

Sensitive Activities Policy

Document purpose and scope

The purpose of this Policy is to define the criteria to assess and decide whether the Group should participate in specific sensitive activities. They are sensitive due to their potential political, social, or environmental impacts which must be managed at all times. The Policy applies to:

- funding provided to customers from sensitive sectors,
- financing of political parties,
- donations made by the Group's companies.

Which ESG-related issues does the Policy address?

The Policy defines sensitive sectors and sets the criteria to assess and decide whether the Group should provide financing to institutional customers from such sectors. Financing for sensitive sectors is subject to additional risk analysis and control. In specific cases, the Group may decide not to establish a relationship with a customer or not to expand an existing relationship. The Policy sets out the tools supporting the sensitive activities decision-making: reputational risk assessment of sensitive activities and maximum limits for sensitive sector transactions. The Policy applies to the following sensitive sectors:

- entities involved in gambling,
- tobacco industry,
- cannabis industry,
- companies and organizations associated with a potentially negative impact on animal welfare (commercial organization of hunting, hunting clubs – prohibited activities under the Policy),
- media,
- religious institutions,
- other institutions, including NGOs, labour unions, associations and foundations engaged in activities of social interest, trade organisations, professional sport clubs.

The Policy also governs financing of political parties and their bodies, electoral candidates and party structures. Any donations and contributions to political parties, including their financing, expose the Group to potential risk. The financing of political parties is considered exceptional and will be carried out restrictively, requiring review and consultation. Any debt condition agreement with political parties must be submitted for consultation. Political party debt forgiveness is prohibited. In matters related to relationships with customers identified as Politically Exposed Persons (PEP) and PEP entities, the Policy refers to the Policy on the Prevention of Money Laundering and Terrorist Financing. It addresses aspects such as: screening of customers and related parties, procedures applied upon identifying a customer or beneficial owner as a PEP, as well as monitoring of clients with PEP status.

The Policy also governs donations. The Group uses donations to deliver its ESG agenda, in accordance with the sustainability management framework. The Policy states which entities can be offered donations (e.g. NGOs). It also says how to make, settle, register, monitor and report donations.

The highest management level responsible for the Policy

Risk proposals concerning transactions from sensitive sectors are considered by relevant credit committees. Such transactions are quarterly reviewed by the Risk Management Committee. The RMC is chaired by the CEO and the deputy chairman is the vice-president of the MB in charge of the Risk Management Division (CRO). All donations made by the Bank are approved by the Management Board.

Application across the Bank's subsidiaries

The Policy is applied across the Group.