


**REPORT ON THE NON-FINANCIAL
INFORMATION OF BANK BGŹ BNP
PARIBAS S.A. AND THE BANK BGŹ BNP
PARIBAS S.A. CAPITAL GROUP IN 2017**



BGZ BNP PARIBAS

The bank for a changing world

TABLE OF CONTENTS

1. ABOUT BANK BGŹ BNP PARIBAS S.A. AND THE BANK BGŹ BNP PARIBAS S.A. CAPITAL GROUP	3
1.1. Structure and business model of the Bank BGŹ BNP Paribas S.A. Capital Group.....	3
1.2. Corporate Social Responsibility (CSR)	7
2. ETHICS, RESPECT FOR HUMAN RIGHTS AND COUNTER-CORUPTION	9
2.1. Code of Conduct.....	9
2.2. Respect for human rights.....	9
2.3. Counteracting corruption.....	9
2.4. Ethical standards of cooperation.....	11
3. HUMAN RESOURCES (HR)	12
3.1. HR management.....	12
3.2. Occupational health and safety.....	16
3.3. Diversity	17
3.4. Trainings and development.....	18
3.5. Employer Branding	20
4. SOCIAL DIMENSION OF THE BANK'S ACTIVITY	20
4.1. Strengthening the positive impact of operations	21
4.2. Availability of products and services	23
4.3. Support for local communities.....	23
4.4. Volunteering and employee social commitment.....	24
4.5. Activities of the Bank Foundation.....	25
5. IMPACT ON NATURAL ENVIRONMENT	27
5.1. Area management	27
5.2. Limiting the negative impact of operations.....	27
5.3. Combating climate change	29
6. SUMMARY	31

1. ABOUT BANK BGŻ BNP PARIBAS S.A. AND THE BANK BGŻ BNP PARIBAS S.A. CAPITAL GROUP

The Bank BGŻ BNP Paribas S.A. Capital Group (hereinafter referred as to the “Group”) operates within BNP Paribas Capital Group, a leading international financial group, operating in 74 countries, with over 190,000 employees.

The BNP Paribas Group supports its customers (retail customers, local authorities, entrepreneurs, SME, corporate customers and institutions) in the implementation of various projects, offering a broad range of financial, investment and savings products along with insurance. In Poland, the Bank BNP Paribas Capital Group operates in many areas of financial services, such as: banking, investment funds, custody services, factoring, leasing, insurance, real estate and car fleet management.

1.1. Structure and business model of the Bank BGŻ BNP Paribas S.A. Capital Group

As of 31 December 2017, the Bank BGŻ BNP Paribas S.A. Capital Group consisted of Bank BGŻ BNP Paribas S.A. as the parent company and five subsidiaries: Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas S.A., BNP Paribas Leasing Services Sp. z o.o., Bankowy Fundusz Nieruchomościowy ACTUS Sp. z o.o., BNP Paribas Group Service Center S.A. and BGZ Poland ABS1 Designated Activity Company.

Bank BGŻ BNP Paribas S.A.

Bank BGŻ BNP Paribas S.A. is a universal bank, listed on the Warsaw Stock Exchange. It offers retail customer savings and investment products as well as a wide range of loans (including mortgage and consumer loans). It belongs to one of the largest credit card issuers in Poland. It provides solutions to enterprises (micro, SMEs and corporate customers) for financing operations on the domestic and international market. The Bank also directs its services to enterprises from the agro-food sector - it specializes in financing agriculture, food economy and regional infrastructure. As regards the customers of the private banking segment, the Bank offers them a comprehensive offer in the field of protection, optimization and multiplication of assets. The Bank's clients may also use the investment consulting service.

Mission

The Mission of the Bank is to responsibly deliver innovative financial solutions which help our customers change their world and which support local economy.

Vision

Bank BGŻ BNP Paribas is a universal bank with a full product offer, addressed to Polish and international corporations, SME, farmers and retail clients, present in local communities.

The operations of the Capital Group of Bank BGŻ BNP Paribas S.A. are carried out in the following key business areas:

- **Retail and Business Banking** providing comprehensive services to:
 - retail customers and
 - business customers (microenterprises), including:
 - entrepreneurs whose annual net income for the preceding financial year is below PLN 10 million and the Bank's credit exposure to a customer is less than PLN 2 million;

- o farmers, whose credit is less than PLN 2 million and in case of whom the Standard Output¹ in the preceding financial year was less than EUR 75 thousand or EUR 100 thousand, depending on the region.

The Bank has also identified **Personal Finance Banking**, which is responsible, in particular, for development of the product offering and management of consumer loans distributed through the branch network of Retail and Business Banking as well as through external distribution channels.

- **SME Banking** providing services to:
 - o institutional customers with net annual income for the preceding financial year of PLN 10-60 million or the Bank's credit exposure of PLN 2-25 million;
 - o farmers whose credit amount ranges between PLN 2-25 million or in case of whom the Standard Output² in the preceding financial year was equal or higher than EUR 75 thousand or EUR 100 thousand, depending on the region;
 - o Agro entrepreneurs with full financial reporting and sales income of PLN 10-60 million or the Bank's credit exposure of PLN 2-25 million, including agricultural producer groups.
- **Corporate Banking** providing services to institutional customers with net annual income for the preceding financial year equal to or exceeding PLN 60 million or the Bank's credit exposure of PLN 25 million or more.
- **Corporate and institutional Banking (CIB)** supports sales of products of the Capital Group of BNP Paribas dedicated to the largest Polish enterprises. It comprises services to strategic customers and the Financial Markets Division.
- **Other banking operations** carried out mainly through the ALM Treasury.

Branches and ATM network

As at 31 December 2017, the Bank had 476 retail and business banking branches. The branch network is supported by two external cash desks handling both cash and cashless transactions and seven Private Banking Centres. The retail network is further supported by 102 Customer Service Points.

Banking products and services dedicated to corporate customers were sold by 44 SME Business Centres, operating within 7 SME Banking Regional Branches and by 8 Corporate Business Centres.

As at the end of 2017, the Bank operated 100 cash deposit machines (CDMs) and 412 ATMs in retail and corporate branches. All the machines are owned by IT Card company. Both the ATMs and the CDMs carry the logo of Bank BGŻ BNP Paribas.

Online and mobile banking

At the end of 2017, 1,131,751 clients had access to the PI@net system and 154,134 to BiznesPI@net. In 2017, the Bank recorded an increase in the number of customers using online and mobile banking services. There has also been an increase in the number of operations carried out online.

Bank Cards

As regards issuing and servicing of payment cards, Bank BGŻ BNP Paribas S.A. cooperates with organizations such as MasterCard and Visa. The card portfolio includes debit, credit and deferred payment cards. As at 31 December 2017, the number of cards issued amounted to 1,372.0 thousand.

Cooperation with intermediaries

At the end of 2017, the Bank actively cooperated with 13 network intermediaries, such as: Open Finance, Notus, Expander, and three local intermediaries. The scope of the cooperation included acquisition of banking products.

¹ Parameter determining economic value of farms according to the Community Typology of Agricultural Holdings.

² See above

Table 1. Number of customers of BGŻ BNP Paribas S.A. Bank, as at 31 December 2017 (in thousands)

All business lines	2,742.7
Corporate Banking	5.9
Retail and Business banking	2,720.4
Retail customers	2,545.5
Microenterprises	174.9
SME Banking	16.4

Risk management

The Bank identifies, measures, monitors and manages risks occurring in its operations. In particular, the following types of risks are identified by the Bank in the risk monitoring, control and management process: credit risk, counterparty risk, market risk, interest rate risk in the banking portfolio, liquidity risk, compliance risk, business risk (break-even risk), operational risk. In addition, the Bank identifies social and environmental risks, which are referred to in the further part of the document.

In order to ensure that the aforementioned risks have been identified, defined and are subject to appropriate control and management, the Bank developed detailed procedures for all risk categories, both at the Bank and business division levels, by defining appropriate limits for the measurable risks. All methods and procedures are reviewed periodically in terms of their appropriateness and reliability. The Bank uses validation tests, stress tests and performs back testing. For non-measurable risks, the procedures are analysed and monitored periodically, with the use of various qualitative methods. The organization of the risk management system at the Bank includes primarily the role of the Supervisory Board, the Management Board, dedicated committees (Internal Audit Committee and Risk Committee at the level of the Supervisory Board, Assets and Liabilities Committee (ALCO), Risk Management Committee, Retail Banking Risk Committee, Personal Finance Risk Committee, Credit Committee, Doubtful Debts Committee and the New Products, Business and Organization Committee), the Risk Area Departments, the Compliance Monitoring Division, and the Department of Security and Continuity of Business. The Management Board plays the leading role in the risk management system at the Bank, defines the risk management strategy and adopts risk management policies, as well as sets policy for setting limits for significant risks and risk control procedures. Risk management principles have their source in the *Risk Management Strategy* defined by the Management Board and approved by the Supervisory Board.

Subsidiaries of the Capital Group of Bank BGŻ BNP Paribas S.A.

Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas S.A.

Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas has been carrying out business in the financial services industry since 1992. Before that date, it was active on the Polish capital market as a brokerage house. The activity is carried out on the basis of the authorisation of the Polish Financial Supervision Authority regarding: creation and management of investment funds, and intermediation in the sale and repurchase of units and titles of participation of foreign funds. In the second half of 2015, the company was thoroughly reorganized and its product offer expanded. Currently, it manages five funds: BGŻ BNP Paribas FIO, BGŻ SFIO, BNP Paribas FIO, Avantage FIZ and BGŻ BNP Paribas Globalnej Alokacji FIZ. The company cooperates with Bank BGŻ BNP Paribas in the distribution of investment fund participation units based on an agreement signed between BGŻ BZ Paribas S.A. and the TFI.

BNP Paribas Leasing Services Sp. z o.o.

On 15 February 2014, under an agreement to transfer the enterprise and assume debt, which was entered into by Fortis Lease Polska Sp. z o.o. ("FLP") and BNP Paribas Bank Polska S.A., the enterprise of FLP was transferred to BNP Paribas Bank Polska S.A. in return for the redeemed FLP shares accounting for 99.98% of its share capital. Thus, the leasing operations of FLP were incorporated into the structure of BNP Paribas Bank Polska S.A. In July 2016, the Extraordinary General Shareholders Meeting of FLP adopted a resolution concerning the entity's further existence and changing its name from FLP to BNP Paribas Leasing Services Sp. z o.o. As of the date of the resolution, FLP has no

longer been in liquidation and it is getting ready for resumption of its operations. Its operations were launched in October 2016. Currently, the entity has 56 branches.

BNP Paribas Group Service Center S.A.

The company operates in the areas of services auxiliary to intermediation activities in: insurance - consisting in the administration and performance of group insurance contracts concluded by the Bank, as well as finance - consisting in providing information to persons intending to take out a loan with the Bank. In addition, GSC provides support for the Bank's customers in completion of loan applications, deals with the acceptance, verification and transfer of required documents to the Bank, provides accounting and bookkeeping services for LaSer Insurance Polska belonging to the BNP Paribas Group, supports loyalty programs for entities associated with the Bank and provides IT services for the development of applications and banking and financial systems.

Bankowy Fundusz Nieruchomościowy Actus Spółka z o.o.

The company was established in 1999. It was appointed to carry out the following: purchase and sale of real property as well as limited property rights, construction projects on own and third-party real property, intermediation services related to sales of real property and lease of space, lease and rental of real property as well as lease of space services: property valuation, management and advisory services (real estate agency services). As of 31 December 2017, the entity's investment portfolio comprised undeveloped land in Wrocław-Marszowice with the area of 46.797 ha. According to the valid Local Development Plan, the real property will be used for residential building purposes. It is the entity's objective to sell the real property on favourable terms.

BGZ Poland ABS1 Designated Activity Company

BGZ Poland ABS1 Designated Activity Company based in Ireland, 3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin. A special purpose company with which the Bank carried out a securitization transaction for a part of the loan portfolio. The Group has no equity involvement in this unit nor is it affiliated with it organizationally. The subject of the company's activities is limited in the manner described in Article 92a Paragraph 4 of the Banking Law. The sole activity of this entity is the acquisition of receivables and the issuance of securities. Pursuant to the concluded agreements, the Bank transferred receivables from the portfolio of loans and cash advances and car loans granted in the Polish currency to SPV. Subsequently, SPV issued securities and took out a loan, secured with the above-mentioned receivables. SPV is consolidated for the purpose of preparing the consolidated financial statements of the Group.

Methodological note

The present Report on non-financial information of Bank BGŻ BNP Paribas S.A. and the Bank BGŻ BNP Paribas S.A. Capital Group in 2017, includes the following entities:

- Bank BGŻ BNP Paribas S.A. (hereinafter: the Bank, Bank BGŻ BNPP, Bank BGŻ BNP Paribas),
- Towarzystwo Funduszy Inwestycyjnych BGŻ BNP Paribas S.A. (hereinafter: TFI BGŻ BNPP, TFI BGŻ BNP Paribas),
- BNP Paribas Leasing Services Spółka z o.o. (hereinafter: BNP Paribas LSS, BNP Paribas Leasing Services),
- BNP Paribas Group Service Center S.A. (hereinafter: BNP Paribas GSC, BNP Paribas Group Service Center).

Due to the lack of operational activity and, consequently, the lack of relevant non-financial information, the data on the Bankowy Fundusz Nieruchomościowy Actus Spółka z o.o. and BGZ Poland ABS1 DAC were not included in the further part of this Report.

The present document is an attachment to the Management Board Report on the activities of Bank BGŻ BNP Paribas S.A. and the Bank BGŻ BNP Paribas S.A. Capital Group in 2017, and was prepared in accordance with the requirements of the amended Accounting Act in the scope of disclosing non-financial information. In the further part of the Report, non-financial ratios applied by the Bank and the Group companies were used, as well as the Global Reporting Initiative methodology, based on which Bank BGŻ BNP Paribas S.A. prepares non-financial reports from 2011.

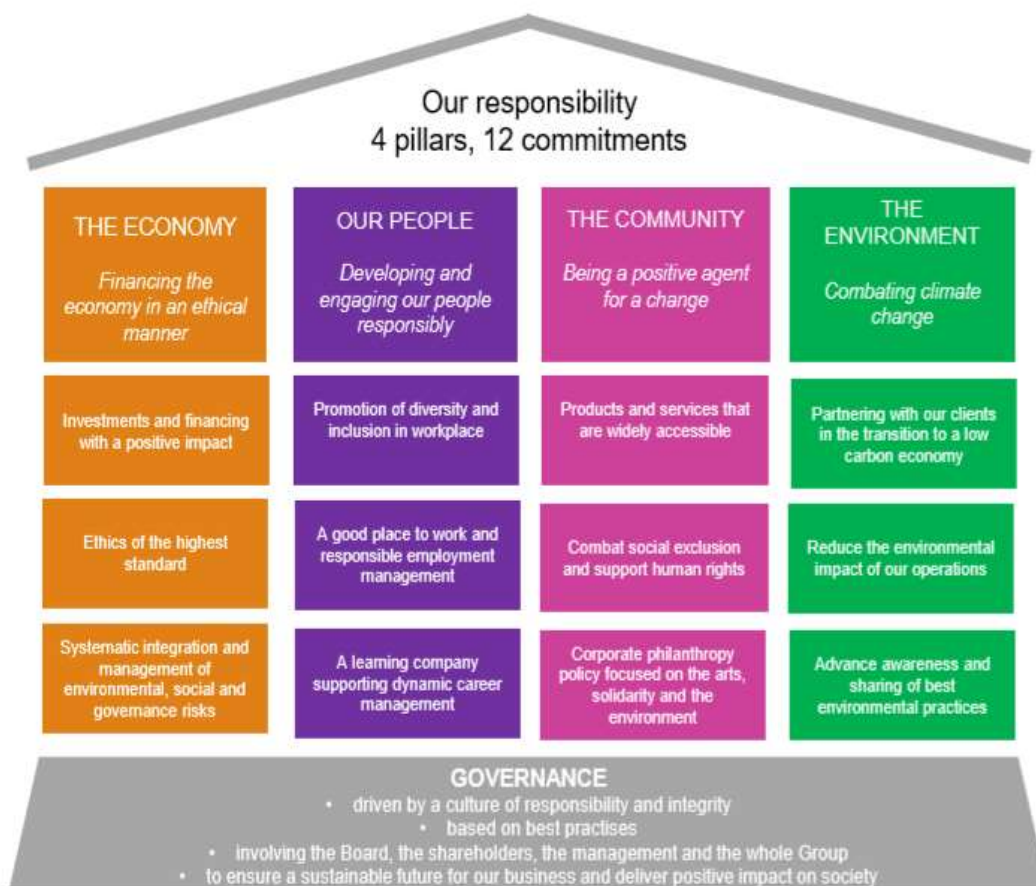
The parent entity in the Bank BGŻ BNP Paribas S.A. Capital Group (hereinafter: the Bank Group, the Bank Capital Group, the BGŻ BNPP Group) is Bank BGŻ BNP Paribas S.A. For this reason, the key documents and guidelines adopted by the Bank are implemented by entities of the Capital Group.

1.2. Corporate Social Responsibility (CSR)

The CSR strategy of the BNP Paribas Group consists of twelve commitments within the four pillars of responsibility: economic, workplace, social and environmental. All entities from the BNP Paribas Group, including Bank BGŽ BNP Paribas Capital Group, contribute to the implementation of the CSR Strategy.

Chart 1. CSR Strategy of BNP Paribas Group

CSR Strategy of BNP Paribas Group



Bank BGŽ BNP Paribas applies the Responsible Business Strategy through the initiatives within four dimensions of responsibility:

I. Economic responsibility

A sustainable approach in the dimension of economic responsibility is understood as long-term financing of the economy and building long-term relationships with clients and other stakeholders in accordance with ethical principles. Thus, it is possible to maintain a balance between the quality of transactions and the expected short- and long- term profit.

Responsible financing

The key dimension of the Bank's responsibility is long-term support for the development of the economy through the financing of projects of individual clients and enterprises - so as to support their growth. Bank BGŻ BNP Paribas monitors CSR risks in sectors considered to be sensitive: coal energy, mining, defence, nuclear, agro-food and forestry (pulp and palm oil). The decision on granting financing is preceded by an analysis of the social, economic and environmental impact of the company and the enterprise. In 2017, more than 130 entities underwent CSR Analysis.

Responsible products

The challenge for building a civic society in the local community is to enable social organizations to use a free of charge account, which is often the key need for small or just emerging organizations. The Bank created a special offer of a social innovation character addressed to non-profit organizations. The Social Leader Package, often referred to as "an account with a heart", has been distinguished as the Innovative initiative in the Leaders of Sustainable Development 2014 contest organized by "Forbes". **In 2017, Bank BGŻ BNP Paribas received the title of Responsible and Sustainable Development Leader for the "Social Leader Package" in the SMART CSR category of the "Rzeczpospolita" daily.**

II Responsibility in the workplace

Responsibility at the Bank is reflected mainly in creating an attractive work environment that supports professional development for the Bank's employees in addition to increasing their involvement. Their awareness is raised of the benefits that may be derived from openness, respect for diversity and readiness for professional mobility. The Bank puts great emphasis on the standards of the recruitment process, including internal recruitment through the Internal Labour Market that enables employees to develop their careers inside the organization. The bank implements adequate procedures for: enabling employees to develop their career paths based on a diagnosis of their professional potential, analyses of the employees' development needs, competence development management as well as the development and implementation of the recruitment policy and succession plans. The Bank has a comprehensive system of professional development. The care for improving knowledge and professional development of employees is a prerequisite for the success of both the Bank and its employees. One of the key values of the organization is also to promote openness and respect for diversity. Diversity refers to many areas of activity; it applies to employees, shareholders, clients and operations resulting from local conditions, including the diversity of cultures.

III Social responsibility

Responsibility in this dimension means active actions for civil society in the environment in which the Bank operates. In practice, this means focusing on the areas in which the organization can contribute to a positive social change in the most adequate way, i.e. on counteracting social exclusion and supporting education and culture, especially in small communities.

The Bank is working towards increasing the availability of products and services for older and disabled customers. In order to adequately diagnose their needs, the Bank cooperates with expert entities, including the Integration Foundation. The social programs of the Bank and the Bank Foundation are aimed at helping local communities in their dynamic development by building strong relationships - supporting local communities in education and building social capital. All activities have the character of social investments. The aid covers investments in the most talented pupils from rural areas ("Klasa" scholarship program), Innovative agriculture ("Agrotalenty" scholarship program) and Local Grants Program for social organizations. The Bank also implements an employee volunteering program, which was created on the initiative of the employees themselves, and is based on enabling the employees of branches and headquarters to carry out volunteer projects that activate local communities. The socially useful activity in the field of education, social solidarity and culture has been carried out since 2006 by the BGŻ BNP Paribas Foundation.

IV Environmental responsibility

The Bank strives to minimize its negative effect on the environment through the following within three dimensions:

- limiting the negative impact of operations and the promoting eco-attitudes among employees,
- providing responsible financing for the economy and customers,
- cooperation and involvement in cross-sectoral initiatives.

In its daily operations, the Bank strives to minimize the negative impact of the organization on the environment - both by reducing greenhouse gas emissions and by providing responsible financing for the economy through CSR monitoring in sensitive sector procedures, as well as by offering products and services which support the customers' transition to a low-emission economy.

2. ETHICS, RESPECT FOR HUMAN RIGHTS AND COUNTER-CORRUPTION

All companies of the Bank BGŻ BNP Paribas Capital Group attach great importance to respect for ethics, respect for human rights and counteracting corruption. The superior document regulating the above issues is the BNP Paribas Group's Code of Conduct. The Code is a binding document for all entities of the BNP Paribas Group and, hence, all companies of the BGŻ BNP Paribas Capital Group.

2.1. Code of Conduct

The Code of Conduct sets the norms and ethical values applicable in the BNP Paribas Group. It defines the principles that should guide the conduct of each employee. These regulations, related to broadly understood ethics and professional ethics, relate among others to the issues of: avoiding conflicts of interest in activities conducted outside the Group, confidentiality of information obtained at work, taking preventive measures against bribery and corruption, and compliance with the rules on non-use of confidential information. The Code discusses the interests of clients and fair treatment of clients. It refers to the need for transparent communication in sales and marketing and orders honest consideration of customers' complaints. Part of the Code of Conduct contains helpful tips on how to apply the rules of conduct. It provides detailed information on how to apply the Code, describes expectations for each employee and formulates questions that an employee should ask before making any decision. It also describes the relationship between the Code and the law and discusses the policy of reporting irregularities.

2.2. Respect for human rights

The key document regulating the main assumptions of managing the area of respect for human rights in the activities of the Bank BGŻ BNP Capital Group is the Code of Conduct of the BNP Paribas Group. The document promotes respect for human rights among employees, suppliers, customers and the communities in which the business operates.

In addition, in 2017, the Bank provided a training on "Human Rights in Business". The training was provided to employees of the units which are most involved in the promotion and monitoring of human rights in the Bank's operations: Lease Risk Department, Central Purchase Department, Corporate Customers Risk Department, Corporate & Investment Banking, and Structured Finance, Client Risk Department of the Small and Medium Enterprises / Agro, the Risk Team of the Contractor and Financial Institutions, the Department of Compliance Monitoring, the Bureau for Corporate Social Responsibility, the Department of Credit Administration for Retail Banking Clients and Customers of the Micro Segment.

2.3. Counteracting corruption

The counter-corruption system in the Bank BGŻ BNP Paribas is based on thoroughly developed procedures and internal regulations. The basic document regulating this issue is the Anti-Corruption Policy. The Bank has developed a number of detailed procedures as well as internal and external policies allowing for detailed monitoring of the risk of corruption. Counteracting corruption in the Bank is a permanent process and covers a wide range of operations, including new relationships, transactions and cooperation with contractors. Depending on the type of corruption (internal and external), the Bank implemented policies and related regulations.

In cases of internal corruption, the Bank applies the following rules and policies:

- Anti-fraud policy at Bank BGŻ BNP Paribas S.A. introduces the principle of "Zero tolerance for fraud" ("Zero tolerancji dla nadużyć"). This means that in every case of revealing a fraudulent event, irrespective of the form of its commencement, the Bank will take all measures to determine the perpetrators, the mechanisms of their actions

and facts of the event with due diligence, and will apply sanctions provided for in generally applicable regulations and internal regulations of the Bank.

- Policy on notification of a non-compliance incident at Bank BGŻ BNP Paribas S.A. gives the employees the opportunity to submit a notification about the occurrence or about the possibility of a non-compliance incident, including an act of corruption, in a manner independent of all other methods described in other banking regulations.
- The rules for accepting and giving presents by employees of Bank BGŻ BNP Paribas S.A. The rules describe in detail the process of accepting and giving gifts. According to these rules, employees may under no circumstances make the right to change the scope of services provided by the Bank or offered products in relation to potential personal benefits obtained from customers. In particular, it is forbidden to solicit a gift from the client. Accepting and giving gifts that may affect impartiality and independence of decisions is unacceptable. The rules describe the process of giving presents to persons performing public functions.
- Code of good practice for employees of Bank BGŻ BNP Paribas S.A. in business relations with contractors. According to the document, employees undertake to guarantee fair competition.
- Regulations governing conflicts of interest of Bank BGŻ BNP Paribas S.A. and the Brokerage Office of Bank BGŻ BNP Paribas S.A. and Regulations for managing the risk of conflict of interest between the Bank and the employees. The regulations describe five basic types of conflicts of interest and ways to prevent them: conflicts of interest within the Bank, between the Bank and the customers, between the customers and Bank employees, between the customers, and between the Bank and the employees.

In cases of external corruption at the Bank, the following programs and policies applies:

- Anti-fraud policy at Bank BGŻ BNP Paribas S.A. and Regulations related to counteracting money laundering. The regulations include in particular the "Know your client" program, which defines the set of data that make up the current state of knowledge about the Bank's client. It covers all activities aimed at gathering information necessary to determine the credibility of the client and his transaction profile;
- Customer acceptance policy: for individual clients and business entities. By implementing the policy, the Bank wishes to avoid establishing business relationships with people who are involved in suspicious, illegal or unethical activities. The Bank assumes that the application of the due diligence principles set out in the policy is the fulfilment of the obligation to apply financial security measures set out in the Prevention of Money Laundering and Financing of Terrorism Act. These policies also refer to the identification of people holding political positions as clients with an increased level of risk due to the possibility of participating in the act of corruption.
- Anti-money laundering and counter-terrorism financing program at Bank BGŻ BNP Paribas S.A. The program defines the concept of money laundering and indicates the methods to counteract this practice. Money laundering was defined as: "undertaking all activities aimed at concealing property benefits obtained from committed crimes (regardless of whether these crimes were committed by the concealer or third parties), i.e. taking conscious actions to find or create a foundation, legal or factual, justifying the possession of the abovementioned property benefits."

The companies of the Capital Group of the Bank falling within the scope of the present Report: TFI BGŻ BNP Paribas S.A. and BNP Paribas Leasing Services Sp. z o.o., have implemented, due to the specific nature of their activities, additional solutions regulating the compliance with ethics, respect for human rights and counteracting corruption. BNP Paribas Group Service Center S.A. is currently at the stage of implementing solutions of the BNP Paribas Group and of Bank BGŻ BNP Paribas.

TFI BGŻ BNP Paribas products, i.e. investment funds, are distributed through the sales network of BGŻ BNP Paribas. The company does not sell directly and does not have direct contact with customers. In addition, activities related to the management of investment funds are monitored by internal control and external supervision authority, i.e. the Polish Financial Supervision Authority. All activities undertaken by managers in relation to the management of funds must be documented in order to demonstrate the action in the best interests of fund participants. In addition, TFI BGŻ BNP Paribas employs personnel with a high level of awareness; some of them have investment adviser licenses issued by the Polish Financial Supervision Authority. In the event of a violation of ethics, such a license may be lost. The Company has also implemented the Policy on Notification of Non-Compliance Incident in TFI BGŻ BNP Paribas S.A. ("whistle-blowing" - from "unmasking", "signalling"). The company's ongoing practice in counteracting corruption is monitoring: gifts received and handed, incidents of non-compliance reported by employees, and external activities of employees outside the company.

In BNP Paribas Leasing Services Sp. z o.o. company, as a part of the counter-corruption system, the following rules apply: reporting irregularities, accepting and giving gifts, good practice for employees in trade relations with contractors, as well as managing the risk of conflict of interest between the company and employees. Details of the relevant systems are described in the documents: Counter-Corruption Policy and Whistle-blowing Procedure. Both documents are annually checked for validity.

The Bank and its subsidiaries did not report any corruption events in 2017.

The BGŻ BNP Paribas Capital Group companies use e-learning courses available on the BNPP MyDevelopment platform. In 2017, all newly hired employees were required to undergo e-learning training on the subject of conflicts of interest, counteracting corruption and abuse, and broadly understood ethics on the platform. The trainings concerned, among others, confidential information, corruption, rules for accepting and giving gifts, reporting confidential information and conflict of interest. Additionally, in each subject, periodical educational activities were conducted among employees in the form of e-mail communication or publication of articles and messages in internal information channels, in order to remind the general principles of ethics.

2.4. Ethical standards of cooperation

Monitoring of clients and transactions

Bank BGŻ BNP Paribas introduced a process of monitoring transactions and financing companies in terms of social, economic and environmental aspects. For this purpose, sensitive sectors (mining, coal, defence, forestry, nuclear energy and agro-food) in which transactions are considered in detail by a team of experts in terms of compliance with the principles of sustainable development, have been distinguished. All current and potential clients of the Bank operating in the above-mentioned industries are informed about CSR policies and receive the necessary support to understand the process of such analysis. In 2017, more than 130 CSR Analyses were carried out at Bank BGŻ BNPP.

In 2017, the BNP Paribas Capital Group decided to exit from financing and investing in the tobacco sector. The decision concerns producers of tobacco products as well as plantators, distributors and wholesalers whose main source of income is tobacco. *"Our ambition is to finance economic development and at the same time exert a positive influence on all our stakeholders,"* said Jean-Laurent Bonnafé, the President of the BNP Paribas Capital Group. According to the publication of the World Health Organization, operating within the UN and dealing with health care, tobacco is the fastest possible cause of death. The new financing and investment rules result from the BNP Paribas Group's commitment to financing the economy while maintaining a positive impact on all stakeholders.

Declaration of CSR

As part of responsible procurement policy, the Central Purchasing Department of the Bank, in cooperation with the purchasing department of the BNPP Group, created a document describing the terms of cooperation with suppliers in this respect. In this way, the CSR Declaration describing specific activities of the Bank in the area of responsible procurement policy, including responsible supplier selection process, equal treatment of suppliers in financial matters and promotion of suppliers supporting CSR initiatives, was created. It also contains a discussion of the requirements for suppliers who, while accepting the declaration, simultaneously confirm compliance with ethical principles, working conditions, non-application of discriminatory practices, and, above all, the implementation of activities related to environmental protection. The role of the Central Purchasing Department of the Bank in this respect is to inspire suppliers. Acceptance of the principles resulting from the CSR document should not be limited to pro-social declarations and slogans, but should result from the actual involvement of companies – e.g. activities for local communities and pro-environmental activities.

In 2017, the CSR Bank Declaration was signed by 98 percent of the new obliged suppliers. Since the beginning of the assessment, 396 suppliers have signed the declarations. In the future, the Bank plans to strengthen other communication tools and build cooperation with suppliers in the field of sustainable development.

3. HUMAN RESOURCES (HR)

All BGŻ BNP Paribas Capital Group companies manage the human resources (HR) area with the utmost care. The solutions applied refer to the principles of the Code of Conduct. Each company of the Capital Group has its own detailed regulations regarding the management of the employee area modelled on the best market practices.

3.1. HR management

At the end of 2017, in the Bank BGŻ BNPP Capital Group, the number of FTEs was 7,634. The key employer in the Group is the Bank – its staff consists of 7,386 FTEs. The scale of employment requires rational and precise regulations related to the HR area.

Table 2. Full-time employment at the Bank Capital Group as of 31.12.2017

	31.12.2017	Women	Men
Capital Group of the Bank	7,634	5,481	2,153
The Bank in total, including:	7,386	5,280	2,106
Headquarters	3,404	2,134	1,270
Branches	3,982	3,146	836
BNP Paribas Group Service Center S.A.	223	189	34
TFI BGŻ BNPP	25	12	13
BFN ACTUS Sp. z o.o.*	-	-	-
BNP Paribas Leasing Services Sp. z o.o.**	-	-	-
BGZ Poland ABS1 DAC*	-	-	-

* The companies do not hire any employees.

** Due to the specific nature of the business, the employment in the company is 0.25 of FTE.

Data characterizing employment at BGŻ BNP Paribas Bank:

Table 3. Employment structure by age and gender*

Age	Women	Men	Total
<30	849	344	1,193
30-50	3,938	1,579	5,517
>50	493	183	676
Total	5,280	2,106	7,386
Branches	3,146	836	3,982
Headquarters	2,134	1,270	3,404

* Full-time employment (FTE) as of 31 December 2017

Table 4. Rotation of staff in Bank BGŻ BNP Paribas*

Rotation of staff*	Women	Men	Total rotation
Branches	24%	26%	25%
Headquarters	19%	24%	21%

* Ratio calculated based on FTE: FTE of employees who left the Bank in 2017 divided by headcount as at 31 December 2016

Table 5. Employment structure at the Bank as of 31 December 2017 by employment category and gender

Employment structure	Percentage of women in a given category of employment structure	Percentage of men in a given category of employment structure	100%
Directors*	38%	62%	283
Mid-level managers**	67%	33%	765
Other	74%	26%	6 338
Total	71%	29%	7 386
Headquarters	63%	37%	3 404
Branches	79%	21%	3 982

* Directors: Management Board, Managing Directors, Departments / Offices, Corporate / Private Banking Centres, Macro-regions Directors / Regions in the Bank's network

** Managers: Team Managers at the Headquarters, District Managers, Branch Directors in the Bank's network

Bank's personnel strategy

The Personnel Strategy implemented at the Bank was created based on the business strategy of Bank BGŻ BNPP and the HR strategy of the BNP Paribas Capital Group. It also takes into account the Bank's internal conditions and challenges of the labour market in Poland, as well as key trends related to human resources, such as: globalization, technology, consumerization and generational differences. The main assumption of the strategy is to put employees and clients in the centre of attention.

The four pillars of the personnel strategy:

- leadership for change (manager as a coach and mentor),
- inspirational workplace,
- employee involvement (new ways of working),
- a willingly chosen employer and attracting the best (employer branding).

Within each of the above-mentioned categories, the Bank monitors indicators allowing to check the level of implementation of the personnel strategy.

Monitored indicators are:

1. Leadership for change:

- research on leadership styles and the atmosphere of the organization in order to monitor the progress in the development of management styles;
- studying changes in the organizational culture to monitor the implementation of seven foundations of organizational culture (cooperation, supporting change, inspiration, trust, courage, entrepreneurship, vision);
- number of the ambassadors of culture.

2. Employee involvement ("New ways of working") and inspiring workplace:

- number of people trained in the field of "Design Thinking" and "Agile";

- number of digital ambassadors;
 - number of new and improved tools and processes;
 - GPS Engagement Research ratios (key categories: Commitment, Customer Orientation, Operational Efficiency, Management and the rate of change introduced, Innovativeness);
 - cooperation research.
3. A willingly chosen employer and attracting the best (employer branding):
- GPS research results - questions about pride in the work and recommendations of the BNP Paribas Group as an employer;
 - number of employees whose departure is perceived as a loss;
 - the number of applications submitted by highly qualified candidates;
 - % of rejected job offers;
 - examination of candidates' satisfaction with the recruitment process.
4. Engagement level (GPS).
5. Rotation ratio.
6. Internal promotion ratio.
7. Exit interview ratio.
8. Satisfaction with the adaptation program.

Satisfaction of employees

The level of satisfaction, motivation and commitment as well as other aspects related to professional life and well-being in the workplace is monitored at the Bank by conducting the Global People Survey (GPS) Employee Opinion Survey.

88 percent of the employees participated in the survey conducted in 2017. They answered online questions grouped into 16 categories (and 4 Management Rules). The Bank's employees rated the highest categories: direct superior (78% of positive answers), my job (78%), communication (74%) and diversity (75%). The least positive answers were obtained by: remuneration policy (29% of positive answers), management and pace of introduced changes (37%), career (47%) and innovation (49%). The following categories took the highest place in the GPS survey for another year in a row: direct supervisor and my job. Under the 4 Principles of Management of the BNP Paribas Capital Group ("Management Principles"), the Bank's employees rated Risk-Aware Entrepreneurship (79% of positive answers) and People Care (75% of positive answers) the highest. As a result of the research, hundreds of activities are undertaken at the level of teams, the Bank and the BNP Paribas Group. GPS practices will continue.

In the interests of employees and maintaining a high level of job satisfaction, the Bank prepared a benefit system. The system consists of:

- additional medical care at LUX MED,
- Multisport card (unlimited access to approx. 4,000 sports and recreation facilities in Poland),
- insurance against accidents,
- an award leave of up to 5 working days in a calendar year,
- an additional day off from work for employees who, as of 1 January of a given year, will not have overdue leave from previous years,
- an additional 1 day of special leave (one more than specified in the Labour Code),
- up to 2 additional days off for employee volunteering activities.

The Bank's personnel strategy is based to a large extent on employee involvement and on creation of the desired workplace. It ensures compliance with relevant employment regulations.

All recruitment decisions are made on the basis of objective and related to the post criteria. One of the main principles of the recruitment policy is to make efforts to fill vacancies - especially managerial in terms of positions - based on the internal recruitment process. In the event that internal recruitment does not bring the desired results, the external recruitment process is started.

The Bank's employees have the opportunity to participate in international projects carried out in cooperation with BNP Paribas - one of the largest financial institutions in the world. The recruitment process of new employees is conducted in accordance with the best market practices, respecting the principles of equality and diversity.

Motivation (bonus) systems used at the Bank are aimed at supporting the strategy by rewarding employees for achieving their goals. They are based on the Management by Objectives (MBO) formula, which means that the individual employee bonus is linked to the level of achievement of the goals - both quantitative and qualitative. In addition, the combination of individual and team goals illustrates the results expected from an employee, taking into account the Bank's risk profile and taking care of activities in line with the client's interest. At the Bank in 2017, no significant risks were identified in the HR area.

Employee remuneration policy

The Bank implements a balanced and auditable remuneration policy in line with the strategy, accepted risk level as well as with the standards and key values of the organization. The Bank's remuneration policy reflects customer orientation while taking into account the Bank's long-term interests and socially accepted practices in the area of remuneration. It complies with the relevant laws and regulations.

The Supervisory Board in its supervisory responsibilities in the area of human resources management supports the Human Resources and Remuneration Committee by monitoring and supervising key processes, in particular: succession plans, professional development of employees and remuneration policies. The Committee prepares opinions and recommendations for the Supervisory Board regarding, amongst others, terms of employment for members of the Bank's Management Board, including the amount of determined and granted variable remuneration.

The Bank applies the Collective Labour Agreement (CLA), specifying principles of remunerating employees. According to the CLA, employees are entitled to: basic pay, allowances for overtime work and night time work, as well as bonuses and awards. The rules for the functioning of bonus systems are specified in the staff bonus regulations. The Bank has the following Bonus Rules:

- Bonus system for employees of the retail and business sales network in the area of Retail and Business Banking;
- Bonus system for employees of Private Banking sales;
- Bonus system for meeting the objectives of employees of the Consumer Finance Sales Division;
- Bonus system for meeting the goals of employees of the Corporate Banking Area;
- Bonus system for employees of the Credit Decision Department in the Business Customers Division;
- Bonus system for employees of the SME sales network in the SME and Agro Area;
- Bonus system for meeting the goals of employees of the Personal Finance Operations Division;
- Annual Bonus Regulations for Bank Support Staff BGŻ BNP Paribas S.A.

The Bank has a policy of remunerating people who exert a considerable influence on the risk profile of Bank BGŻ BNP Paribas S.A., developed in accordance with the recommendations of the Polish Financial Supervision Authority Resolution No. 258/2011 and requirements resulting from the CRD IV directive. It aims to:

- supporting correct and effective risk management in the Bank,
- defining the basic principles according to which the remuneration of employees identified as persons exerting considerable influence on the risk profile of the Bank is assigned and paid out,
- encouraging people identified as exerting considerable influence on the Bank's risk profile to achieve their goals by using appropriate categories of remuneration, including remuneration for work results,
- ensuring that people identified as exerting considerable influence on the Bank's risk profile are not encouraged to take excessive and inadequate risks,
- creating a legal framework for documentation specifying detailed mechanisms for assigning, acquiring and paying the remuneration.

Counter-mobbing policy

The Bank also implemented the Counter-mobbing Policy. It sets the rules for mobbing prevention and allows the employer to take actions aimed at preventing this phenomenon and immediate reaction in the event of a problem occurrence. Employees' complaints in this area are dealt with by the Commission for counteracting mobbing.

Instruction on employee complaints and requests

The Bank implemented the Instruction regarding the procedure for dealing with complaints and requests in employee-related matters. The document defines the rules for accepting and considering complaints and requests regarding

employee matters submitted by employees, former employees or organizations representing employees in the Bank. The process of handling employee complaints and requests includes conducting an investigation and providing answers.

HR management in subsidiaries of the Bank BGŻ BNP Paribas Capital Group

Each company in the Bank Capital Group applies the highest market standards and guidelines of the BNP Paribas Capital Group in the area of employees management. Detailed documents and processes are regulated separately at the level of each company.

TFI BGŻ BNP Paribas has the Remuneration Regulations and Work Regulations. Due to the small team (25 people) there is no separate document regarding personnel policy; personal issues are kept up to date by the Management of TFI BGŻ BNPP and managers of organizational units. Additional benefits aimed at improving employees' satisfaction with employment conditions in the company are: MultiSport cards, additional medical care LUX MED and PZU life insurance. The small scale of employment made TFI BGŻ BNPP put forward as risks in the unit's activity: long-term absence of key employees of the company (the possibility of replacements) and staff rotation. The number of the staff and the direct contact with the supervisors and members of the Management Board make it possible for the employees to submit complaints and report irregularities directly to the supervisor or to the member of the Management Board supervising the given area. Issues of mobbing or discrimination may be reported to the supervisor responsible for informing staff of the situation and the member of the board responsible for the area and conducting the preliminary investigation. The application can be made in person, sent by mail or to a dedicated inbox which ensures confidentiality.

BNP Paribas Leasing Services employs 4 employees (3 members of the Board and the Chief Accountant), each employed part-time, as the optimal number of people at the optimal level of employment to achieve the goals for which the company was established. The employees are also employees of BNP Paribas Lease Group and Bank BGŻ BNP Paribas, therefore they are covered by the regulations and procedures of these institutions. The company's employees supervise cooperation with other BNP Paribas entities such as BNP Paribas Lease Group and Bank BGŻ BNP Paribas in the scope of performing activities specified in the agreements between these companies.

BNP Paribas GSC - until September 2017 all the company's affairs related to the work area were conducted by Bank BGŻ BNP Paribas under a cooperation agreement. Since then, the company has independently performed all work related to personnel management. It is in the process of developing its own policies and procedures. BNP Paribas GSC has a service character for subsidiaries of the BNP Group in Poland and in the world. The largest number of employees is employed in the so-called "islands" (stalls) in supermarkets - the employees provide credit intermediation services. In addition, an IT department which develops banking systems functions within BNP Paribas GSC. The company includes rotation in the direct sales department (the "islands" in the shopping centres) in risks in the employee area. For this reason, future plans in the field of human resources management include limiting staff rotation.

3.2. Occupational health and safety

The process of health and safety management at the Bank is conducted in accordance with generally binding regulations in this area and with the Bank's internal regulations. Employees undergo mandatory initial and periodical trainings in the field of occupational health and safety on which the discussed subjects, among others, are: selected legal regulations in the field of labour law, organization of working conditions, health and safety management, analysis of circumstances and causes of accidents at work and occupational diseases and their prevention, safety behaviours, rules of conduct in the event of an accident and in emergency situations (e.g. fire, breakdowns), principles of first aid, as well as problems of fire protection and protection of the natural environment.

As part of the health and safety area, the Bank's employees can count on the reimbursement of glasses and ergonomic equipment for workplaces for people with RSI-type illnesses (purchase of equipment enabling further work, e.g. orthopaedic chairs, vertical computer mice, sensorimotor cushions).

In 2017, 32 Bank's employees, including 22 women and 10 men, were injured at work. All incidents were individual accidents, mostly falls and traffic accidents. 23 accidents resulted in temporary inability to work.

In the subsidiaries: TFI BGŻ BNPP, BNP Paribas GSC and BNP Paribas Leasing Services no accidents at work were recorded in 2017.

The absentee rate (AR) calculated as the total number of days of absence from work resulting from sick leave or accidents at work in relation to the number of days planned to be worked by all employees in 2017, was:

- in total for the Bank's employees: 0.092; of which among women: 0.113 and men: 0.041;
- TFI BGŽ BNPP: 0.084;
- BNP Paribas GSC: 0.038;
- BNP Paribas Leasing Services: 0.002.

3.3. Diversity

One of the key values at the Bank, included in Management Rules and Corporate Social Responsibility Strategy, is to promote openness and respect for diversity. Bank BGŽ BNP Paribas signed the Diversity Card - an international initiative supported by the European Commission concerning the introduction of a prohibition of discrimination in the workplace and activities aimed at creating and promoting diversity, and expressing the Bank's readiness to involve all employees as well as business and social partners in these activities.

As part of the BNPP Group, Bank BGŽ BNPP also respects the commitments to promote diversity and create a common culture in the workplace, resulting from the ILO Global Business & Disability Network Charter, the signatory of which is the BNP Paribas Group.

Management of the diversity area at the Bank is regulated by the Diversity Policy and the Diversity Management Principles. Diversity Officer is responsible for meeting the goals of the Diversity Management Guidelines. Diversity refers to many areas of activity; it applies to employees, shareholders, clients and operations resulting from local conditions, including the diversity of cultures. In an organization where diversity is respected and promoted, the risk of discrimination is minimized, a high level of cooperation is maintained, creativity increases, and this in turn influences the level of achieved results.

Diversity is promoted at the Bank as a part of various projects:

- Women in business - a program of the BNP Paribas Group, whose aim is to prepare talented female managers to take managerial positions, motivate women to take leadership at strategic levels and increase the participation of women in the positions of top management;
- Diversity & Inclusion Week - Job Shadowing - a project aimed at the business division of large enterprises, aimed at promoting openness, inclusion of various educational environments and professional career paths. The program is implemented by enabling employees to complete a one-day internship in a different position, which creates an opportunity not only to get to know other roles and departments, but also to get feedback on their skills;
- Business Mobility Days - a series of initiatives taking place over a 2-week period, the aim of which is to present the opportunities offered by the Bank in the field of professional development by encouraging people to think about their careers not only in a team where they work every day, but also in a broader context - going beyond the team, department, business line and even beyond the country;
- Standards of service for people with disabilities - workshops, trainings and scripts for employees regarding good practices and savoir-vivre rules for clients with disabilities;
- Participation of members of the Bank's Management Board in inter-sectoral initiatives, i.e. SheXO or the monitoring program for women in the IT area run by the Vital Voices Foundation;
- Aspects of diversity as an element of the CSR Days - a periodical, multi-day event for employees. One of the modules of the event is the diversity in the workplace.

The effectiveness of activities related to the promotion of diversity is measured annually as part of the employee survey. The following issues are examined: respect for differences between people, acceptance for differences in the context of age, gender, ethnicity, nationality and disability, as well as the promotion of diversity. In 2017, all of the above ratios have increased by 6 or more percent as compared to 2016. Initiatives under the Diversity Program are regularly evaluated, as a result of which a development plan is prepared. In addition, the Diversity Day will be permanently added to the calendar of internal events.

3.4. Trainings and development

The foundation of competent staff are Bank BGŻ BNPP's training activities focused on the development of employees. The training activities are carried out in close cooperation with the Bank's business lines. In 2017, the average number of training hours per employee of the Bank was nearly 37 hours.

Table 6. The average number of training hours of the Bank's employees in 2017 according to the employment structure

Employment structure	The average number of training hours
Management Board	20.64
Managers	49.06
Other Employees	34.98
Total	36.79

The most important training initiatives implemented in the Bank in 2017 were the following:

- training in the new product offer and operating system support;
- trainings enhancing the development of managerial leadership competences, including competences in the field of employee management in sales areas - Bank Manager's Academy of the BGŻ BNP Paribas Bank;
- training programs supporting the implementation of a new organizational culture, knowledge and change management in connection with the organization's business strategy;
- training supporting the construction of a risk culture at the Bank and proactive attitudes and behaviour of employees, especially in the areas of operational risk and Compliance;
- training to raise the level of product knowledge for employees of the sales network, including the areas of investment funds and insurance sales;
- training introducing new tools supporting the implementation of processes at the Bank;
- trainings supporting the development of sales competences and raising the level of customer service quality for employees of the sales network;
- learning foreign languages.

The Bank also implemented many development programs for employees. Their offer was tailored to the needs of the participants and supported the implementation of the Bank's strategic goals.

In 2017, among others, the following programs were implemented:

- "Prestiż" Potential Development Program - the aim of the program is to ensure the current and future management competencies of key importance from the point of view of implementing the Bank's strategy. The program is dedicated to employees who achieve very good results and who have a distinctive managerial potential. It includes three groups of Talents, differentiated due to their professional experience and competence level.
- Leaders for Tomorrow initiative - a development program of the BNP Paribas Group aimed at strengthening leadership competences. As part of the program, participants can take advantage of development activities carried out in various companies of the group, get to know the way companies operate in other countries and exchange experiences.
- "Rozwój naszą siłą" ("Development is our strength") program - the aim of the program is to strengthen managerial competences through various training and coaching activities.
- Internal Labour Market - continuation of the initiative launched in 2014, which aims to strengthen the professional mobility of employees within the organization.
- Professional Mobility Days - an initiative supporting occupational mobility of employees. During PMD the employees can get acquainted with the specificity of work in a given business area and take part in meetings

(traditional and virtual) devoted to the subject of professional development. At the same time, during the Mobility Days, trainings and conferences about building a professional career are organized.

- HR Library – it contains a collection of items dealing with motivation, sales, personal development, management and leadership.
- Leadership Impact - a program that allows the development of leadership competencies.
- Coaching processes for managerial staff.

Trainings in the Bank BGŻ BNP Paribas Capital Group

Table 7. The average number of training hours completed by employees of the Bank's Capital Group in 2017

Employment structure	Bank BGŻ BNPP	Bank's Group
Women	37	36
Men	38	37
Total	37	36

The average number of training hours per one employee of the Group was 36, and for a Bank employee – 37 hours. All companies strive to provide employees with a complete and substantive training offer. Subsidiaries, like the Bank, use e-learning courses on the shared platform of the BNP Paribas Group, i.e. MyDevelopment. Newly employed employees are required to undergo introductory training; employees of each company are covered by obligatory trainings necessary for proper performance of employee duties, e.g. resulting from changes in the law. In addition, each of the companies provides a suitably selected package of development training tailored to the needs of the organization and development plans for employees' qualifications.

Digital Culture

The Bank introduced and promoted modern forms of work that increase mobility, business efficiency, job satisfaction and engagement among the employees through:

- increasing the availability of mobile devices for employees;
- increasing the number of mobile applications that allow mobile applications to process proposals;
- providing employees with a platform with short videos that familiarizes them with technology and good practices from other companies;
- supporting large projects via electronic channels;
- introduction of social networking tools and technologies supporting distance cooperation (Virtual Rooms, Skype for Business);
- campaigns promoting digital solutions and showing their practical use;
- organization of Digital Events which introduce the digital transformation of the Bank to the employees.

The aim of these activities was to equip the employees with digital skills, and thus - focus on the digital transformation of the Bank, increase the level of digital awareness among employees and increase the business use of technologies supporting work at a distance.

The implementation of Digital Culture has brought benefits. The employees' awareness of the digital transformation of the Bank and available solutions responding to everyday problems has increased. Employees freely dealing with technologies have received a digital working environment. Employees dealing with technologies less freely were able to increase their digital skills, which is necessary both at work and outside of it.

A tangible result of the implementation of the practice was the increase in employee involvement in the Innovation category noted in the annual Employee Opinion Survey. The use of IT solutions supporting distance cooperation has increased. For this reason, activities related to Digital Culture will be continued. The plan for 2018 assumes the creation of a development program for Digital Talents who will be able to develop their competences while promoting solutions among co-workers. The development of new methods of work and cooperation is also planned, including introduction of the principles of remote work for employees.

3.5. Employer Branding

The Bank consistently builds the image of the desired employer (Employer Branding). In 2017, it continued activities aimed at building the image of an employer of choice addressed to current and potential employees. These included the Global People Survey for employees' opinions and a wide range of internal and external trainings as well as development programs.

In 2017, the Bank implemented internships and apprenticeships dedicated to students and graduates of universities, including an internship program addressed to students of the fourth and fifth year, which aimed at transferring knowledge, preparing for the profession and strengthening the Bank's image as a desirable employer. Another program implemented, "Ambassador Duo", consisted in close cooperation between the Bank and universities in order to increase the Bank's visibility as an employer. The task of the two cooperating representatives of the Bank was to build the Bank's image as an attractive employer. The program was addressed to students of at least the second year of selected universities.

„Bankformers” holiday internship program

As part of the strategy of building a good employer brand, the Bank created a paid, 3-month internship program named "Bankformers" for students. The recruitment for the program was preceded by Virtual Open Days at the Warsaw University of Technology. Students who took part in the "Łazikiem po pracę" action, were able to use the special console without leaving the university to control the robot located in the Bank's Head Offices in Warsaw and Krakow, and thus, to talk with Bank employees and familiarize themselves with apprenticeship and internship programs. As a result, nearly 400 CVs were received by the Bank. Candidates meeting the requirements were invited to take part in the recruitment for the "Bankformers" holiday internship program and "Focus on Development" traineeship program. Finally, 8 people were selected for the "Bankformers" internship program. They were employed by the Bank in the following departments: IT, Corporate Banking, Transformation, and Retail and Business Banking. Trainees, under the care of mentors, implemented tasks in various projects of the Bank for three months. The key element of the internship program was the trainees presentation of the results of their work to the Management Board Members. Next, the direct superiors and the content supervisors evaluated the work of the trainees. The following elements were taken into account: initiative, cooperation and innovation. After the internship, three people received job offers from the Bank.

The program turned out to be useful for both participating parties. Experienced employees entered the role of mentors and could share their knowledge. The asset of the interns turned out to be work with the use of latest technologies. Everyone has been learning cooperation, tolerance and respect for the value of diversity. In addition, the Bank created a database of the best future employees. The project is cyclical and will take place every year.

Work on the program was preceded by an external and internal qualitative study. The study was attended by students (mainly IT and Finance majors), experienced employees from outside the bank and employees of BGŻ BNP Paribas Bank, including the managerial staff and the highest management staff. Analysis of the results showed, among others, the need to organize a program at the Bank, through which young people will acquire practical skills, and the organization will gain new competences necessary in the transformation process of the Bank and will be able to build a base of potential Talents.

In addition, in 2017, the Bank participated in the Absolvent Talent Days job fairs in Warsaw and Krakow, as well as in the Engineering Job Fair in Krakow, connecting employers from the IT industry with graduates of technical universities and young specialists. In order to build the employer brand awareness among potential candidates, the Bank continued its image-building activities on such portals as: Goldenline and LinkedIn.

4. SOCIAL DIMENSION OF THE BANK'S ACTIVITY

All companies of the Bank's Group attach importance to conducting business in accordance with the highest standards of responsibility. Social responsibility means active action for civil society in an environment within which the entity operates. In practice, it means focusing on areas in which the Bank can contribute to a positive social change in the most appropriate way: supporting entities with activities generating a positive social impact, counteracting social exclusion, supporting education, culture and sport, especially in small communities.

4.1. Strengthening the positive impact of operations

The Bank develops products and services for entities engaged in socially useful activities, such as non-governmental organizations, but also implements numerous initiatives supporting clients and promoting the development of entrepreneurship and innovation.

Social Leader Package

The Social Leader Package is a free account for non-governmental organizations. All necessary banking services are free and the formalities are kept to a minimum (one contract for all products). The package provides comprehensive care of a bank adviser and preferential terms of out-of-pocket services. In the period from 2012 to the end of 2017, 14,759 accounts for non-profit organizations were opened as part of the Social Leader Package. In 2017, Bank BGŻ BNP Paribas has received the title of Responsible and Sustainable Development Leader in the SMART CSR Project category for the Social Leader Package from the "Rzeczpospolita" daily.

mamBONUS

mamBONUS is a loyalty program in which the Bank's clients may support the operations of the BGŻ BNP Paribas Foundation. In the process of financial transactions made with the use of a credit card, clients are gathering points, which may then be exchanged for various discounts, prizes or vouchers for the support of participants of the scholarship program "Klasa" ("Class") implemented by the Bank's Foundation.

Business Academy

Business Academy is a series of meetings aimed at small and medium-sized enterprises – for both current and potential Bank clients. The program consists in supporting entrepreneurs in increasing their effectiveness on local and foreign markets. Thanks to plenary sessions conducted by experienced experts, specially prepared for the SME's challenges, entrepreneurs gain knowledge about strategic company management. Workshops provide an opportunity to test the acquired knowledge in practice, as well as to exchange experiences with other entrepreneurs.

In 2017, during free workshops, the entrepreneurs could broaden their knowledge, among others, on the issues of: the possibility of raising capital, share financing, the impact of foreign expansion and changing priorities in financing options. The Academy is a place where company owners can come and think about where to get additional funds for the development of their company.

In 2017, 5 meetings took place: in Łódź, Kraków, Wrocław, Olsztyn and Gniew. About 30 people attended each meeting. During the meetings, the clients were very active: they asked questions and consulted the speakers. The Business Academy Program will be continued. In the future, it is planned to create a paper publication and an e-book that could further present the topics discussed at meetings even more to clients. Materials will be distributed and promoted inside and outside the bank.

Office Hours

Office Hours are meetings of representatives of the Bank with representatives of start-ups, enabling the start-ups to present their solutions directly to potential business owners from the Bank. The Bank's employees may in turn become familiar with technological novelties and learn about the entrepreneurial culture prevailing in start-ups.

Based on specific business needs, the Bank, in cooperation with Startberry, searches for start-ups offering adequate solutions. Startberry is a joint project of Microsoft, EY and Senfino - a start-up accelerator and a place in Warsaw, where start-ups thanks to cooperation can improve their solutions, exchange ideas, implement conferences and hackathons. The Bank's Office Hours are held in the Startberry space. Each of the invited start-ups has 45 minutes to present their solutions. The Bank participates in the meetings with people involved in the given issue. Thanks to this, a mutual transfer of knowledge takes place.

The efficiency of the practice is measured by the number of applications. Usually, the Bank chooses from a dozen or so companies. Until now, the Bank has talked with 9 start-ups from various industries (on average 3 companies on one Office Hours). For the Bank, it is a great opportunity to learn about the latest solutions offered by start-ups and apply them in specific business problems. For start-ups, it is an opportunity to present the solution directly to the main interested parties and to gather feedback from specialists in a given field. In 2018, the Bank plans to continue the meetings and expand them to include workshops with selected companies.

SME Customer Council

The councils are regular meetings in the SME Regions with segment clients important for the Bank and opinion leaders in local communities. They are organized according to the principle that in order for business to develop and respond to the changing needs of clients, it must be open to dialogue with them. The goal of the Customer Councils is to develop the idea of solutions that improve the quality of customer cooperation with the Bank, hear the opinions of customers and use them to build a competitive advantage of the Bank. The Councils were held at Bank BGŻ before the legal merger, and now they have been reactivated in the SME Business Line. The first series of meetings took place in autumn 2016 and spring 2017. The next edition took place in the autumn of 2017. The idea is to meet clients twice a year. The main topic of the discussion is "cooperation, service and offer at the meeting point Client - Bank". Meetings are conducted in the form of a discussion moderated by a Member of the Council with the help of the Regional Director and the Director from the Headquarters responsible for the area to be discussed.

In 2017, 13 meetings took place in major Polish cities (twice a year in each MSP Region). About 15 clients participated in each meeting. Each time, customer requests were checked and partly implemented. As a result, the Bank is currently shortening the loan process.

Innovative Client contest of Bank BGŻ BNP Paribas

The innovative client of BGŻ BNP Paribas is a contest in which the Bank grants four awards in the Business Innovation category and two in the Social Innovation category. The aim of the contest is to promote innovation as a way not only for the success of the company, but also for the success of the community in which the company operates. Business innovation is the implementation of new or improved products and services, the introduction of a new technological process or distribution method, including those resulting from applied research or development works in the enterprise, which ultimately led to an increase in production efficiency. Innovation should be understood as:

- product innovation - changes consisting in improving the existing or introducing a new product or service; the new product displays significantly changed characteristics in terms of technical parameters, functional parameters, and/or the use of new raw materials or materials,
- process / technological innovation - change in the method of production or service provision and method of distribution,
- organizational innovation - a change in the organization of business practices, work organization, as well as relations with other entities,
- marketing innovation - change in existing marketing practices including changes the appearance of the product, the way it is promoted, the pricing strategy and the business model.

Social innovation is an innovative idea to solve a significant social problem in a given environment.

By design, social innovation:

- surprises with ingenuity, simplicity and effectiveness;
- is an innovative approach oriented to solve the problem, it means personal commitment, creative search outside the scheme and routine;
- it does not have to be completely new, it may be an imitation, a creative adaptation of known solutions;
- does not require high expenditures in relation to effects;
- inspires others to cooperate, gives the opportunity to influence the environment;
- is easy to follow and imitate by other people in other places;
- connects people whose individual resources in team work create added value;
- brings permanent change, i.e. works after completion of the project, raises the quality of life in a wider dimension than only in terms of the direct goal of the project;
- is beneficial for direct beneficiaries and the environment; is a springboard for successive positive changes and innovative solutions in the local community.

The prizes in the contest are presented during the annual "Agrokonferencja" conference for clients from the agricultural and food industry. Winners are promoted in the environment within which they operate. They are an inspiration for other Agro sector representatives. The Bank invites last year's laureates and opinion-forming representatives of the environment to the jury of the contest.

4.2. Availability of products and services

The Bank is constantly working towards increasing the availability of products and services to older and disabled customers. In order to adequately diagnose their needs, the Bank cooperates with expert entities, including the Integration Foundation. The Bank's branches are equipped with magnifying screens and frames for signing documents (facilitation for people with a sight disability). All new client advisors receive training in the standards of service for elderly and disabled clients. In 2017, the process of introducing the Polish Bank Association website standards (WCAG 2.0 standards) was continued and competences were raised, leading to a higher quality of service for disabled customers in the retail branch network. Plans for the future include: implementing further WCAG 2.0 standards, introducing voice functions in ATMs and cash deposit machines, and taking into account the needs of disabled persons when designing branches in a new format.

4.3. Support for local communities

In 2017, the Bank implemented sponsorship projects and social investment programs supporting the competences of the environment within which the institution operates.

“Wspierajmy sąsiedzki biznes” (“Let's support a neighbourly business”)

“Wspierajmy sąsiedzki biznes” is a nationwide campaign initiated in 2016, addressed mainly to the segment of small enterprises and consumers. The campaign is a social campaign encouraging the use of products and services of local companies and promoting the idea of the importance of “neighbouring” business in local communities. As part of the campaign, the website www.sasiedzkibiznes.pl dedicated to the campaign was activated, where both companies and consumers could obtain information about the campaign itself and the benefits of participating in the venture, as well as report their participation. The second edition of the campaign was carried out in May 2017. Nearly 6,600 local companies took part in it in over 1,500 towns and cities throughout Poland. The “Neighbourhood Business Week” preceding immediately the “European Neighbours’ Day” on 29 May 2017 was the main point of the event. The ambassador of the action was Robert Makłowicz. Moreover as a part of activities dedicated to small enterprises, in 2017 the Bank organized a series of free trainings for entrepreneurs - “Neighbourly Business Academy”, which took place in 18 cities in Poland. Workshops were conducted by experts from “Internet Revolution with Google” and the “Sprawny Marketing” consulting company. The main topic of the training were the methods of promoting one’s own business on the Internet. In the two editions of the campaign, a total of 14,100 local companies from more than 1,500 cities participated, and nearly 30 educational meetings for entrepreneurs took place.

The “Let’s Support Neighbourhood Business” and “Neighbourhood Business Academy” initiatives are an element of the Bank’s long-term strategy in the small enterprise segment, whereby the Bank partners with local enterprises in addition to supporting their business growth.

“Agro na obcasach” (“Agro with heels”)

A program dedicated to women living and working in the agricultural sector, coming from rural areas, through which the Bank wishes to emphasize their achievements in everyday work for the development of agro-business. The Bank’s long-term commitment to local communities has made it possible to see the growing role of women living in rural areas, which are more and more active and willing to participate in making decisions on the direction of business development.

As part of “Agro na obcasach” program, the Bank invites selected ladies to theatres and philharmonics for special performances and concerts, so that they can - for the first time - get away from everyday life, spend their free time in a relaxed atmosphere and meet other women who lead a similar lifestyle. Each meeting is finished with an elegant treat. The formula of the program enables the exchange of experiences in the atmosphere of creativity as well as cultural and social experiences. Thanks to the meetings and talks on the side-lines, women establish contacts with each other, they feel appreciated, noticed and distinguished.

In 2017, 5 “Agro na obcasach” meetings took place: in Olsztyn, Łódź, Gdańsk, Białystok and Kielce. Over 2,800 people took part in them. The Bank’s financial outlays amounted to PLN 180,000. The project implemented in 2017 was a continuation of the activity from the previous year. The project met with a very good reception among the participants. It will be continued.

“Dzieciaki do rakiet” (“Kids to the rockets”)

“Dzieciaki do rakiet” is a project promoting the game of tennis among children. The project has been implemented by the Bank since 2016 and consists of two complementary parts: summer city events and the “Tennis at a PE lesson” program. As part of the campaign, from June to mid-September 2017, events were organized in 10 Polish cities

(Warsaw, Wrocław, Sopot, Rzeszów, Kraków, Poznań, Katowice, Toruń, Olsztyn, Lublin) during which experienced trainers and animators taught children aged 5-12 to play tennis. In the squares and markets of cities, mobile tennis towns consisting of 6 mini tennis courts, supplemented with a children's play area, were created. Each child could play with tennis equipment adapted to their age, under the supervision of professional tennis coaches. In autumn, the action in primary schools began during physical education lessons. The program "Tennis at a PE lesson" takes part in 50 schools selected through a competition. Physical education teachers were trained by the instructors of the Polish Tennis Association in terms of introducing elements of tennis in their lessons, and the schools received the necessary tennis equipment. The campaign will end with an inter-city tennis tournament in June 2018, which will select the first winners of the nationwide "Dzieciaki do Rakiet" campaign. Ambassadors of the campaign are Polish representatives in Davis Cup and Fed Cup as well as Mariusz Fyrstenberg and Tomasz Zimoch.

In 2017, 3 thousand playing children took part in the event program, and about 2.5 thousand children used the play area. 50 primary schools (classes I-IV) took part in the school project. The financial expenditure incurred is PLN 1.92 million.

4.4. Volunteering and employee social commitment

Bank BGŻ BNP Paribas offers many forms of social involvement to its employees. The Employees are actively involved in employee volunteering, but also participate in the implementation of the Foundation's programs, participate in the "Wspieram cały rok" ("I support all year long"), annual campaigns organized by the Foundation e.g. "Krwinka" ("Blood Donation Day"), "Dobre Kilometry", ("Good Kilometres") and various social activities undertaken at the initiative of the Bureau for Corporate Social Responsibility, the Foundation or the employees themselves.

Local Grant Program

The Local Grants Program, started in 2011, is a model of supporting socially responsible initiatives, carried out by small local NGOs, with donations. The aim of the program is to increase the local society's life quality and enhancing the Bank's position of a trustworthy local partner. Frequently, such relationships turn into long-term cooperation between the Bank and a local entity. The Banks' employees give grants to selected organizations which are actively operating for real social change. In the 7th edition of the Program the Bank received 71 applications and grants of up to PLN 5,000 were awarded to 27 local projects. Within 7 years of the program, grants worth over PLN 1 million have been donated.

Employee volunteering

The motto of the employee volunteering program at the Bank, coordinated by the Corporate Social Responsibility Bureau with the support of the BGŻ BNP Paribas Foundation, is: "You can rely on me." The program is systemically being implemented, it involves education, the creation of various operational options as well as substantive and financial support for employees' good ideas.

Each employee is entitled to two days of leave per year for volunteering activities. The employee may engage in individual volunteering (competence related activities, actions supporting a selected social organization, as well as participation in the BAKCYL project) and team volunteering (activities organized by a group of employees on their own or as part of the implementation of projects coordinated by the CSR Bureau and the BGŻ BNP Paribas Foundation).

In 2017, a total of 1 113 people employed in the Bank were involved in all of these activities, and 594 volunteers from the Bank worked 5,004 hours, including:

- 182 employees participated in individual volunteering and supported a social organisation of their own choosing;
- 46 volunteers conducted over 152 classes to over 3,500 students as part of the BAKCYL project, an initiative launched by the Warsaw Institute of Banking, whereby bank employees act as volunteer trainers and teach finance classes addressed to primary, secondary and high school students;
- 366 employees participated in team volunteering projects – from which 116 completed 26 projects addressed to over 2,639 beneficiaries as part of the 5th edition of the Competition for the Best Social Projects (a national grant Competition for Bank employees). These initiatives were chosen from 52 applications. The Competition winners receive funds for the implementation of their social assistance ideas, related to the environments in which they live and work, as well as the support of the CSR Bureau and the Foundation. Since 2011, over 450 employees have carried out 97 original volunteer projects in cooperation with local organizations.

4.5. Activities of the Bank Foundation

The Bank conducts philanthropic activities mainly through the BGŻ BNP Paribas Foundation. *The Foundation's mission is to responsibly invest in people, ideas and projects. By conducting and supporting innovative initiatives in the fields of education, culture and social solidarity, we inspire and create a stimulating environment, thus contributing to the development of a civil society.* Since 2006, the Foundation conducts socially useful activities in the field of education, social solidarity and culture. These activities are characterized by social investments solving important local problems and supporting the development of civil society. As part of its statutory objectives, the Foundation runs its own programs and supports selected projects and organizations that play an important role in building and maintaining civil society. It also coordinates initiatives and actions involving employees of Bank BGŻ BNP Paribas in solving important social problems.

Bank Foundation programs

- **Scholarship program “Klasa” (“Class”)**

The *Class (Klasa)* scholarship program is the most important own initiative launched by the BGŻ BNP Paribas Foundation, the program has received numerous awards as one of the most effective educational and scholarship programs in Poland. An external evaluation in 2016 showed that “Klasa” is a comprehensive and exceptionally effective scholarship program. The objective of the Program is to support talented teenagers from small towns/villages, who are in a difficult financial situation, by enabling them to attend prestigious high schools in five university cities, i.e. Warsaw, Wrocław, Krakow, Gdynia and Szczecin. In 2017 the Foundation launched the 15th edition of *Class*, accepting 40 new scholarship students to the Program. Since 2003, 700 junior high school graduates have received grants totalling approx. PLN 20 million.

- **Agrotalenty (“Agritalents”)**

Since 2012 the Foundation has been carrying out a second own scholarship program, Agritalents. As part of the Program, the Foundation offers grants to the winners of the Agricultural Knowledge and Skills Contest and bridge scholarships for best agriculture students. The objective of Agritalents, is to improve the knowledge and skills possessed by young people and preparing them for their future profession and thus indirectly – development of the Polish countryside and stimulating innovation and the modernization of agriculture. Since 2012, 270 young farmer talents have received support within the Agritalents program. In 2017 the Foundation awarded grants to 50 students as part of the 6th edition of the Program.

- **“Dream Up” educational program**

Since September 2015, the Foundation has been carrying out the Dream Up Program, a three-year project which offers musical classes conducted by professionals to support the development of children and teenagers from day-care centres located in Praga Warsaw. The initiative is carried out in cooperation with Music is for everyone Foundation (Fundacja Muzyka jest dla wszystkich) and Towarzystwo Przyjaciół Dzieci (TPD). It involves music education, including regular instrument classes for the most engaged and motivated participants. Thanks to musical activity combined with educational classes, almost 100 children in TPD’s charge are taught respect for one another, are developing their creativity and cultural competence. The program helps to shape the children’s personality and fosters emotional harmony.

Dream Up is a program currently run by the BNP Paribas Group in 26 countries and initiated by the BNP Paribas Foundation in France. Solidarity with socially excluded groups and the idea of education through art, addressed to young people facing difficulties in their life, are the underlying assumptions of the Program.

- **“Wspieram cały rok” (“I support all year long”) program**

Voluntary salary deductions are a simple and convenient tool for individual philanthropy and a response to the needs of NGOs (systematic financial support). Since October 2017, every employee can declare a monthly deduction from the salary in order to contribute to a chosen objective: support for the Organization of the Year (chosen by employees through an annual vote) or additional support for scholarship holders of the BGŻ BNP Paribas Foundation's "Class" program. The donor can transfer his payments for both causes or indicate a single one. The first Organization of the Year chosen by employees was the "Mali Bracia Ubogich" Association, which cares for elderly people living alone.

Affiliate programs

- **English Club**

The English Club project is the result of a multi-sector partnership between: JMP Flowers (a Bank BGŻ BNP Paribas client), a local social organization: "Towarzystwo Przyjaciół Steżycy" and the BGŻ BNP Paribas Foundation, which cooperate to support the clients' local development of education. In order to meet local society needs, English lessons were organized for junior secondary school pupils. The purpose of this initiative was to give equal educational opportunities to young people by enabling them to gain useful language competencies. During the school year, ca. 30 pupils participated in e-learning classes, traditional classes and trips. Particular emphasis is put on developing practical language and communication skills. The most motivated participants get a chance to take part in a summer language camp.

- **"Spotkania z Muzyką" ("Meetings with music")**

Since 2011, the BGŻ BNP Paribas Foundation has been supporting educational projects implemented by the Warsaw Philharmonic as part of the away Meetings with Music series. The Philharmony reaches children and teenagers in seven regions of Poland and presents outstanding musical performances with a detailed commentary explaining the art of sound to young audiences. This way, children from small towns, who have limited access to high culture on an everyday basis, are given the opportunity to experience systematically classic music, and consequently, to develop their own talent and new passions. In 2016/2017 over 300 thousand listeners attended the meetings.

- **"Szalone dni muzyki" ("Crazy Days of Music")**

In line with the idea of popularizing art and culture, in 2017 the BGŻ BNP Paribas Foundation lent its patronage (for the third time) to the Music Crazy Days Festival organized by the Sinfonia Varsovia Orchestra in Warsaw between 29 September and 1 October 2017. It was the eighth Polish edition of the international La Folle Journee Festival popularizing classical music around the world. Due to low ticket prices and a varied concert program, almost 40,000 people took part in the concerts. The event received the financial support of the BNP Paribas Foundation.

Cyclical social campaigns at BGŻ BNP Paribas

- **"Dobre Kilometry" ("Good Kilometres")**

The project has been organized annually by the Foundation since 2015. As part of the campaign, Bank employees and their relatives count the kilometres travelled during various sports activities (running, Nordic walking, cycling or rollerblading) for one month with the goal of reaching a certain distance together, as a group. Kilometres are then converted into financial resources and transferred to a noble cause chosen by employees. In 2017 the accumulated funds were transferred to the "Dajemy Dzieciom Siłę" ("We give children a strength") Foundation.

- **"Akcja Krwinka" ("Blood Donation Day")**

The BGŻ BNP Paribas Foundation and the Bank have been supporting the campaign "Your blood - my life" ("Twoja krew – moje życie") since 2011 by organizing, in cooperation with Regional Blood Donation Centres, the annual "Krwinka" action. Employees from the three Head Offices (Warsaw Kasprzaka, Warsaw Suwak and Kraków Awatar) can donate blood and register in the marrow donor database in specially adapted ambulances. 118 employees participated in this year's edition and thus 32 litres of blood were collected.

Membership of the BGŻ BNP Paribas Foundation in coalitions and partnerships

- **Membership in the Polish Donors Forum (from 2009)**

The Polish Donors Forum sees its role as an institution focusing on education and research involving financial and non-financial support to socially responsible initiatives. The Foundation's membership in the Forum is primarily the confirmation of the usefulness and transparency of its activities. It also creates the opportunity to participate actively in the projects carried out by the Forum, and thus to create and develop the Polish NGO sector and its initiatives. In 2017 the Foundation took part in "We are acting for a change" ("Działamy dla zmiany") project, co-creating (along with other members) the "Standards for measuring the effects of social activities".

- **Partnership on the educational project BAKCYL - Bankers for Financial Education of Youth (from 2013)** coordinated by the Warsaw Institute of Banking.

- **Partnership at the Bridge Scholarship Program (from 2013)** implemented by the Educational Enterprise Foundation.

- **Annual partner of the Knowledge and Agricultural Skills Olympiad (from 2012)** organized by 8 best agricultural universities.

TFI BGŻ BNPP and BNP Paribas BNP PARIBAS GSC did not implement their own sponsorship and CSR projects in 2017 - depending on their needs and operational capabilities, they were involved in activities carried out by the Bank. BNP Paribas Leasing Solutions is involved in the CSR activity of BPLG Lease Group, which, in line with the BNPP Group policy, conducts activities that involve employees and engages them, among others, in cooperation with local communities.

5. IMPACT ON NATURAL ENVIRONMENT

All companies of the Bank BGŻ BNP Paribas Group attach importance to responsible management of environmental impact and take long-term initiatives to minimize the effects of climate change.

5.1. Area management

The Bank strives to minimize the negative impact on the environment through the following three dimensions:

- limiting the negative impact of operations and promoting eco-friendly attitudes among employees,
- providing responsible financing of the economy and customers,
- cooperation and involvement in cross-sectoral initiatives.

The Bank takes acts to counteract climate change by: reducing CO₂ emissions from core operations; responsible financing of the economy - applying CSR monitoring in sensitive sectors procedures and offering products and services supporting clients in the transition to a low-carbon economy. The Bank also supports projects aimed at increasing energy efficiency and increasing the share of renewable energy sources in Poland's energy balance. The company is a leader in the financing of agricultural biogas plants (about 60 percent of the market) and belongs to the group of three banks financing the largest number of small and medium wind projects.

TFI BGŻ BNPP and BNP Paribas GSC companies rent office space from the Bank, and therefore use solutions and good practices in the field of administration and limiting the negative impact of activities implemented by the Bank. BNP Paribas LSS minimizes the impact of operations on the natural environment, including by the application of the Procedure for the Use of Company Cars specifying CO₂ emission limits. The company has also implemented the Procedure for the use of electronic equipment, which aims to reduce the emission of carbon dioxide by company equipment and installations. The document presents easily applicable practices for the use of desktops, laptops, printers, chargers for telephones and other carbon dioxide emitting equipment and installations; among others, switching off air conditioning at the end of the working day and not leaving devices that will not be used in the near future in the standby mode, in which energy is also consumed.

5.2. Limiting the negative impact of operations

For many years, the Bank has been conducting activities to reduce CO₂ emissions in its operational activities and measures the effectiveness of its activities on year-on-year basis.

Carbon Reduction 2020

In 2017, the Bank joined the global program of the BNPP Group - Carbon Reduction 2020 and adopted the objective of reducing CO₂ emissions per employee by 25 percent by 2020 (compared to the base year 2012). For this purpose, the Bank pursues a policy of promoting energy efficiency through, amongst others, minimizing energy consumption, minimizing the number of business trips, gradual introduction of hybrid cars to the fleet, environmentally friendly design of the new headquarters building, eco-initiative for employees: CSR Days, Car Free Day, Good Kilometres, driving hybrid cars, Safe Driving Academy. The effectiveness of this practice is measured by the level of CO₂ emissions per employee. The Bank's plans for 2018 assume continuation and strengthening of existing projects, and thus further reduction of emissions. The Carbon Reduction 2020 Program implemented by Bank BGŻ BNPP is a part of the BNP Paribas Group's operations in the area of Carbon Neutral, thanks to which at the end of 2017 neutral carbon dioxide emission in the conducted activity was achieved. Since 2012, the companies of the BNP Paribas Group have reduced their direct CO₂ emissions by 15%. per employee.

Saving resources

The Bank's buildings are equipped with lighting and air conditioning complying with environmentally friendly standards. In addition, modifications have been introduced including, among others, the Bank's branch labelling systems by replacing previously used fluorescent lamps with more environmentally friendly LED diodes, implementing lighting, ventilation and air conditioning systems in the Bank's Head Office buildings and controlling astronomical clocks of outdoor advertising that shine from dusk until 23 and from 5 a.m. to dawn. The equipment and computer equipment used in the Bank belong to the highly energy-efficient class, and the systematic replacement of equipment at the Process Centre as well as the use of virtualization technology, enabling more efficient use of IT resources, contribute to reduce the energy consumption.

In 2017, due to the purchase of energy from renewable sources, a reduction in CO2 emissions increased by 6,769 tons.

In the Bank's offices, specific solutions are implemented to reduce the use of water. Constant monitoring of the condition of the hydraulic devices used is carried out - used by the bank devices have mechanisms that reduce water consumption several times. Where possible, washing dishes in the dishwasher is promoted. In addition, the equipment used in the bank gives the possibility of using eco-friendly washing programs. **In 2017, the water consumption was reduced by 72.54 m3 compared to the previous year.**

Table 8. Energy, water and emissions in 2017

	Totally: Bank BGŻ BNPP, TFI BGŻ BNPP, BNP Paribas GSC*
Energy consumption**	52,703,668 kWh
Water consumption (in m3)	73,263.67 m ³
CO ₂ Emission	16,122 t
Paper consumption for printing devices	272.3 t

* TFI BGŻ BNPP and BNP Paribas BNP Paribas GSC are sub-tenants of the area from the Bank, therefore the consumption of utilities by the companies is included in the Bank's consumption. BNP Paribas Leasing Services Sp. z o.o. is part of the Leasing Solutions Group, therefore, it leases jointly with other Group companies, and the consumption of utilities and paper is settled jointly within the Leasing Solutions Group companies.

** Counted as consumption of electricity, gas, heating oil (including for heating purposes).

In the Bank's headquarters, there is a follow-me printing system that allows you to receive your printout on any printer installed in buildings in Warsaw and Krakow with a card reader. Ecological paper with reduced basis weight is also used.

The BGŻ BNPP Group companies encourage employees and customers to print only the necessary materials and use electronic documents. They implement rules regarding the electronic distribution of correspondence and work on electronic documents saved on network resources in order to reduce the use of paper. Initiatives are also undertaken in the area of building ecological awareness among employees in order to respect and care for the reasonable use of office resources.

Eco-Fleet

The Eco-fleet is a series of initiatives of the Bank related to minimizing the negative environmental impact of company cars used by employees to perform their official tasks. As a part of the project, the Bank introduced hybrid cars into the fleet. These cars were delegated, in particular, to cities where the smog phenomenon is most common. In addition, an initiative related to the replacement of company cars is being undertaken related, assuming the use of the car-sharing option (cars per minutes) available in many provincial cities. The piloting of this solution is carried out in Krakow and Warsaw. Additionally, as part of the CSR days, an educational campaign related to hybrid cars was conducted and the Bank's employees were allowed to test the cars for a period of 2 months.

The effectiveness of the practice was measured by hard ratios, such as the CO2 emission level of hybrid cars as compared to other cars, as well as soft ratios, such as employee satisfaction and their interest in ecological solutions. The benefits of the Eco-Fleet program include reduction of CO2 emissions, improved work comfort (hybrid cars are better equipped, have an automatic transmission), as well as access to new solutions - the possibility of renting cars in any place and time, as well as booking, opening and closing the car using a smartphone. The program is implemented in partnership with Arval Service Lease Polska, Traficar and Toyota Motor Poland. In the future, the Bank plans to expand the pool of hybrid cars (in the first quarter of 2018 by 30 cars), expand the car-sharing pilot and continue educational campaigns.

Safe Driving Academy

In order to improve the efficient and environment-friendly use of the car in everyday work, improve the safety of drivers, reduce fuel consumption and loss of company vehicles, the Bank introduced the training "Safe Driving Academy of BGŻ BNP Paribas" for users of company cars. Bank employees who are not users of company cars have the opportunity to participate in safe driving training becoming the winners of the competition taking place every month, including questions about knowledge about safe driving, traffic law and internal regulations regarding the use of company cars at the Bank.

As a result of trainings, the awareness of the training's participants increased in terms of road safety, effective driving techniques, and the harmfulness of the fleet. In 2017, over 300 employees were trained, which was 30% of the users of the official fleet. 201 trainings are planned for 2018, on which a further 300 drivers will be trained.

Promotion of eco-attitudes

Projects are regularly undertaken to raise the awareness of employees about their individual impact on the environment, such as a **Car Free Day**.

- **Eco transport promotion.** Bank BGŻ BNP Paribas promotes cycling as an ecological means of transport in everyday commuting. This is a permanent element of the corporate social responsibility policy of the company. Employees have a guarded bicycle parking and showers at the headquarters. Customers and employees in the Bank's branches have access to bicycle racks in front of the majority of branches.
- **Responsible planning of business trips.**
We try to be mobile and in harmony with the environment through, among others, responsible planning of business trips, availability of tele- and video-conferencing, and limitation of training trips by conducting e-learning trainings.
- **CSR month.** With employees in mind, the Bank organizes CSR Days under the slogan "We are CSR", during which it educates how small changes in everyday habits can affect not only the condition of the natural environment, but also a better quality of life for every employee. In 2017, the third edition of CSR Days was carried out, during which various initiatives related to civic, economic, environmental and social responsibility were presented throughout the month. As part of the campaign, employees were presented with the subject of the positive impact of responsible financing, well-being, and a meeting with Jurek Owsiak was organized, who talked about the driving force of volunteering; funds were collected to support children from Ukraine, cycling kilometres were counted, and issues related to sustainable development were brought closer to employees.
- **Apiary on the roof of the Headquarters.** With a view to the urban ecosystem as a part of the CSR Days in cooperation with "Pszczelarium", the open-air Apiary of four hives was organized on the roof of the Bank's Head Office in Warsaw. Thanks to the bees, the Bank can conduct bee workshops, in the future it will be able to obtain its own honey, and above all it is able to take care of plants on nearby plots, in parks and gardens. The creation of insect-friendly conditions translates into increased yields on nearby crops, affects the quality of fruit and plant seeds, resulting in increased biodiversity in the natural environment.

5.3. Combating climate change

The Bank constantly develops the offer of products and services supporting customers in the transition to a low-carbon economy, engages in consultations and activities aimed at increasing energy efficiency and increasing the share of RES (renewable energy sources) in the energy balance of Poland.

Together for the climate

The Bank's experts participate in the work of, among others, The Renewable Energy Council at the "Lewiatan" Confederation, which gives opinions on legal regulations and strategic documents regarding the energy and climate policy of Poland and the EU. They also participate in the work of a special working group at the Polish Bank Association dedicated to financing in the context of the Act on renewable energy sources.

In July 2017, the Bank became a supporting member of the **Polish Association of Sustainable Agriculture ASAP**. As part of the cooperation, the Bank promotes the idea of sustainable agriculture among its clients. Among others, by posting an article on this subject in "Agro Kurier" - a newspaper for Farmers issued twice annually in an edition of about 50,000 copies. The Bank also participates in the substantive creation of training materials in the field of financing in sustainable farms.

Financing green investments:

- **Renewable energy sources**

Since 2008, the Bank has been financing small and medium renewable energy projects: wind farm biogas plants, small hydro plants and photovoltaic installations. The Bank specializes in financing projects implemented by small and medium-sized entities, including farmers. A specially appointed banking team of RES and AGRO experts supports clients who plan pro-ecological projects and favour sustainable economy and energy transformation of the Polish economy. Entities running or undertaking activities in the field of energy production from RES may use the dedicated Green Energy Loan, and in the case of projects co-financed by the European Union (and national) donations or preferential loans (e.g. NFOSiGW) – as well as from Credit Union +.

The Bank has achieved a significant position on the biogas plant financing market. 19 out of 95 agricultural biogas plants registered in Poland in 2008-2017 were financed by BGŻ BNP Paribas.

Moreover, as a part of cooperation with the European Bank for Reconstruction and Development based on the Sustainable Energy Development Financing Program in Poland, the Bank offers EKO Leasing PolSEFF to its clients - attractive leasing with the Ecological Premium.

- **Photovoltaic installations**

In 2017, the Bank, in cooperation with selected partners from the photovoltaic industry, introduced an instalment loan for the financing of ecological energy sources. The offer is addressed to retail clients and enables financing up to 100% of the purchase of systems: photovoltaic panels, water heaters, heat pumps, recuperators, wind farms. As a part of the package, the clients are offered two financing models; credit available for up to 84 or up to 120 months. The maximum amount that a borrower can obtain for photovoltaic installations is PLN 60,000. A client applying for a loan to finance ecological energy sources should attach to the loan application the following documents and information: contract, cost estimate or installation project with the mentioned costs as justification for the loan amount requested. In 2017, a cooperation with 65 partners was established, including four leading on the market entities involved in the sale, production and distribution of high quality photovoltaic installations: Foton Technik, Geo Solar, HelioExperts and Soon Energy. It is planned to expand the group of partners. In 2017, loans for the total amount of PLN 3 999 349 were financed.

- **Thermo-modernization loans for housing communities**

In January 2017, the Bank established cooperation with BGK (National Economy Bank) regarding the Thermomodernization and Renovation Fund regarding the offer of thermomodernization loans for Housing Communities. As a part of the offer, the Bank offers two products with a bonus from BGK: a thermo-modernization loan or a renovation loan. The Community, which applies to the Bank for a loan after obtaining a positive decision and signing the contract with the Bank, can get BGK support in the form of a bonus of about 20 percent of the amount of the loan. BGK's decision is made after verification of the scope of the investment, i.e. thermomodernization. BGK pays the bonus on the Bank's account, paying off a part of the capital.

6. SUMMARY

Awards and distinctions received by Bank BGŻ BNP Paribas in 2017:

- On December 6, in the "Responsible Business Awards 2017" competition, the Bank won in the category **"Responsible Company of the Year"**.
- On December 6, the Bank was awarded in the **"Leader of co-responsible and sustainable development"** competition organized by the "Rzeczpospolita" daily.
- On November 24, in the eighteenth edition of the "Entrepreneur-friendly Bank" program, the Bank received the Main Award and the Golden Statuette in the "Universal Bank" category and the "Banking Quality Leader 2017" title. The bank was also awarded with the Diamond Statuette.
- On November 14, in the "Power of Attraction" competition, the Bank received a distinction in the category of the best initiative "out of the box" for the campaign "Virtual Open Days".
- On October 19, the Bank received the statuette in the "Best Digital Action" category for the "Virtual Open Days" event in the Employer Branding Stars competition. On June 20, Bank BGŻ BNP Paribas took the third place in the "Gazeta Bankowa" plebiscite "Best Bank 2017", in the category for the Best Big Commercial Banks.
- On June 8, the Bank took the third place in the "Development pace" category in the third edition of the "Star of Banking" ranking, organized by "Dziennik Gazeta Prawna" and of which PwC as a substantive partner.
- On May 11, the Bank became one of the winners of the 9th Ranking of Responsible Companies published by "Dziennik Gazeta Prawna". The bank took first place on the "crystal" level, awarded to companies that focus on improving their relationships with stakeholders.
- On 26 April, the Bank received for the third time the "Srebrny Listek CSR" of Polityka, awarded by the editors of the "Polityka" weekly together with the consulting company Deloitte to companies involved and socially responsible.
- On March 14, the Bank again took the first place in the second edition of the Best Bank for Farmer 2017 ranking prepared by the research agency Martin & Jacob.
- On February 9, the Bank was awarded the Top Employer Polska 2017 title, in line with the HR policy consistent with the best practices on the market.

Non-financial reporting

Since 2010, the Bank collects non-financial data, and since 2011 publishes an annual social reports containing non-financial data according to the international standard GRI (Global Reporting Initiative). The publications are available on the Bank's website.

Contribution to the implementation of the UN Sustainable Development Goals

At present, the process of developing the CSR Strategy for the years 2018-2020 is being carried out at Bank BGŻ BNP Paribas. It will support the Sustainable Development Goals (SDGs).

The Bank is already a sector partner of the "SDGs project in practice. A guide for companies." The guide contains tips and good practices related to the implementation of the Sustainable Development Goals announced by the UN. It encourages and supports enterprises operating in Poland in translating global goals into locally implemented business strategies and CSR with particular emphasis on the context of the industry within which they operate.

The organization is also a signatory of the Agenda for Sustainable Development 2030 in Poland, initiated by the Ministry of Development. Partnership means the willingness to cooperate in implementation of sustainable development goals and building business awareness in Poland based on joint economic, social and environmental initiatives.