

**We are full of
green energy**



ESG strategy

Bank Ochrony Środowiska S.A.

ESG strategy in line with the business strategy assumptions

BUSINESS STRATEGY

WE ARE FULL OF GREEN ENERGY

 **MISSION: Innovative and effective support for green transformation**




 **VISION: Comprehensive financing of green transformation by offering unique products, dedicated experts and a variety of financial instruments**

Business strategy commitments included in the ESG strategy

Ecology and climate

-  Continuation of the development of competencies in the field of ecology and emission-reducing technologies
-  Offering green transformation and taxonomy consulting services to clients
-  Financing pro-ecological projects and green transformation

Social activities

-  Continuation of the implementation of pro-social programmes, primarily through the Foundation's activities
-  Increasing employee engagement by creating a friendly work environment in line with our values and principles
-  Environmental education of customers

Organisational culture

-  Cultural change of the organisation - increasing employee involvement and development of their competencies
-  Introducing a new working model - agile and hybrid
-  Risk management related to the area of business ethics

Framework of the BOŚ strategy

The strategy is presented from the perspective of internal and external impacts divided into three pillars.



Activities and performance indicators for the implementation of the strategy

Framework of the BOŚ strategy

Pillar: Green transformation leader

01. Green transformation leader E

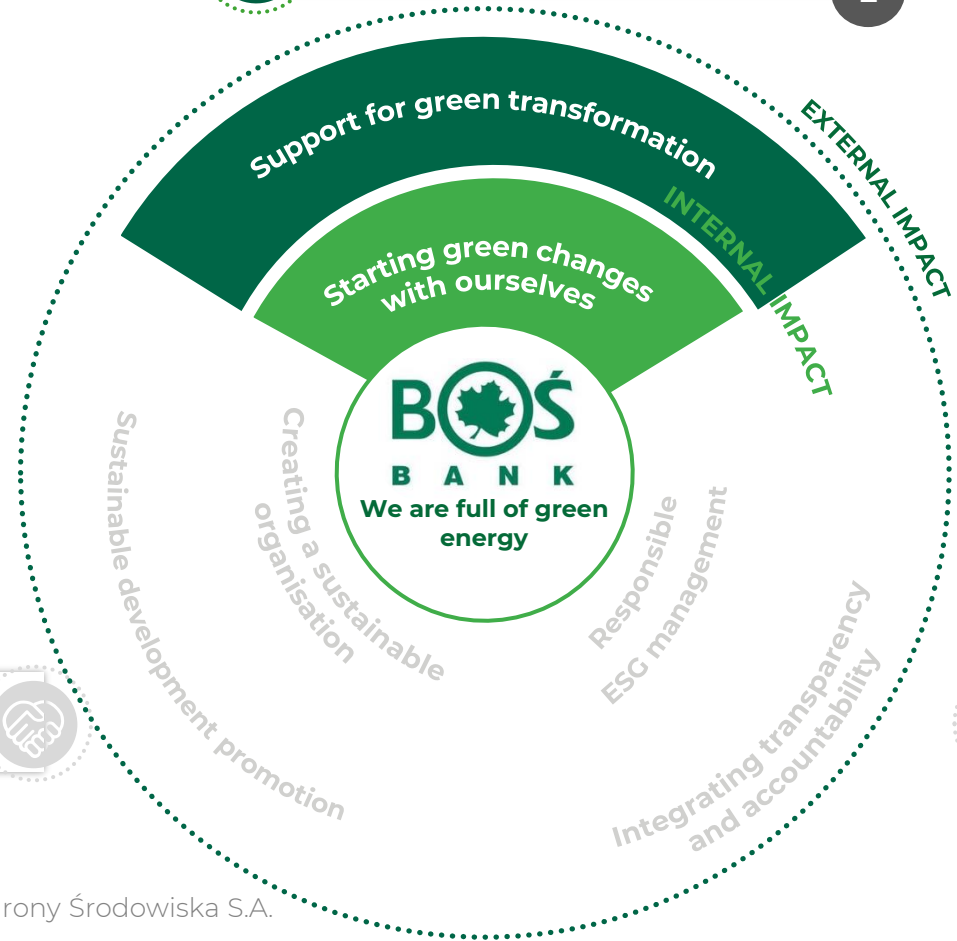
AMBITION

Support for green transformation

To create green financial products and consistently grow our green portfolio. To make sure that the projects we fund support environmental challenges. To provide our customers with expert support to achieve positive results for the environment.

Starting green changes with ourselves

Setting the highest environmental requirements not only to our customers and business partners, but also, as an organisation, striving to constantly reduce our environmental impact.



02. Socially active bank

ACTIONS

EXTERNAL

1. We are actively involved in financing sustainable investments
2. Thanks to our unique expertise, we comprehensively support and advise clients in the transformation process

INTERNAL

3. We implement the highest standards of managing our environmental impact

03. Connected



STRATEGIC PILLAR

Green transformation leader

PURPOSE: Support for green transformation



EXTERNAL ACTIONS

INTERNAL ACTIONS

The challenges we address:

- Mitigation of and adaptation to climate change
- Regulatory changes at regional and global level
- Protection of the environment and natural resources



ACTION




1. We are actively involved in financing sustainable investments

KPI

- By 2023, increasing the share of green assets in the loan portfolio to 50%
- No new financing for thermal coal mining and new coal-fired units, in line with the Climate Policy of BOŚ S.A.

ACTIVITIES

KPI

 Achieving the objectives of the EU taxonomy i.e. increasing the engagement and increase of the financing portfolio for sustainable environmental objectives	<ul style="list-style-type: none"> Introduction of the EU Taxonomy in line with the regulatory timetable
 Supporting the economy towards green transformation Focusing on 4 priority sectors: power engineering (among others through financing RES and investments using gas as a transitional fuel), construction, industry, transport and logistics	<ul style="list-style-type: none"> Implementation of the environmental and climate policy in 2022 Calculation and announcement of the plan to reduce the emission intensity of the loan portfolio in 2023
 Cooperation in the field of financing pro-ecological innovative projects	<ul style="list-style-type: none"> Development of a financing model in 2021



STRATEGIC PILLAR

Green transformation leader

PURPOSE: Support for green transformation

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION






2. Thanks to our unique expertise, we comprehensively support and advise clients in the transformation process

KPI

Increase in the sales volume of sustainable products by PLN 400 million in 2022

ACTIVITIES

KPI

 Development of commercial ecological products - particularly those ensuring the achievement of the environmental objectives defined by the EU Taxonomy	<ul style="list-style-type: none"> Analysis of the portfolio of pro-ecological products in 2022
 Use of public programmes including those financed from the EU funds in order to increase the share of environmental projects in the Bank's portfolio	<ul style="list-style-type: none"> Doubling the sale of loans to SMEs with a subsidy/bonus in 2023
 Supporting transactions by Environmental Engineers	<ul style="list-style-type: none"> Providing environmental engineer's expertise in each business centre
 Advising clients on green transformation processes	<ul style="list-style-type: none"> Developing an advisory model in 2021
 Promotion of pro-ecological products	<ul style="list-style-type: none"> Creating a marketing communication standard including elements of ecological education in 2022

The challenges we address:

- Protection of the environment and natural resources
- Regulatory changes at the regional and global level
- Building cross-sector coalitions and establishing market dialogues





STRATEGIC PILLAR

Green transformation leader

PURPOSE: Starting green changes with ourselves

EXTERNAL ACTIONS

INTERNAL ACTIONS

The challenges we address:

- Climate change mitigation
- Protection of the environment and natural resources



ACTION




3. We implement the highest standards of managing our environmental impact

KPI

1. By the end of 2023, reduction of carbon footprint by 20% as compared to 2020
2. 100% electricity from RES from 2022

ACTIVITIES

KPI

 Regular reporting and evaluation of environmental objectives	<ul style="list-style-type: none"> • Analysis of the feasibility of implementing an environmental management system in 2022 • Introduction of a waste management system that includes hazardous waste, paper and plastic management by 2023
 Aspiration to Climate neutrality	<ul style="list-style-type: none"> • 30% of hybrid or electric vehicles in the Bank's fleet by the end of 2023 • Reaching climate neutrality in 2030
 Conducting activities aimed at improving energy efficiency and reducing utility consumption	<ul style="list-style-type: none"> • Establishing environmental standards for local branches in 2023 • 75% share of energy-efficient light sources from 2023

Framework of the BOŚ strategy

Pillar: Socially active bank

AMBITION

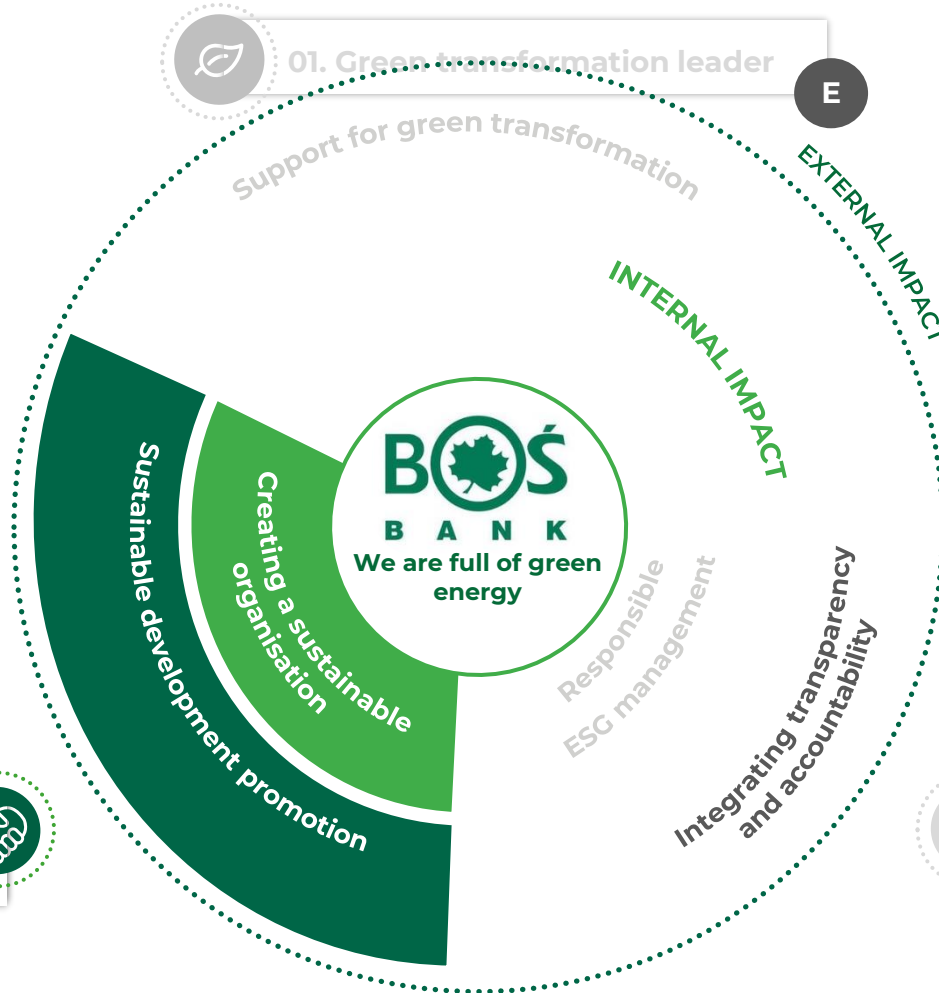
Sustainable development promotion

To invest in the education and development of our clients, ensuring their access to relevant knowledge and expertise. To conduct activities for the benefit of society with a view to making a positive impact not only on customers, but also on those in need. To carry out a number of important social activities through programmes of the BOŚ Foundation.

Creating a sustainable organisation

We do not forget about the development of our employees, but create a dynamic workplace in a bank with a mission. Our employees have an opportunity to develop permanently and sustainably.

02. Socially active bank



ACTIONS

EXTERNAL

1. We accomplish our mission through ongoing education that supports sustainable economic development
2. We are a responsible and committed partner for important social activities

INTERNAL

3. We care about employees and an engaging workplace with clear employment policies that support diversity





STRATEGIC PILLAR

Socially active bank

PURPOSE: Sustainable development promotion

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION

1. We accomplish our mission through ongoing education that supports sustainable economic development

KPI

1. Creating an educational platform supporting the development of green projects along with a market guide on the principles of sustainable finance in 2022

ACTIVITIES

KPI

 Educational activities, participation in market dialogue on sustainable finance	<ul style="list-style-type: none"> • The annual BOŚ conference
 Involvement in international partnerships and initiatives (including UNGC)	<ul style="list-style-type: none"> • Accession to UNGC in 2021 • Joining the Science Based Targets initiative (SBTi) in 2021, which brings together companies striving for climate neutrality
 Implementation of the “BOŚ is full of green energy” initiative – (publications, conferences, initiatives involving partners in the regions, workshops, other educational activities)	<ul style="list-style-type: none"> • Launching the initiative in 2022

The challenges we address:

- Mitigation and adaptation to climate change
- Environmental education
- Extensive cooperation for sustainable development





STRATEGIC PILLAR

Socially active bank

PURPOSE: Sustainable development promotion

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION



2. We are a responsible and committed partner of important social activities

KPI

1. Publication and implementation of the policy of building relations with the social environment and minimising the negative impact on society in 2022

ACTIVITIES

KPI

 Involvement in social and charity projects	<ul style="list-style-type: none"> Increasing the number of the Foundation's programmes by at least 2 per year
 Involvement in national partnerships , bringing together socially responsible companies	<ul style="list-style-type: none"> Joining at least one organisation in 2022
 Building relationships with the social environment	<ul style="list-style-type: none"> Developing policy of building relations with the social environment and minimising the negative impact on society in 2022

The challenges we address:

- Environmental education
- Social dialogue
- Crisis situations, including the effects of climate change





STRATEGIC PILLAR

Socially active bank

PURPOSE: Creating a sustainable organisation

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION

3. We care about our employees and create an engaging workplace with clear employment policies that support diversity

KPI

1. Increasing employee engagement rate to 58% by 2023
2. By 2023, increasing the index of positive perception of BOŚ as a brand among employees by 8 pps

ACTIVITIES

KPI

 Supporting education and development of employees through training and development activities	<ul style="list-style-type: none"> • Implementation of development programmes in 2022: for managers and for bank employees • Implementation of a programme in 2022 to share knowledge within the organisation
 Training and internal communication on ESG	<ul style="list-style-type: none"> • Implementation of ESG education programme for all employees from 2022
 Implementation of well-being initiatives	<ul style="list-style-type: none"> • Implementation of at least one well-being initiative per quarter, starting in 2022 • Conducting an employee needs survey once a year
 Development of volunteering activities for employees	<ul style="list-style-type: none"> • Increasing the involvement of Bank's employees in volunteering
 Improving the image of BOŚ as an employer	<ul style="list-style-type: none"> • Employer branding activities promoting BOŚ as an employer
 Verification of remuneration mechanisms	<ul style="list-style-type: none"> • Annual salary review
 Care about human rights and diversity from an employee perspective	<ul style="list-style-type: none"> • Implementation of diversity policy in the Bank from 2022

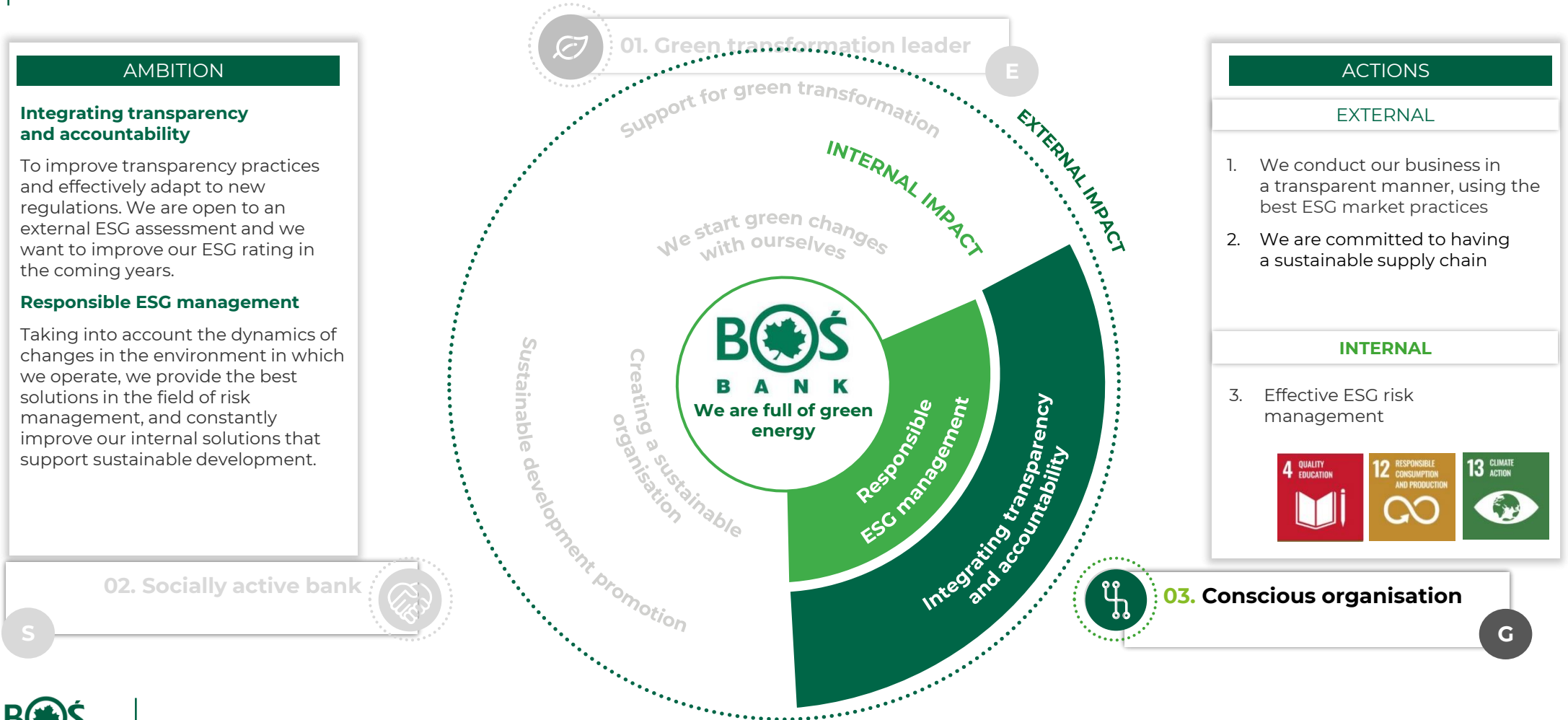
The challenges we address:

- Structural changes on the labour market
- New approach to work and leisure activities
- Civilisation diseases
- Generational change and diversity



Framework of the BOŚ strategy

Pillar: Conscious organisation





STRATEGIC PILLAR

Conscious organisation

PURPOSE: Integrating transparency and accountability

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION

1. We conduct our business in a transparent manner, using the best ESG market practices

KPI

1. Obtaining an ESG rating in 2021
2. ESG rating improvement in 2022, 2023

ACTIVITIES

KPI

	Increasing transparency on disclosures	<ul style="list-style-type: none"> • Publication of policies and regulations on ESG issues on the bank's website in 2021
	Reporting according to GRI standards	<ul style="list-style-type: none"> • Publication of the ESG report once a year
	Disclosures in accordance with TCFD guidelines and best market practices	<ul style="list-style-type: none"> • Implementing the disclosures in the 2023 ESG report

The challenges we address:

- Regulatory changes at the regional and global level
- Growing awareness of the importance of ESG factors





STRATEGIC PILLAR

Conscious organisation

PURPOSE: Integrating transparency and accountability

EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION

2. We are committed to having a sustainable value chain

KPI

1. 100% of new suppliers covered by the sustainable purchasing policy from 2022
2. 100% of new contracts for institutional clients with a human rights clause from 2022

ACTIVITIES

KPI

 Application of ESG standards for suppliers	<ul style="list-style-type: none"> • Implementation of ESG contractual clauses for new suppliers from 2021
 Building a sustainable supply chain by monitoring and applying rules to exclude suppliers that do not meet the bank's ESG requirements	<ul style="list-style-type: none"> • Implementing an ESG-inclusive purchasing policy in 2021
 Application of ESG standards for clients	<ul style="list-style-type: none"> • Introduction of human rights clauses to contracts for institutional clients in 2022

The challenges we address:

- Regulatory changes at the regional and global level
- Growing awareness of the importance of ESG factors





STRATEGIC PILLAR

Conscious organisation

PURPOSE: Integrating transparency and accountability



EXTERNAL ACTIONS

INTERNAL ACTIONS

ACTION




3. Effective ESG risk management

KPI

1. 100% of new transactions with institutional clients covered by ESG risk assessment from 2023

ACTIVITIES

KPI

 Review of the Bank's risk management system with regard to ESG risks	<ul style="list-style-type: none"> • Improving the procedures to enable environmentally sustainable lending in line with the EBA's 2021 Guidelines • Adapting the IT infrastructure and data structure to support ESG risk management in 2023
 Assessment of clients in terms of ESG risks	<ul style="list-style-type: none"> • Implementing the methodology and tools to support the process in 2022
 Portfolio assessment taking into account ESG risks	<ul style="list-style-type: none"> • Expanding the ESG inclusion in risk appetite and creating portfolio assessment methodologies and tools in 2023

The challenges we address:

- Growing impact of ESG risks, including climate risk
- Regulatory changes at the regional and global level





Bank Ochrony Środowiska S.A. declares that the content published in the Report in the Environmental, Social, Governance (ESG) Strategy is for informational purposes only and is the property of the Bank. Any dissemination of the content made available requires the Bank's consent in each case. The Bank declares that the overarching goals are related to environmental, social and corporate governance. Anyone interested in more information on products and services should contact the call centre or one of the Bank's branches. This document, its graphic image (the Bank's logo) and its content are the property of Bank Ochrony Środowiska S.A.. Copying them in whole or in part requires a prior consent of the Bank. Bank Ochrony Środowiska S.A., ul. Żelazna 32, 00-832 Warsaw, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000015525, Tax Identification Number NIP 527-020-33-13, share capital of PLN 929,476,710 paid in full.