA: Education and training | | | No | 86 |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | | | Yes | 86 |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | | | No | 86-87 |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender | | | Yes | 80 |

** emissions due to the use of natural gas and heating oil in the boiler room;

*** only emissions due to purchase of electric power are shown; the organisation does not have data about emissions related to purchased heat.

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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SPECIFIC STANDARD DISCLOSURES

CATEGORY : SOCIAL (SO, HR, LA, PR) LABOUR PRACTICES

ASPECT: Diversity and equal opportunity

| | | | | | |
|---------|--|--|--|-----|--------|
| | DMA: Diversity and equal opportunity | | | No | 89 |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | | | Yes | 72, 90 |

ASPECT: Equal remuneration for women and men

| | | | | | |
|---------|---|--|--|-----|----|
| | DMA: Equal remuneration for women and men | | | No | 91 |
| G4-LA13 | Ratio of the basic salary and remuneration of women to men for each employee category | | | Yes | 91 |

ASPECT: Supplier assessment for labour practices

| | | | | | |
|--|---|--|--|----|----|
| | DMA: Supplier assessment for labour practices | | | No | 69 |
|--|---|--|--|----|----|

ASPECT: Supplier assessment for labour practices

| | | | | | |
|--|---|--|--|----|----|
| | DMA: Supplier assessment for labour practices | | | No | 69 |
|--|---|--|--|----|----|

ASPECT: Labour Practices Grievance Mechanisms

| | | | | | |
|---------|--|--|--|-----|-------|
| | DMA: Labour Practices Grievance Mechanisms | | | No | 66-67 |
| G4-LA16 | Number of grievances about labour practices filed and resolved through formal grievance mechanisms | | | Yes | 67 |

CATEGORY : SOCIAL (SO, HR, LA, PR) HUMAN RIGHTS

ASPECT: Non-discrimination

| | | | | | |
|--------|--|--|--|-----|----|
| | DMA: Non-discrimination | | | No | 66 |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | | | Yes | 67 |

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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| SPECIFIC STANDARD DISCLOSURES | | | | | |
| CATEGORY : SOCIAL (SO, HR, LA, PR) SOCIETY | | | | | |
| ASPECT: Local communities | | | | | |
| | DMA: Local communities | | | No | 102-129 |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | | 100% business units | No | 140 |
| G4-FS13 | Access points in low-populated or economically disadvantaged areas by type | | | No | 35 |
| G4-FS14 | Initiatives to improve access to financial services for disadvantaged people | | | No | 118-121 |
| ASPECT: Anti-corruption koru | | | | | |
| | DMA: Anti-corruption | | | No | 68 |
| G4-SO3 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | | 100% business units | No | 68 |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | | | Yes | 68-69 |
| G4-SO5 | Confirmed incidents of corruption and actions taken | | | Yes | 68-69 |
| ASPECT: Public policy | | | | | |
| | DMA: Public policy | | | No | 140 |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | | The organisation does not make donations to the specified entities | No | 140 |
| ASPECT: Compliance | | | | | |
| | DMA: Compliance | | | No | 39,72 |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | | | Yes | 38 |

| Indicator | Disclosure | CORE level requirement | Reporting | Review | Pages of the report |
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SPECIFIC STANDARD DISCLOSURES

CATEGORY : SOCIAL (SO, HR, LA, PR) PRODUCT LIABILITY

ASPECT: Product and service labelling

| | | | | | |
|--------|--|--|---------------------------------|-----|-----|
| | DMA: Product and service labelling | | | No | 37 |
| G4-PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements | | | No | 37 |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes | | No instances of non-conformance | No | 141 |
| G4-PR5 | Practices related to customer satisfaction, including results of surveys measuring customer | | | Yes | 32 |

ASPECT: Product portfolio

| | | | | | |
|--------|--|--|--|----|----|
| G4-F51 | DMA: Policies with specific environmental and social components applied to business lines | | | No | 41 |
| G4-F52 | DMA: Procedures for assessing and screening environmental and social risks in business lines | | | No | 41 |

ASPECT: Marketing communication

| | | | | | |
|--------|--|--|--|----|----|
| | DMA: Marketing communication | | | No | 37 |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | | | No | 39 |

ASPECT: Customer privacy

| | | | | | |
|--------|---|--|--|----|----|
| | DMA: Customer privacy | | | No | 42 |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | | | No | 43 |

ASPECT: Compliance

| | | | | | |
|--------|---|--|--|-----|----|
| | DMA: Compliance | | | No | 39 |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | | | Yes | 38 |

Glossary

| | | | |
|--------------------------|--|----------------------|--|
| BEI | Banking Environment Initiative | PFSA | Polish Financial Supervision Authority |
| BGF | Bank Guarantee Fund | LEED | Leadership in Energy and Environmental Design |
| OHS | Occupational Health and Safety | LIBOR | London Interbank Offered Rate |
| NGB | Next Generation Bank | HFY | Home for the Young |
| BREEAM | Building Research Establishment Environmental Assessment Methodology | misselling | irresponsible and unethical selling of financial products |
| BZWBK24 | Mobile and Internet banking platform of Bank Zachodni WBK | SME | Small and Medium Size Enterprises |
| CBC | Corporate Banking Centre | CSI | Customer Satisfaction Index |
| TBC | Telephone Banking Centre | NBP | National Bank of Poland |
| CDP | Carbon Disclosure Project | NFOŚiGW | National Fund for Environmental Protection and Water Management |
| Compliance | ensuring conformance with the applicable regulations and laws | NGO | Non-Governmental Organisations |
| CSR | Corporate Social Responsibility | POPON | Polish Organisation of Employers of People with Disabilities |
| EFC | European Financial Congress | UNO Program | integration of Kredyt Bank with Bank Zachodni WBK |
| EMV | Europay MasterCard Visa | RESPECT Index | Index of socially responsible companies listed on WSE |
| EquatorPrinciples | international project on social and environmental risks with the participation of financial institutions | APR | Annual Percentage Rate |
| GBM | Global Banking & Markets | SCB | Santander Consumer Bank |
| GIODO | General Inspector for Personal Data Protection | spread | difference between the sell and buy ratios |
| GRI | Global Reporting Initiative | QMS | Quality Management System |
| Help Desk | technical support unit | TOiP | Schedule of Fees and Charges |
| Stakeholders | parties which have influence on the organisation or under the organisation's influence | UNESCO | United Nations Educational, Scientific and Cultural Organization |
| ITIL | IT Infrastructure Library | UOKiK | Competition and Consumers Protection Office |
| Jessica | Joint European Support for Sustainable Investment in City Areas | ZBP | Polish Bank Association |
| | | PM | Performance Management |

Acknowledgements

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ECO calculator

Thanks to use of the Cocoon Silk paper instead of non-scrap paper, our negative environmental impact has been reduced as follows:



123
kg less waste



226
kWh less energy consumed



2 405
litres of water saved



230
km shorter distance covered by
a standard class European car



23
kg less of greenhouse gas emissions



200
kg less of wood used



FSC® MIX 100% label means that the final product or all its components (wood and forest non-wood) are made from materials sourced from forests managed in accordance with the responsible forest management principles (FSC)



