

Non-Financial Statements 2019



**Non-Financial Statements of
Bank Handlowy w Warszawie S.A. and the
Capital Group of Bank Handlowy w Warszawie S.A.
for the year ended 31 December 2019**

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Letter of the President of the Management Board

[GRI 102-14]

Dear Sir/Madam,

It is our great pleasure to present this report, which sums up the activities of Bank Handlowy w Warszawie SA in the areas of corporate social responsibility, business ethics, opportunity equalization and environmental protection.

For 150 years, it has been our mission to **support progress by pursuing initiatives to develop the economy, local communities and clients and by financing projects to improve the environment in which we live and work**. As a member of the Citi group of companies, one of the largest global financial institutions, we continue those traditions and implement the principles of corporate social responsibility in every sphere of our activities.

We are a public trust institution, therefore it is our highest priority to **follow best business practices and highest ethical standards and to comply with any applicable laws and regulations**. We are a signatory to the **Code of Best Practice** for WSE Listed Companies and we adhere to the corporate governance standards for supervised institutions. We take anti-money laundering and terrorist financing issues very seriously. All our employees undergo mandatory training in those areas, as well as in the scope of economic sanctions or corruption prevention and detection, on a regular basis.

We believe that an **ethical and fair approach to cooperation with clients is the foundation of our mutual relationships**. We are one of the elite institutions-winners of the **"Super Ethical Company"** award, granted to companies that comprehensively and systemically build and reinforce an organizational culture that is based on ethics and values. We are among those few institutions that decided a few years ago to completely abandon the "small print" and asterisks in agreements with our clients. This is a rule we have continued to abide by. We responsibly structure financial solutions for clients and share our knowledge and experience with them. We opt for innovative solutions that save clients time and, above all, modernize the ways they can manage their finances. Last year, we **were the first bank in Poland to launch a fully remote and automated biometric credit process for individual clients**.



Sławomir S. Sikora
President of the Management Board

And with the same resolve we carry out our activities to protect the environment. Citi Handlowy monitors its energy consumption, upgrades its systems and lighting, and invests in thermal insulation of its buildings. Those initiatives **reduced our electricity consumption by as much as 22 percent and heating needs by 24 percent over 2016-2019**. We eliminate paper step by step. **Only last year, we reduced our paper consumption by over 3 million sheets, which means that we saved 360 trees**. We also use eco solutions. We gave our clients calendars for 2020 made of grass and natural fibers, which are 100-percent recyclable. We also expect our vendors to care for the environment.

We apply these high standards to ourselves to **create a friendly workplace**. We promote an organizational culture in which employees treat each other with respect and which allows them to reconcile their professional life with daily obligations and personal interests. One of the distinctive features of our organizational culture is diversity. We are one of only five companies awarded in the **1st edition of the Diversity & Inclusion Rating**, a joint initiative of the Responsible Business Forum and Deloitte to measure the level of progress achieved by a company in the area of diversity and towards an inclusive ethical organization.

A vital element of our activities is the support we provide to women to help them achieve their professional goals. And Citi Handlowy is a role model here. Pay, promotion and development are gender blind in our organization. **Women account for 43 percent of the members of our Management Board and lead three key areas of our activities: risk, finance and operations & technology.** And they hold 50 percent of managerial positions in the entire bank. It is our principle that women and men in equivalent job positions should receive equal pay, according to their competences. We share good practices that support diversity within the framework of the Male Champions of Change Club to inspire other companies to take up this challenge, for example by increasing the participation of women in decision-making processes or eliminating the gender pay gap.

We also strive to support women outside our organization. Owing to the activities of the Kronenberg Foundation of Citi Handlowy, we have already **contributed to the establishment of 169 companies founded by women!** This is a great success, all the more meaningful when you consider that 80 percent of those companies have stood the test of time on the market. Polish social organizations received more than **2 million zloty from the Foundation for Innovative Initiatives** that supports enterprise, including women's enterprise. In addition, **over 1 million dollars were transferred to Polish non-governmental organizations from the Citi Foundation.** The funds are allocated, among others, to projects related to the improvement of financial integration, entrepreneurship, and business development of migrants in Poland. It is a real contribution to the growth of Poland's economy and a very important element of our progress support strategy.

Social responsibility is in the DNA of our organization. **Our employee volunteering program is one of the largest initiatives of its kind in Poland. In 2019, Citi employees in Poland implemented 250 volunteering projects, getting involved 4,500 times in actions supporting 48,000 people.** We do care about making a real difference in our society, therefore our volunteering projects follow UN sustainable development goals, and especially those adopted to ensure a healthy life for all and to promote well-being, stable, sustainable and inclusive economic growth, and safe cities and human settlements.

For over a year, Citi Handlowy has worked in partnership with the Polish Paralympic Committee. Our partnership is a part of Citi's global initiative to support the Paralympic movement and aspirations to **change social attitude towards disability.** In Poland, Citi also supports, as part of the global Team Citi project, two outstanding sportspersons - Natalia Partyka, a four-time Paralympic female champion in table tennis, and Maciej Lepiato, a two-time Paralympic champion and four-time World Champion for the disabled in high jump. **Citi Handlowy was also the Main Sponsor of the Final Gala of the 1st Edition of the Sportsperson of the Year 2019** organized by the Polish Paralympic Committee, when the Sir Ludwig Guttman statuette was awarded for the first time.

One of many activities through which Citi Handlowy supported persons with disabilities and helped to build a society that accepts diversity was Citi Handlowy's participation in the largest charity business run in Poland - **Poland Business Run.** Relay races are organized in 9 cities all over Poland to support young people with amputated limbs, giving them a chance for a better life. Citi Handlowy was the sponsor of the Warsaw edition of that event - Warsaw Business Run.

All the activities I have mentioned above are very special to us. They let us make a better world. And equally importantly, we are building an organization which makes all of us proud. And this is only the beginning.



Sławomir S. Sikora
President of the Management Board
Bank Handlowy w Warszawie S.A.

About Citi Handlowy

Bank Handlowy w Warszawie S.A. [GRI 102-1] is one of the strongest financial institutions on the Polish market, combining experience and Polish banking traditions with a modern approach to finances. The Bank was established in 1870, making it the oldest commercial bank in Poland and one of the oldest continuously operating banks in Europe. Based on its long tradition and global footprint, Citi Handlowy supports breakthrough ideas and spectacular undertakings that help to refine the constantly changing contemporary world.



For over 150 years, Citi Handlowy has distinguished itself by, among other things, introducing the first Polish credit card accepted abroad, launching the first Polish 24/7 telephone banking system, CitiFX Pulse - a groundbreaking platform in Poland for foreign exchange, and by providing solutions for mass payment services - SpeedCollect, thus charting new paths of development for Polish banking.

The history of Citi Handlowy is available on the website: www.citihandlowy.pl

Since 2001, the Bank has been a part of the Citigroup global financial institution, operating in Poland under the Citi Handlowy brand and offering banking products and services to business entities, local government units and the public sector (the Institutional Banking segment), as well as to individual clients, micro enterprises and natural persons conducting a business activity (the Consumer Banking segment). [GRI 102-2]

Presently, Citi Handlowy is the leader in providing customer services to global clients operating in Poland, in treasury and investments, transaction and custody services and it has a leading position in brokerage activity, while in the consumer banking segment it leads the credit card market and Wealth Management services.

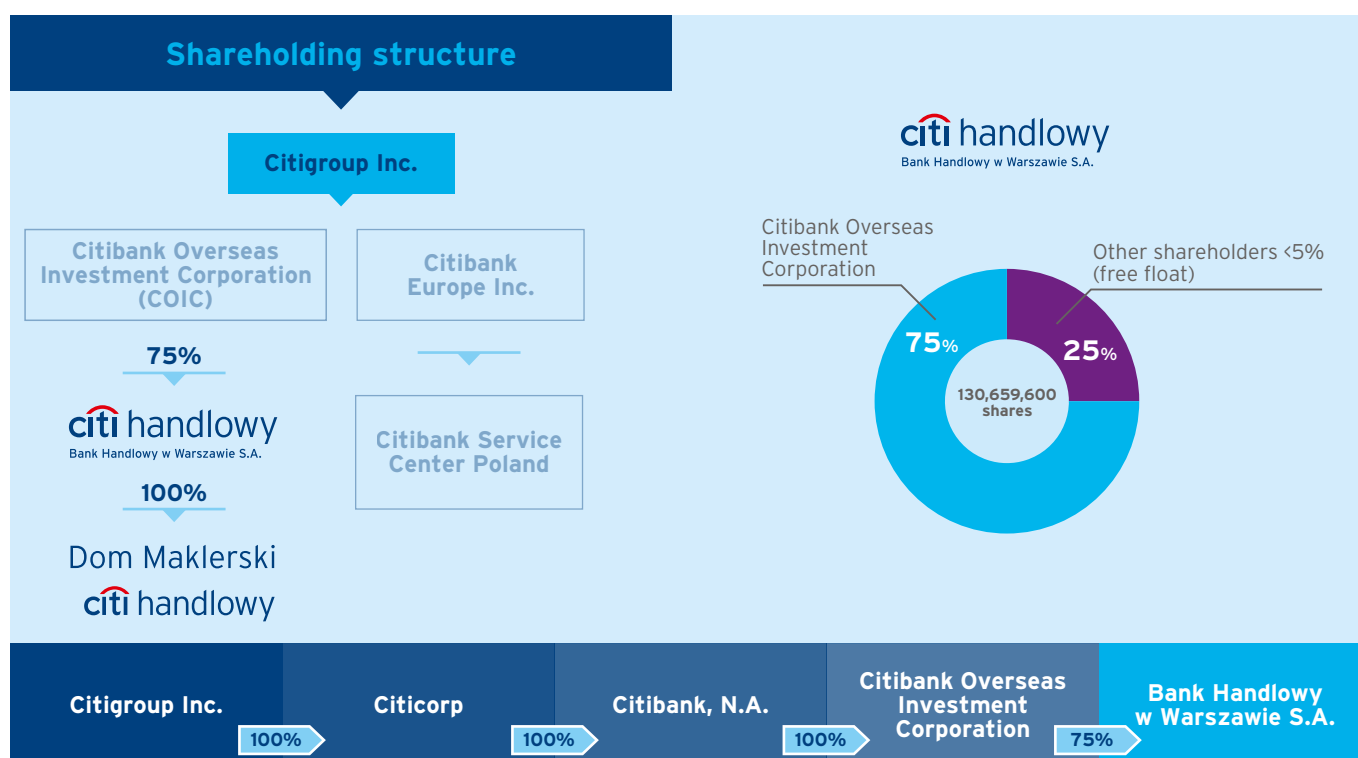
Citi Handlowy has met the highest corporate governance standard since their establishment by the Warsaw Stock Exchange (GPW) in 2003, delivering many social programs in support of financial education and employee volunteering, among others.

Both Citi Handlowy and DM Citi Handlowy (Brokerage House) are based in Warsaw, Poland. **[GRI 102-3]** Some operations are also conducted in Olsztyn and Łódź. **[GRI 102-4]**

Shareholding structure

Citi Handlowy is a joint stock company (spółka akcyjna) listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie) since 1997. **[GRI 102-5]** Citibank Overseas Investment Corporation (COIC) is the major and strategic shareholder of Citi Handlowy. COIC is the Bank's sole shareholder with at least 5% of shares

in the Bank's share capital and at the Bank's General Shareholders Meeting. The remaining shares, which represent 25% of the share capital, are the Bank's free float with the lion's share of capital belonging to financial investors (Polish and foreign pension funds and investment funds).



In 2019, there were no significant changes in the shareholding structure. **[GRI 102-10]**

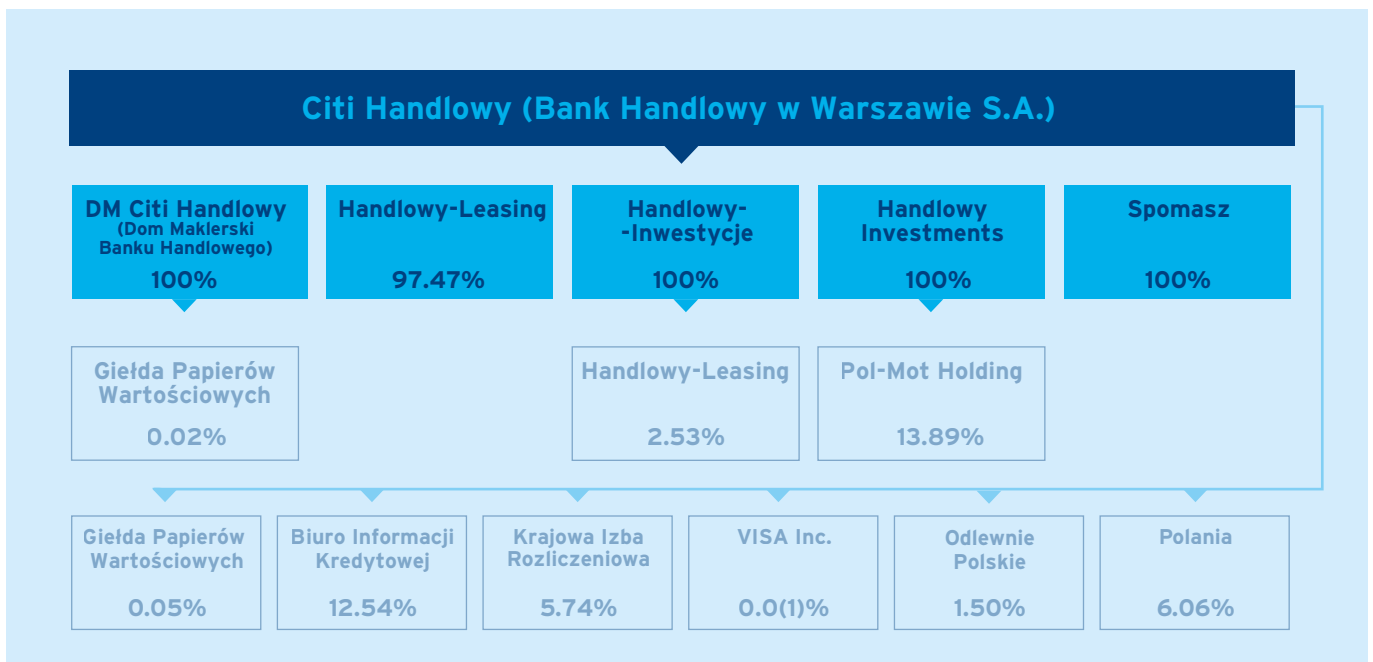
Capital Group

The Capital Group is composed of Bank Handlowy w Warszawie S.A. acting under the Citi Handlowy brand (the parent company) and subsidiaries.

Citi Handlowy is the Group's parent company with Dom Maklerski Banku Handlowego S.A. operating under the Dom Maklerski Citi Handlowy (DM Citi Handlowy) brand as Citi Handlowy's most crucial subsidiary, whose activi-

ties are complementary to the Bank's product offer and give the Bank a competitive edge on the Polish financial services market. The remaining entities do not conduct an activity which would be significant from the Group's perspective. Given these facts, in addition to the information about Citi Handlowy, only DM Citi Handlowy was additionally presented in the Report. **[GRI 102-45]**

STRUCTURE OF CITI HANDLOWY CAPITAL GROUP AS AT 31 DECEMBER 2019



Mission

The mission of Citi Handlowy is to be a trusted partner for its clients, to support their growth and to offer them financially responsible services. The goal of the Bank is to ensure that all those activities lead to economic growth and development. To accomplish this, the Bank uses the knowledge and experience of the global Citi

network, building its value on the basis of the best market experts and top-class know-how. What distinguishes Citi Handlowy from its competitors is top-quality services and relentless efforts to create banking solutions that precisely meet clients' needs and enable them to carry out their plans.



Business model

Citi Handlowy is strategically focused on its defined target market, comprising the areas of Institutional Banking (ICG) and Consumer Banking.

Citi Handlowy Pillars

- Globality
 - A bank for world travelers and investors,
 - A bank for companies looking for new markets abroad,
 - A bank for foreign businesses investing in Poland,
 - A bank in Citi global network:
 - Services for clients in 200 countries,
 - Trading on 77 markets,
- Safety and stability
 - Strong capital base, TCR of 17.2%, namely 3.6 pps above regulatory capital thresholds,
 - High liquidity, L/D at 60%,
- Confidence
 - Leader in FX services, custody services, brokerage services, Cash Management, Wealth Management,
 - First bank of choice for 73% of institutional clients.

BUSINESS SCALE

Citi Handlowy

<p>20%</p> <p>market share in Supply Chain Finance and reverse factoring</p>	<p>a-</p> <p>Viability rating (Fitch) - highest in the Polish banking sector</p>	<p>17.2%</p> <p>strong capital position - Tier1 capital ratio</p>	<p>59%</p> <p>high liquidity - loans to deposits ratio</p>
<p>2.5</p> <p>million outgoing payments monthly</p>	<p>37%</p> <p>market share in Direct Debit</p>	<p>12%</p> <p>growth yoy in credit cards transaction volume</p>	<p>3% → 70% 2018 → 2019</p> <p>digitization in Trade - growing tendency of eGuarantees usage</p>
<p>40 Supply Chain Finance programs, about 700 actively financed suppliers</p>	<p>No. 1</p> <p>★★★★★ 6th year in a row!</p> <p>Euromoney Cash Management Survey 2019 in the ranking Market Leader & Best for Overall Service</p>	<p>Over 140 currencies available within multicurrency account</p>	<p>5.7 thousand Corporate Clients</p>
<p>Digitization in CitiDirect BE</p>			
<p>36,000</p> <p>CitiDirect DE users</p>	<p>16,000</p> <p>logins using MobilePASS</p>	<p>8,500</p> <p>documents submitted via eForms</p>	<p>51 million</p> <p>transactions a year</p>
<p>We are part of Citi, the World's Most Global Bank</p>			
<p>Present in 98 countries</p>		<p>supporting clients in more than 160 countries and jurisdictions</p>	
<p>Brand with 200+ years of experience</p>			

Both Citi Handlowy and DM Citi Handlowy conduct their operations domestically and they do not have subsidiaries abroad **[GRI 102-6]**. Products and services are offered to clients through 21 branches in the 9 largest Polish cities, online and mobile banking systems, via

telephone banking, and in the consumer distribution channel Universal Brokers (mobile account managers), as well as in the network of 4,500 ATMs (in a partner network) and 50 own ATMs.

BUSINESS SCALE **[GRI 102-7]**

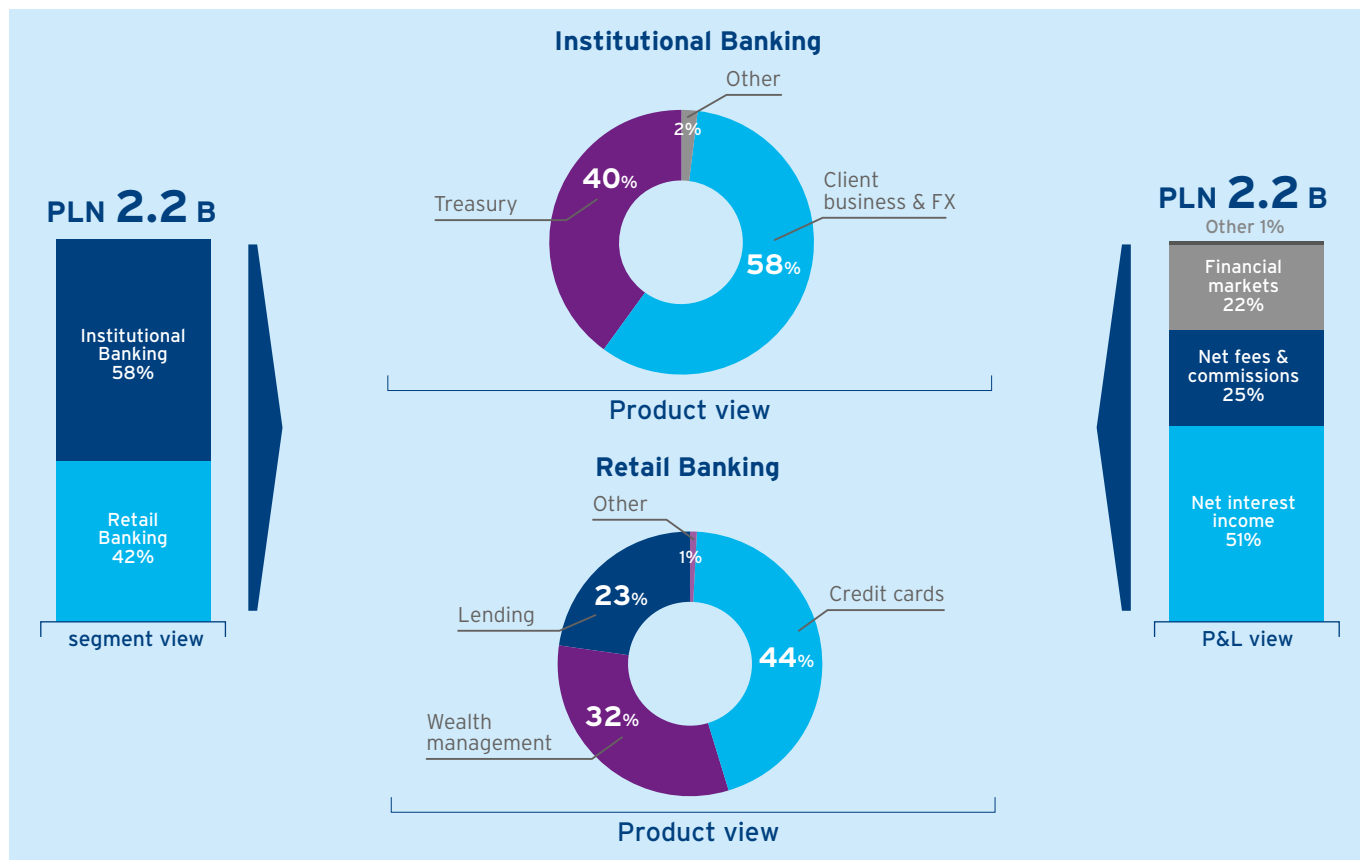
	2019	2018	2017
Corporate clients ('000)	5.7	5.7	6.2
Individual clients ('000)	674,9	687,4	691,7
Number of branches	21	23	26
Number of employees	3,071	3,276	3,487

Financial results

[GRI 201-1]

SELECTED FINANCIAL DATA ('000)	Group		Bank	
	2019	2018	2019	2018
Interest and similar income	1,406,479	1,304,514	1,405,609	1,303,310
Fee and commission income	653,409	638,961	620,027	603,439
Total expenses	1,214,768	1,179,631	1,189,843	1,155,065
Cost/Income ratio	55%	55%	54%	54%
Cost of risk	(245,718)	(63,511)	1,189,843	1,155,065
Net profit	658,192	828,668	656,189	842,273
Profit before tax	480,124	638,852	478,802	653,119
Total comprehensive income	506,572	730,458	505,318	745,025
Increase/decrease of net cash	(3,678,117)	6,960,393	(3,678,013)	6,960,340
Total assets	51,978,543	49,304,714	51,897,712	49,242,024
Loans (clients)	23,731,874	21,949,014	23,608,775	21,853,349
Deposits (clients)	39,787,802	38,334,345	39,849,772	38,395,885
Credit/Deposit ratio	60%	58%	59%	57%
Equity	7,074,655	7,056,750	7,023,703	7,007,052
Share capital	522,638	522,638	522,638	522,638
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN)	54.15	54.01	53.76	53.63
Common Equity Tier 1 Capital ratio (in %)	17.2	16.8	17.0	16.5
Earnings per share (PLN)	3.67	4.89	3.66	5.00
Declared or paid dividends per share (PLN)	-	3.74	-	3.74

GROUP'S REVENUE STRUCTURE IN 2019



IN 2019, CITI HANDLOWY CONTRIBUTED TO THE POLISH BUDGET:



Citi Handlowy Strategy

In 2018, Citi Handlowy set out its strategy for 2019-2021 ("the Strategy"). It is a continuation of the strategy for the years 2016-2018 regarding Citi Handlowy's fundamental operational framework and the strategy's focal points are:

- a coherent offer for companies seeking a global financial partner (specifically in foreign exchange products);
- maintaining its leading position in the segment of global companies;
- providing a full range of services to dynamically growing companies in a new economy, seeking complex banking solutions (for example cash management products);
- participating in transformational transactions carried out by the largest corporate clients, also with the involvement of private equity funds (e.g. LBO, IPO or M&A transactions);
- building the scale of business by pursuing strategic partnerships that will allow for both growing the customer base and building additional credit volumes through access to new, untapped groups of customers;
- the digitalization and simplification of a new customer acquisition process, i.e. the use of state-of-the-art technological solutions (such as biometrics and AI);
- growing the wealthy customer base (Citigold, Citi Private Client) thanks to continuous enlargement of the product offer, launch of extended advisory services and regular updates of our offer of structured products and investment funds;
- enhancing the Customer Experience using modern contextual banking development tools;
- keeping a leading position in credit cards;
- client security (in terms of both high liquidity, secure capital level and cyber-security);
- changing the organizational culture to simplify and streamline processes and to promote cooperation and diversity;
- increasing value for investors.

The first year of applying the Strategy brought about the first measurable effects allowing the Bank to embark on the implementation of long-term objectives:

- increase in FX volumes by 9% YoY among institutional banking customers;
- a new personalized offer for companies from the software development industry (so-called new economy), including automation of FX hedging transactions;

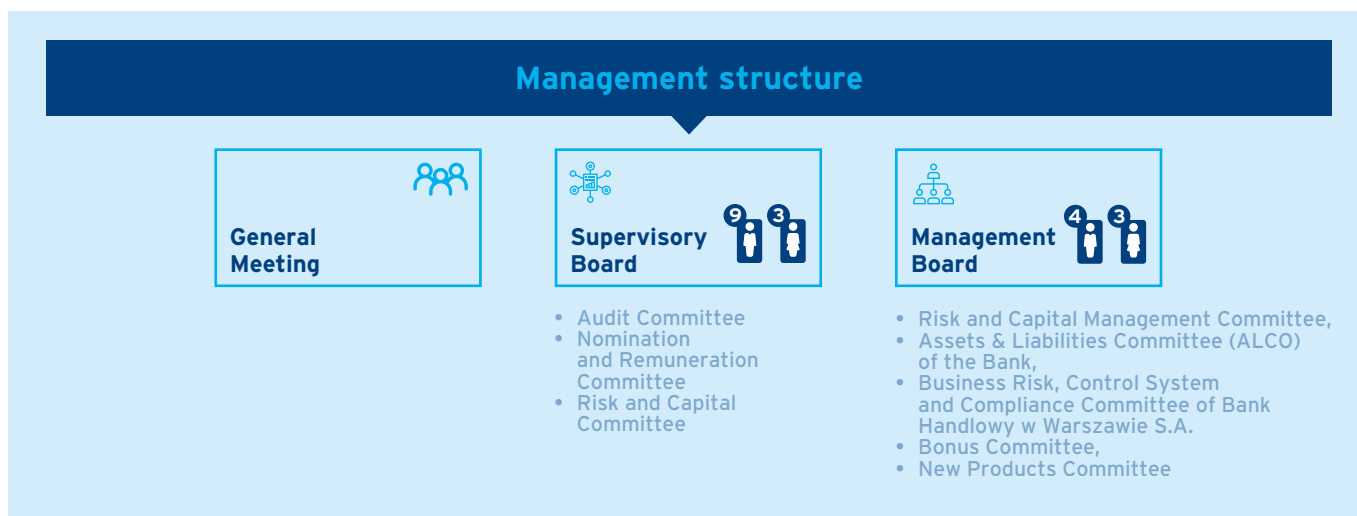
- double-digit growth in global customer assets (+ 26% YoY at the end of 2019);
- The Bank participated in the largest transactions on the corporate banking market in Poland in 2019: arranging as part of syndicated agreements PLN 3.8 billion for a client from the e-Commerce industry and PLN 1.8 billion for a client from the retail industry and conducting two securitization transactions in the amounts of PLN 1.2 billion and PLN 2.5 billion;
- implementation of the pioneering online credit approval process for new clients using biometrics;
- an increase in the number of retail clients in strategic segments: Citi Private Client (CPC) + 57% YoY, Citigold + 30% YoY and Citi Priority + 29% YoY;
- new solutions based on AI / Machine Learning (Recommendation Engine, Shopping Queen) promoting the increase of contact efficiency with clients and informing clients about benefits under the Citi Special and PricelessSpecial partner programs in real time;
- Implementation of a new CitiMobile application (offering, inter alia, a possible split of a transaction using a credit card into installments, all card related advantages in one place, the change and assignment of PIN);
- high level of capital security: high quality of assets and capital, capital adequacy ratio (TCR) at 17.2%, i.e. 3.6 pp above regulatory capital thresholds;
- continuation of automation processes at the Bank: as part of the "Paperless" project, paper consumption dropped by 26% YoY;
- in accordance with the Management Board's announcement, the Bank paid out 75% of profit for the year 2018 in the form of a dividend.

Development prospects

In 2020, the Bank will continue the adopted Strategy taking into consideration its changing environment. The Bank will pay significant attention to the development of its offer using a partner model in consumer banking, which should translate into a more dynamic increment in credit volumes. In the institutional client segment, cooperation with companies which extend or intend to extend their business abroad will remain the main focus and in the field of support processes the Bank will still be committed to the digitization and simplification of processes and their automation.

Management structure

[GRI 102-18]



General Shareholders Meeting - among other things, considers and approves financial statements and reports on the Bank's activity, adopts resolutions on profit distribution or loss coverage, grants a discharge to members of the Bank's corporate authorities from their duties, appoints and recalls members of the Supervisory Board, and defines their remuneration.

The Supervisory Board supervises the Bank's activity, including the operation of risk management systems and internal control. Its authority, in addition to the rights and duties envisaged in the legal provisions, includes, among other powers, the appointment and dismissal of the President, Vice Presidents and members of the Management Board of the Bank and defining their remuneration.

The Supervisory Board may establish **standing or ad hoc committees** to perform specified activities. The Supervisory Board's standing committees: the Audit Committee, the Nomination and Remuneration Committee and the Risk and Capital Committee. The Supervisory Board may, by a resolution, appoint committees other than those listed above, consisting exclusively of members of the Supervisory Board. A respective resolution of the Supervisory Board determines the scope of authority of such a committee. Most members of the Audit Committee, including the Chairperson, are independent within the meaning of the provisions of the Act on Auditors, Audit Firms and Public Supervision.

The Supervisory Board is composed of 12 members (9 men and 3 women). Six members of the Supervisory Board, including its Chairperson, are Polish citizens. Six members of the Supervisory Board are not related to shareholders holding at least 5% of the Bank's shares. The term of the Supervisory Board is joint and lasts 3 years.

The Management Board of Citi Handlowy directs the Bank's overall activity and represents the Bank. It defines the Bank's organizational structure, rules of the Bank's operation and work organization, and principles of the Bank's human resources policy. In addition, the Management Board is responsible for, among other things, the preparation and presentation of reports and other documents concerning the functioning of the Bank to the Supervisory Board and a General Shareholders Meeting, calling a General Shareholders Meeting, the enactment of internal regulations and the appointment of committees authorized to monitor specified issues on an ongoing basis.

The Management Board of Citi Handlowy is composed of 7 members. Five members of the Management Board are Polish citizens. Members of the Management Board are appointed for an individual three-year term.

Sustainable growth management

Activities in sustainable development are a part of Citi Handlowy's business strategy. The Bank has continuously been amongst the most socially responsible WSE-listed companies for years. That said, Citi Handlowy was rated in the RESPECT Index unceasingly from 2009 to 2019, namely throughout the whole period of the index, as well as in the WIG-ESG index which launched its quotations in September 2019.

Currently, work is underway on the development of a new sustainable development strategy for the Bank for the coming years. The main objective of these activities is to responsibly provide financial services to clients to enable their economic growth and development.

ALL CITI HANDLOWY EMPLOYEES SHOULD ENSURE THAT THEIR DECISIONS:



are in our clients' interests



create economic value



are always systemically responsible

The Bank's employees are also addressees of CSR activities. In addition to stability and attractive employment conditions, Citi Handlowy constantly works on the creation of an organizational culture where diversity is respected and support is provided in balancing work and private life. Through the Bank's Kronenberg Foundation, by way of employee volunteering and a range of programs in financial education, promotion of entrepreneurship, protection of cultural heritage, and local development, Citi Handlowy pursues its mission of modern philanthropy.

Directors of particular organizational units at the Bank will be responsible for the attainment of CSR goals while the supervision of attainment of the CSR goals will be entrusted to the Bank's Management Board. **[GRI 103-1, 103-2, 103-3]**

The attainment of these goals will also be reviewed and assessed periodically by the Bank's Management Board and Supervisory Board **[GRI 102-30,102-31,102-26]** or by third parties.

Risks related to the Bank's activity

[GRI 102-15, GRI 102-11, GRI 102-30]

RISK MANAGEMENT		
RISK	POLICIES	HOW IS RISK LIMITED
Compliance Risk	<ul style="list-style-type: none"> • Compliance Policy • Corporate Governance • Best Practice for WSE-listed Companies • Good Banking Practice Principles 	<ul style="list-style-type: none"> • Best Practices Compliance and Promotion
Reputation Risk	<ul style="list-style-type: none"> • Ethical Standards for Advertising • Rules for Personal Data Protection • "Treating the Customer Fairly" program • WSE guidelines 	<ul style="list-style-type: none"> • Customer satisfaction survey - NPS • Time required to process a complaint • The number of penalties imposed on the Bank for improper protection of customer data • Presence in the WIG-ESG Index
Environmental Risk	<ul style="list-style-type: none"> • Environment and Energy Management System 	<ul style="list-style-type: none"> • The number of penalties imposed on the Bank for non-compliance with regulations • Utilities consumption • Paper consumption and recycling • Fleet and fuel cards
Risks related to employment - human rights	<ul style="list-style-type: none"> • Code of Conduct • Employment policy • Employee development program • Remuneration policy 	<ul style="list-style-type: none"> • Working time under employment contract • Flexible work conditions • Number of trainings • Maintaining Diversity • Employee turnover rate
Social Risk	<ul style="list-style-type: none"> • Pursuit of the Kronenberg Foundation mission 	<ul style="list-style-type: none"> • Scope of the employee volunteering program • Number of volunteering work hours

In Citi Handlowy, risks which negatively affect social issues may result from relations with clients, vendors and employees.

The risk related to client relations is mitigated by providing reliable information concerning banking services and products, using ethical advertising and sales practices, timely handling of claims and complaints. In addition, the Bank monitors on an ongoing basis and implements the regulator's guidelines and recommendations, the UOKiK's (Office of Competition and Consumer Protection) guidelines and opinions, as well as judgements of common courts to make top quality banking products and services available to its clients.

The risk related to vendors is mitigated by defining transparent and objective vendor selection criteria, applying ethical business practices and conducting periodic reviews of concluded contracts.

As regards employees, a major risk factor is a potential loss of employees crucial for the Bank's development. As a preventive measure, Citi Handlowy monitors the rotation level and analyzes reasons for resignation on a regular basis. Employee resignation is analyzed on a quarterly basis, and any alarming signals are escalated to the managerial staff of specific business units. Employee rotation is monitored from three perspectives: general rotation, rotation initiated by an employee and rotation among employees with above-average performance. Remuneration levels are also subject to periodic analysis. The assessment covers both remuneration structure and level against market benchmarks. The Bank also conducts an annual anonymous employee satisfaction survey called Voice of the Employee (VoE). The results of the VoE survey are thoroughly analyzed and discussed among senior managers and top management. The analysis of the VoE results is used to design actions aimed at creating a work environment conducive to building employee engagement and satisfaction. Risks of any potential harassment or discrimination are limited by implementing policies to counteract discrimination and harassment, conducting training in that regard for all the employees and by activating an abuse notification procedure.

Environmental risk is mainly associated with a potential imposition of sanctions for lack of compliance with the legal provisions. The Group prevents this risk by applying legal provisions, monitoring its impact on the environment and by implementing pro-environmental activities.

Corporate Governance

Citi Handlowy, being an institution operating on a regulated market, abides by legal regulations applicable to banks. It ensures a high sense of business and social responsibility, observes corporate governance principles adopted by the Warsaw Stock Exchange (WSE) in the form of the document "Best Practice of GPW Listed Companies 2016" (DPSN), which can be found on the website www.gpw.pl, an official site of the WSE dedicated to corporate governance issues of companies listed on the Main Market of WSE and New Connect.

The Polish Financial Supervision Authority (KNF), in a resolution of 22 July 2014, issued a document entitled "Principles of Corporate Governance for Supervised Institutions" ("Principles"), which entered into force on 1 January 2015. The principles are a set of rules governing internal and external relations of institutions supervised by the KNF, including their relationships with shareholders and Clients, their organization, the operation of internal oversight as well as of key internal systems and functions, and of corporate bodies and their cooperation. The purpose of the principles is to enhance corporate governance in financial institutions and the transparency of their operations, which is designed to promote public confidence in the Polish financial market. The principles are available on the official website of the KNF:

www.knf.gov.pl

The Bank has adopted the Principles of Corporate Governance for Supervised Institutions by means of:

- Resolution of the Management Board of the Bank dated 9 December 2014,
- Resolution of the Supervisory Board of the Bank dated 18 December 2014,
- Resolution no. 30/2015 of the Ordinary General Shareholders Meeting of Bank Handlowy w Warszawie S.A. dated 22 June 2015.

With regard to the three principles, the decision not to apply them was based on:

- 1) Article 11.2 (transactions with related parties) - this principle shall not be used with respect to contracts tied to day-to-day operations, in particular to contracts tied to liquidity, due to the nature of transactions and the number of contracts being concluded.
- 2) Article 8.4 (electronic General Meeting) - currently available IT solutions do not guarantee a secure and efficient electronic method for holding a General Meeting. However, the Management Board does see the importance of such shareholder participation in the Bank's General Meeting, and therefore a separate decision on that matter shall be made before each General Meeting.

- 3) Article 16.1 (meetings of the Management Board of the Bank held in Polish) - meetings of the Management Board attended by foreigners, and especially foreigners who are members of the Management Board and do not speak Polish, are held in English. Simultaneously, motions submitted to the Management Board, all materials and minutes of meetings are drafted and kept in Polish.

“The Code of Banking Ethics (Good Banking Practice Principles)” is a set of rules of procedure associated with bank activities which apply, respectively, to banks, their employees and persons through whom banks execute banking activities. The text of the Code can be found on the website of the Polish Bank Association:

www.zbp.pl

The Bank’s environment is subject to strict regulations and it expects that key issues are addressed to accomplish corporate governance, which in basic terms pinpoints principles and standards for a broadly understood corporate governance.

Citi Handlowy in the WIG-ESG index

On 3 September 2019, the Warsaw Stock Exchange (GPW) published for the first time a new index, WIG-ESG. The Index is composed of only those companies which are WIG20 and mWIG40 listed, namely the largest companies listed on the WSE, recognized as socially responsible, i.e. which act in accordance with the best management standards in corporate governance, information governance and investor relations. Companies in the WIG-ESG index include companies which observe rules of socially responsible business, specifically in environmental and social aspects. As the eligibility criteria also include a liquidity factor, the WIG-ESG Index is a real reference point for professional investors, similarly to other stock market indices.

Citi Handlowy is among the companies qualified for the WIG-ESG index.

For 10 years prior to that, Citi Handlowy was rated in the **RESPECT Index** comprising companies managed responsibly and sustainably. The Bank was continuously present in the RESPECT Index since 2009, namely from the creation of the index until it ceased to be published by the WSE in December 2019.

Stakeholders

[GRI 102-40, 102-42, 102-43]

The Bank has defined groups of shareholders, which consist of: employees, investors, clients, society and regulators and environmental organizations with environmental protection supervision inspectors.

STAKEHOLDERS

STAKEHOLDERS

HOW THE BANK IS INVOLVED?

2019 EXAMPLES

Investors (strategic investor, institutional and individual investors, rating agencies and brokerage houses, WSE)

- Group meetings and teleconferences (quarterly publications of results, investor conferences)
- Face-to-face meetings

- Participation in more than 50 meetings with investors that were attended by the President of the Management Board and CFO

Employees (FTEs, students, trade unions, work inspection, former employees, subcontractors' employees incl. outsourcing)

- Intranet
- Emails
- Town Halls
- Citi Collaborate social platform
- Voice of the Employee (VoE) survey
- People Board
- Employee Volunteering Program

- 3 Town-Hall meetings with the President of the Management Board
- People Strategy
- Newsletters "Puls Citi Handlowy"
- Diversity & Inclusion Rating
- 87% of employees took part in the VoE survey
- Over 250 volunteering projects in actions supporting 48,000 people

Clients (clients, consumer organizations, UOKIK - Polish Office of Competition and Consumer Protection)

- Contact form on the Bank's website
- Social media - Facebook, including the Messenger application
- Citi Handlowy Magazine
- YouTube
- Meetings / Workshops with clients

- On average, clients submit 800 queries via social media per month
- Podcasts and video comments - over 1.34 million views
- 259 cases received by the Client Spokesperson
- Conference "e-Commerce Development"
- Conference "New Technologies and Company Development on a Global Market"
- Conference "EMEA Digital Leaders Summit 2019"
- Conference "Prospects. Women in Tech Summit"
- The European Financial Congress in Sopot

Membership in Organizations

[GRI 102-13]

Citi Handlowy is an active member of industrial organizations which act regionally, nationally and internationally.

In 2019, Citi Handlowy belonged to the following associations, chambers of commerce and foundations:



The President of Citi Handlowy's Management Board is also a member of the:

- Emerging Markets Advisory Council of the Institute of International Finance (IIF) in Washington,
- Trilateral Committee,
- Polish Bank Association Board
- AmCham's Management Board - Polish Bank Association's Board.

In 2019, DM Citi Handlowy was a member of the following organizations:

- Izba Domów Maklerskich (Chamber of Brokerage Houses),
- Polskie Stowarzyszenie Inwestorów Kapitałowych (Polish Private Equity and Venture Capital Association).

Citi Handlowy - At a Glance

Providing financial services in a responsible way

Trustworthy partner that supports its clients

Creating economic value



Global Reach - part of the Citigroup operating in more than 160 countries and jurisdictions around the world



Safety and Stability - strong capitalisation and liquidity



Diversity in Our Team - 3.1 K (employees) supporting our institutional clients and customers



Unique Offer for clients with international business who travel and invest on global markets



Institutional Clients Group

First Bank of Choice for companies with plans for international expansion and those investing in Poland

#1 among Dealers of Treasury Securities

Leader in client **FX transactions**

Leader in cash management



Consumer Banking

Light banking model based on **state-of-the-art digital channels**

A friendly Bank with smart **customer experience management**

Strong position in **Wealth Management**

#1 in credit cards in terms of credit and transaction volumes

Socially Responsible Bank



A business model that **adds value to society**



Ethics-driven decision-making and doing business in a responsible way



Taking a stand on issues that are **important for society and the economy**



Focus on **transparency of processes** and decision-making

Awards and Accolades

In 2019, the Bank, DM Citi Handlowy and the Kronenberg Foundation at Citi Handlowy were awarded prestigious titles and rewards:



- For two years, Citi Handlowy has been a member of the **Super Ethical Company Forum**. This prestigious group includes companies which are named "Ethical Company" consecutively over the period of three years. As a Super Ethical Company, Citi Handlowy shares its experience, transfers its best practices, promotes an ethical approach to business and inspires changes. Since the first edition of the competition, Citi Handlowy has been recognized for the most complex and systemic involvement in building and fostering an organizational culture based on ethics and values.
- By the end of 2019, the Bank was included in the **RESPECT Index**, the first index of socially responsible companies in Central and Eastern Europe, initiated by the Warsaw Stock Exchange. The Bank was one of the few listed companies awarded continuously since the inception of the index in 2009. Since 3 September 2019, the Warsaw Stock Exchange has published a new index, WIG-ESG, embracing large companies traded on the WSE as part of the WIG20 and mWIG40 indexes, replacing the RESPECT Index since January 2020. The Bank is among the companies qualified for the WIG-ESG Index.
- Citi Handlowy (together with Citibank Europe plc) entered the 1st edition of the **Diversity & Inclusion Rating**. This is a new initiative of the Responsible Business Forum and Deloitte, aimed at measuring the advancement level of a company in terms of building a diverse, inclusive and ethical organization. The first edition of the rating included 5 companies which demonstrated the highest level of diversity management.



- Citi Handlowy employees involved in Citi Pride Poland received (together with representatives from Citibank Europe plc), the title of LGBT+ Employee Network of the year in the competition **LGBT+ Diamonds 2019 Polish Business Awards** for taking measures supporting LGBT+ persons in the organization. This is another distinction for activities promoting a work place which supports diversity as a proxy for Citi's organizational culture.
- The Bank was ranked 4 in the category Banking financial and insurance sector in **the Responsible Companies Ranking 2019**. This is a ranking of the largest companies operating in Poland assessed for their corporate social responsibility management (CSR). The ranking enables companies to credibly assess their involvement in addressing issues related to sustainable development and is a precious educational tool.
- On the 25th anniversary of Krajowy Depozyt Papierów Wartościowych (the Central Securities Depository of Poland), Citi Handlowy was awarded **a special prize by KDPW for active support and for taking intensive measures on the Polish post-trading services market**. For years, Citi Handlowy has been the largest custody bank in Poland, the leader in terms of client assets with KDPW and one of the leaders in terms of turnover on the WSE.
- **Transactional banking** (TTS) at Citi Handlowy for yet another year in a row took first place in a prestigious ranking of **Euromoney** magazine, winning the "Market Leader" and "Best for Overall Service" titles. For six years, Citi Handlowy has been an unquestionable leader in Treasury and Trade Solutions on the Polish market.



- Yet again, the jury of the prestigious "**Golden Banker**" ranking recognized Citi Simplicity Credit Card as the best card on the market. Citi Handlowy received its fourth consecutive Golden Banker statue in the Credit Card category of the ranking "Golden Banker 2019", organized by "Puls Biznesu" and Bankier.pl. For four years, the Citi Handlowy credit card has had no competition in its category.

- The prestigious British financial magazine **Euro-money** once again distinguished Citi Handlowy in its yearly market survey of **Private Banking and Wealth Management**. Citi Handlowy was also distinguished in three categories: *Asset Management, Family Office Services and Advisory services and analysis regarding asset allocation*.
- **Citi Handlowy's Private Banking** was also awarded by **Forbes magazine**, which in its prestigious ranking once again granted **five stars to Citi Handlowy's Private Banking**. Citi Handlowy focuses on emphasizing the global nature of its offer, especially for clients doing business all over the world. This trend was very well supported by its original offer for business related to e-commerce, and a clear strengthening of the investment offer based on investment advice. Citigold Private Clients can use, inter alia, an investment platform with a multitude of domestic and foreign investment funds and the wealth management service via Citi Private Bank in London.
- **The Citibank World Elite Mastercard Ultimate** black credit card again made it to the podium of the **best prestigious cards ranking organized by Forbes**. The Ultimate black card was designed and dedicated to high-net-worth clients - the package of extra services offers, among other products, insurance worth millions of euros, assistance from a lifestyle manager and access to elite sites.
- The Bank was once again named **Leader of Treasury BondSpot Poland Market** with respect to turnover on the bond spot market. In turn, Dom Maklerski Banku Handlowego (Brokerage House of Bank Handlowy) was awarded for the highest share of a local Stock Exchange Member in session trading in shares on the WSE's Main Market.



How We Do Business

Citi Handlowy strives to be an organization which draws the best talent, hires and promotes employees based on performance and makes growth opportunities widely available. The Bank is constantly working to create an organizational culture which promotes responsible finance, where employees treat each other with due respect and dignity, and can count on support to preserve a balance between work and private life. The Bank adheres to the principles of equality in recruitment and respects the provisions of law on fair employment practices and anti-discrimination.

Code of Conduct

[GRI 102-16,103-1,103-2,103-3]

Citi Handlowy puts great emphasis on the application of top standards in serving both external and internal customers. Adherence to the principles of professional ethics in everyday activities is a fundamental responsibility of every employee.

The Bank has implemented a number of regulations that define the binding ethical standards and operating procedures in case of violations. The most important regulations are:

- "Code of Conduct for Employees of Bank Handlowy w Warszawie S.A.",
- "Work Regulations",
- "Procedure for dealing with violations of law, ethical standards and procedures in effect at Bank Handlowy w Warszawie S.A.",
- "Rules for managing conflicts of interest at Bank Handlowy w Warszawie S.A.",
- "Procedure for dealing with complaints filed by employees of Bank Handlowy w Warszawie S.A. (Employee Complaints)",
- "Product and service procurement policy and vendor management principles in Bank Handlowy w Warszawie S.A.",
- "Code of Ethics in Advertising",
- "Ethical Business Practices of Bank Handlowy w Warszawie S.A."

The Code of Conduct for Employees of the Bank ("Code") constitutes a set of the best practices guaranteeing actions towards clients and co-workers that are ethical, compliant with law and social coexistence principles, and with Citi Handlowy values. They also provide an overview of the Bank's most important regulations, which determine the code of conduct for employees.

Citi Handlowy obliges all its employees to abide by the standards and values set out in the Code of Conduct. This is demonstrated by our commitment to maintaining the highest ethical standards and the professional fulfillment of duties. Guided by ethics in all their activities, Citi Handlowy's employees create a valuable organization. Hence the Bank can provide better services to the clients, counterparties and communities with whom Bank has established business relations. This makes Citi Handlowy a better place to work for existing and potential employees. **[GRI 102-16]**

All Bank employees regardless of their position are obliged to follow ethics in their conduct, which means, among other things:

- seeing actual or potential problems of an ethical nature,
- being aware of the duty to report and respond to such problems,
- elimination of factors which may discourage us from reporting problems of an ethical nature

Citi Handlowy introduces the expected standard of conduct to Employees, dedicating a separate module to ethical issues during the Orientation training organized for new employees on the first day of work.

What is more, all Citi Handlowy's employees are obliged to complete an annual training related to the Code of Conduct for Employees, which is designed to make them familiar with the basic internal regulations applicable at the Bank related to professional conduct at work and to provide them with some skills related to the identification of dubious situations which have to be reported. **[GRI 102-17]**

TRAINING "CODE OF CONDUCT FOR EMPLOYEES OF BANK HANDLOWY W WARSZAWIE S.A." [GRI 412-2]



ETHICS DAY 2019

In 2019, Citi Handlowy yet again held the Ethics Day for employees to address the issues of the employee code of conduct and ethical standards, and to highlight what actions should be taken by each employee to eliminate all unethical conduct, and how such conduct can be reported. **[GRI 102-17]**



Counteracting discrimination

The Bank supports protection and observance of human rights worldwide by adhering to the fundamental principles enshrined in the Universal Declaration of Human Rights of the United Nations, Declaration on Fundamental Principles and Rights at Work of International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

The Bank takes seriously its duty to observe human rights. Its support for those principles is reflected in our policies and rules of conduct for employees, suppliers, customers, communities and countries in which we operate.

Citi Handlowy conducts operations in a way that respects human dignity, opposes all forms of discrimination and absolutely observes the right to equal treatment regardless of age, sex, ethnic and national origin, religion, belief, socio-economic status, marital status, sexual orientation, health, convictions, disability, trade union membership, or other factors. This information does not constitute criteria for the Bank during the recruitment of employees, their promotion or dissolution of the employment contract with them, access to training or fringe benefits.

The Bank provides employees with a work environment where workforce diversity is treated as a value, which appreciates and respects differences between employees. At Citi Handlowy, diversity is treated as

an indicator of the organizational culture. It is about ensuring that the organization employs people with different work experience and ages, and that the people

in the minority due to their origin, sexual orientation or views can feel good at Citi Handlowy and have the same opportunities to grow their careers.

Diversity in Citi Handlowy

Diversity and equality in Citi Handlowy includes:

- Making staff-related decisions, including remuneration on the basis of performance assessment, professional knowledge and experience, skills and competences;
- Respecting and promoting principles of equal treatment and discrimination prohibition;
- Ensuring equal chances for employees in terms of access to development initiatives and trainings offered by the Bank;
- Building diversified working teams, among others, owing to the Beyond Borders initiative;
- Ensuring a friendly work environment and organizational culture based on mutual respect. In 2019, Citi Handlowy also commenced activities aimed at developing the best practices based on kindness in mutual cooperation under the People Strategy;
- Familiarizing all employees with the Work Regulations of Bank Handlowy w Warszawie S.A. and with the Code of Conduct for Employees, which include information on principles of equal treatment in employment and prohibition of any practices which could constitute discrimination, harassment and bullying, and oblige every employee of the Bank to respect the dignity of employees and colleagues, as well as information

and educational activities in this regard.

- Promoting and supporting employee initiatives, in particular Citi Women Network, Disability Network, Citi Pride Network, charity activities and group sport activities.
- Enabling employees to freely express their opinions, e.g. in the "Voice of the Employee" survey or "Exit Interview"; and through a newly appointed "People Board";
- Ensuring an internal early warning and ethical concerns reporting system;
- Supporting employees in ensuring an appropriate balance between professional and private life, also as part of initiatives following the Work-Life Balance group;

Detailed information concerning Citi Handlowy support for diversity may be found in the chapter entitled "**Development of talent and diversity**".



Using any form of discrimination, regardless of whether it is committed by line managers, colleagues, customers or suppliers, is prohibited at Citi Handlowy. Such practices are not congruent with the organizational culture of Citi Handlowy, where employee relationships are based on mutual respect, professionalism and respect for others. The policy of Citi Handlowy prohibits reprisals against whistleblowers who have notified cases of occurrences undesirable in the work environment that have been mentioned above, or persons participating in explanatory proceedings conducted in accordance with the "Procedure for dealing with complaints filed by employees of Bank Handlowy w Warszawie S.A. (Employee Complaints)."

The Bank takes preventive actions to counteract discrimination, consisting of a range of educational activities aimed at raising awareness as regards discrimination, unequal treatment, bullying and actions which can bring about the proper organizational climate favorable to the fair play principle in the work place (primary prevention).

TRAINING "UNDESIRABLE SITUATIONS IN THE WORK PLACE"



As part of secondary prevention, the Bank provides a possibility to submit complaints regarding undesired behaviors by developing respective procedures **[GRI 103-2]**:

- Procedure concerning rules of conduct when complaints are submitted by employees of the Bank (Employee Complaints), which concerns the submission and consideration of complaints concerning discrimination, including harassment, unequal treatment, bullying, and allows every employee who claims to be the victim of undesirable phenomena in the work environment to submit a complaint; this procedure also binds witnesses to undesirable phenomena to submit them (do not be indifferent - respond - counteract - tell!).
- Compliance Department Procedure: Procedure for dealing with violations of law, ethical standards and procedures in effect at Bank Handlowy w Warszawie S.A.
- System for monitoring and evidencing behaviors which constituent elements of harassment (this serves the purpose of protecting the victim from any further such behaviors): register of employee complaints, register of court actions.

Notification of breaches and unethical behaviors

[GRI 102-17]

Each employee of Citi Handlowy is obliged to report immediately any unethical behavior. The rules specifying methods of reporting violations of law, ethical standards and procedures applicable in the Bank, and also the procedure for their consideration are set out in the "Procedures in the event of violation of law, ethical standards and procedures in effect at Bank Handlowy w Warszawie S.A." While the rules specifying how such cases like discrimination, bullying, (sexual) harassment or any unequal treatment during employment other than discrimination are to be reported by employees of Citi Handlowy, candidates for work and former employees and the procedure for their examination are set out in the "Procedure for dealing with complaints filed by employees of the Bank (Employee Complaints)". **[GRI 103-1, GRI 103-2]**

Each Citi Handlowy employee may report the infringement of ethical standards anonymously (Anonymous report) or by providing his or her personal data (Confidential report).

Bank Employees may anonymously notify any breaches of law, ethical standards as well as procedures in force in the Bank via the Board Member's Ethical Helpline. It is a special, independent and autonomous communication channel in the form of a separate, dedicated telephone line to a Member of the Management Board and postal address for correspondence.

Anonymous reports are passed to the appropriate Member of the Management Board supervising the Risk Management Sector by phone or by mail via the Ethics Helpline. If a report concerns a Member of the Management Board, the report may be passed to the Chairperson of the Supervisory Board by mail or via electronic channels.

Confidential Reports may be delivered directly to the following persons or business units:

- the direct superior or a higher-level superior,
- an employee of the Compliance Department,
- a representative of the Human Resources Division,
- an employee of the Audit Department,
- an employee of the Legal Division if legal provisions are infringed,
- a Member of the Management Board of the Bank supervising the Risk Management Sector.

Confidential Reports may also be sent via the Ethics Helpline or by:

- e-mail,
- mail.

In case of questions concerning proper conduct in a given situation, employees should contact one of the following persons or organizational units:

- the direct superior or a higher-level superior,
- an employee of the Compliance Department,
- a representative of the Human Resources Division,
- an employee of the Audit Department,
- an employee of the Legal Division if legal provisions are infringed, an employee of Citi Security and Investigative Services (CSIS),
- a Member of the Management Board of the Bank supervising the Risk Management Sector,
- the Chairperson of the Supervisory Board - if a report concerns a Member of the Management Board by email or mail.

Responsible Customer Relations Management

The establishment of client relations based on trust and a shared vision of growth is Citi Handlowy's mission and biggest ambition. A strategic goal of the Bank is to attain a level of client satisfaction that will naturally translate into unwavering loyalty to the Bank. Therefore, Citi Handlowy undertakes a range of activities on the basis of surveys and feedback from clients, the purpose of which is to enhance and elevate the quality of our customer service standards and product offer on an ongoing basis. Following changing expectations among Citi Handlowy's clients, one such activity is the adaptation of brick-and-mortar customer services to new technologies. At present, over 95% of bank transactions are concluded individually via Citibank Online. The Smart Banking Ecosystem allows Citi Handlowy clients to conclude financial transactions independently, pay in/withdraw cash from FX ATMs, obtain a credit card and learn interactively about special rebates for holders of Citi Handlowy cards.

Opening of a new Smart branch in Galeria Mokotów shopping mall (Warsaw).

In order to use advanced technologies to improve the client experience and respond to their needs, the Citi Handlowy has opened a new Smart branch. The new, more spacious facility is a very convenient location for clients. It has been equipped with state-of-the-art interactive tools and is also available on days off for clients.



Internet Banking

The Bank has prioritized the development of online banking platforms in order to facilitate contact with the Bank when the client needs such contact.

In 2019, a new application module for credit card holders was introduced:

- 1** THE MOST IMPORTANT INFORMATION ABOUT THE CARD IN ONE PLACE
- 2** IMMEDIATE ACCESS TO TRANSACTION HISTORY
- 3** DIVIDING CREDIT CARD TRANSACTIONS
- 4** POSSIBILITY OF ASSIGNING AND CHANGING PIN CODE FOR CREDIT CARDS
- 5** ALL CARD BENEFITS IN ONE PLACE

Biometrics

As the first bank in Poland, Citi Handlowy has launched an entirely remote and automated loan process based on biometric solutions. Thus, the waiting time to obtain a credit decision may be reduced to as little as 30 minutes.

The new loan application process of Citi Handlowy comprises three stages:

1



FILLING IN THE APPLICATION

the client can fill in the loan form on any device without the need to install an application.

2



BIOMETRIC CONFIRMATION OF IDENTITY

remote confirmation of the client's identity. This is possible thanks to the use of face biometrics and the so-called selfie. When applying, the client will be asked to take a photo of their ID card and a photo of their face (selfie). The biometric solution not only confirms that the selfie complies with the photo on the document, but also the authenticity of both the ID card and selfie.

3



AUTOMATIC INCOME VERIFICATION

this is the last stage of the process - the client attaches income documents in the required pdf format, thanks to which their automatic verification takes no more than several seconds.

Secure banking

Citi Handlowy ensures the safety of its clients throughout the entire process of using banking services. Global security standards, multi-layered transaction authorization, text messages to confirm transactions or notify of a failed attempt to log in, specialists who monitor the system 24/7 - all this to ensure full security while using Citibank Online.

Citi Handlowy services are secured with a security certificate issued by DigiCert. A security certificate is a digital signature of a site which confirms that a user is in a service owned by our Bank. The certificate ensures that all confidential transactions executed via Citibank Online are protected with the use of SSL encryption.

Transactions using debit and credit cards are secured by the "Confirm your transaction" text service. Using this service, clients of Citi Handlowy are notified by text message about a transaction which may be suspicious from the point of view of the Bank.

As a bank, we want our clients to be aware of existing threats and able to eliminate some of them independently, hence, as Citi Handlowy we educate our clients on our internet sites in warnings and recommended actions, which can increase security when using electronic banking services.

The Citalerts service, available in the form of notifications, as text, e-mail as well as push messages, allows for ongoing monitoring of activity on bank accounts and credit cards. Thanks to the service, the user may receive notifications about each transaction immediately after it has been carried out.

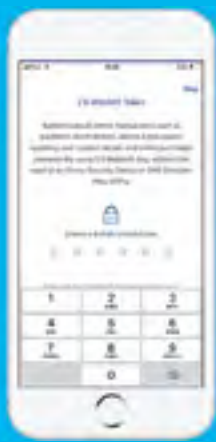
The Citi Mobile application does not record any financial data or any information on the client's products. It is updated and tested in respect of security on an ongoing basis. It has been equipped with a mobile token function, which significantly increases the security of the application, and also allows for convenient authorization without codes delivered by text. The bank recommends using the newest version of the application and the newest available versions of the operating system (Android or iOS) for phone.

Citi Mobile Token – transaction security in your phone

A new mobile transaction authentication method – Citi Mobile Token: confirming operations/transactions in the mobile application, instead of text codes.



A new mobile transaction authentication method – Citi Mobile Token: confirming operations/transactions in the mobile application, instead of text codes.



The Citi Mobile Token increases the security of online transactions, ensuring secure two-factor authentication.

When should the Citi Mobile Token service be used?

- transactions in Citi Mobile
- transactions in Citibank Online
- online transactions

Client Data Protection

Citi Handlowy undertakes to protect private and confidential information about its clients and to properly process that information pursuant to legal regulations, including the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). Those rules are described in the "Rules for Personal Data Protection at Bank Handlowy w Warszawie S.A."

Citi Handlowy gathers, keeps and processes clients' personal data so that products and services offered to clients are more efficient in meeting clients' financial needs, helping them attain their financial goals. With this in mind, the Bank makes every effort to implement and maintain appropriate systems and technology, and to properly train employees who have access to such information.

Suppliers whose services are used by Citi Handlowy also have an obligation to protect confidentiality of information, including personal data and confidential information they receive from the Bank. Citi Handlowy also observes its own stringent internal standards and regulations concerning the confidential nature and security of information and personal data (standards concerning information systems management, information security standards, general provisions on security). Concerned about the issue of security, the Bank applies the best standards and uses such information only for justified reasons related to the performance of business duties, makes it available only to authorized persons and organizations, and keeps it in a proper and secure manner. Regular audits are conducted in this regard, validated by certificates of compliance with ISO 27001 and ISO22301 for all processes, products and services provided by the Bank to its clients.

Citi Handlowy's commitment to ensuring the protection of clients' personal data at the highest level is proven by the fact that no penalties were imposed on the Bank related to the infringement of client data protection in 2019.

Customer satisfaction surveys

Citi Handlowy conducts regular customer satisfaction surveys among both institutional and retail clients. NPS (Net Promoter Score) is the key measure of quality. NPS measures clients' propensity to recommend the Bank and thus their satisfaction regarding provided services. Surveys cover Citi Handlowy's key client segments, products and processes as well as the most important channels of communication (i.e. Citibank Online, CitiPhone, branches). Scores and comments are analyzed by a team which analyses client experiences and the results of such analyses and proposed enhancements are discussed at a monthly meeting with the Bank's management.



Within the institutional part of the Bank, the existing quality management system is based on ongoing measurements of expectations and opinions as well as client experiences at every stage of their cooperation with the Bank. Work with such feedback has resulted in, among other advantages, better CitiPhone service quality and deeper client-account manager relations. Processes for opening an account in the Bank were shortened and simplified, and processes related to submitting applications for products were streamlined. New solutions launched by Citi Handlowy are tested with clients at the implementation stage to ensure that they meet all their needs. Meetings with account managers are a natural platform for a dialogue with clients and open conversations, as well as an opportunity to gain a broader perspective on challenges which a given business client faces, and to specify in more details the client's expectations with respect to products and services offered by the Bank.

Citi Handlowy meets client needs

The sound position of Citi Handlowy in providing customized solutions for clients was confirmed by many awards and recognitions won in 2019. One was the award granted in the 10th edition of the ranking prepared by Bankier.pl and Puls Biznesu for the Citi Simplicity credit card, which won the Golden Banker award for the fourth time in a row in the product category: "best credit card". Other awards have been granted, among others, by the British financial magazine Euromoney for the best transactional banking in the Polish market under "Market Leader" and "Best for Overall Service" categories.



Citi Handlowy promotes the idea of high customer satisfaction not only through NPS tests. In 2018, the Bank systematized its approach to searching, recording and changing the customer experience in relations with the Bank. Selected units not only analyse client complaints, but also search for information on customer experience in NPS forms, comments posted on social media or among employees of the Bank who are also its clients. The initiative engages the senior management of the Bank, which regularly contacts clients via telephone and in person to discuss their experiences with Citi Handlowy and subsequently improve processes and procedures, as well as continuously improve customer satisfaction. Every employee at the Bank is involved in building a new organizational culture, predominantly for clients, and in delivering increasingly revamped solutions. Growth of customer satisfaction is among the Bank's key goals for 2020.

Communication with clients

For more than seven years, Citi Handlowy has consistently pursued its transparent client communication strategy, systematically aligning its offer with client needs. As part of projects such as "Treating Customers Fairly" requirements were defined regarding communication, which were necessary for conducting product campaigns. Given the above, despite dynamically changing market conditions, clients can be sure that they will be informed of Citi Handlowy's products in a fair and transparent manner. At the same time, Citi Handlowy ensures that its agreements are explicit and its information concerning costs, risks and potential advantages is transparent. All employees of the Bank who are responsible for a product offer are also trained in transparent communication standards and are obligated to abide by them. In addition, the policy and standards of top quality customer service, complaint processing and responsible marketing at Citi Handlowy are governed by internal regulations, including the Code of Ethics for Advertising and the Ethical Business Practices of Bank Handlowy w Warszawie S.A. **[GRI 103-2]**

Video podcasts and commentaries of Citi Handlowy

In 2018, Citi Handlowy launched its series of podcasts "Listen to the Market" as a convenient and easily understandable source of information about international and local markets for the Bank's clients. In regular episodes, Citi Handlowy's experts comment on the stock exchange situation and analyse the importance of global economic developments. In 2019, experts from the Citi Handlowy Investment Funds & Advisory Bureau recorded 23 podcast episodes which were listened to almost 4,000 times on Soundcloud. Together with the BusinessInsider.pl portal, Citi Handlowy also recorded 11 video materials from the "Analysis of the Week" cycle, in which the current market situation was also commented.



Video podcasts and commentaries are published:



on Facebook,



on Twitter,



on the BusinessInsider.pl portal,



and also sent to clients in the form of a link in a text message (podcasts).

The total reach of podcasts on social media (Facebook and Twitter) and online (businessinsider.pl and soundcloud.pl) was **1.34 million views**.

All episodes are available at:



www.soundcloud.com

Complaint management in Citi Handlowy

➤ Complaint management in the segment of institutional clients

Information on the submission of claims and complaints filed by institutional Clients of Citi Handlowy is available on the Bank's website in the "Complaints" tab.

www.citihandlowy.pl

Institutional clients of Citi Handlowy may submit complaints using several channels of communication. Clients can submit comments:

- by email to the address: citIService.polska@citi.com
- by phone - in CitiService and directly to the CitiService Consultant's phone number;
- in person at any unit of Citi Handlowy that serves clients of the Corporate and Commercial Bank Sector;

- in writing to the address indicated on: www.citihandlowy.pl, in the section Important addresses or by mail.

If claims related to a complaint are not accepted, Citi Handlowy notifies clients of the possibility to present the claim to the Court of Arbitration at the KNF in accordance with its rules or to a common court, and in the case of clients who are natural persons conducting a business activity individually or as a partner in civil partnership, also of the possibility to submit a motion to the Financial Ombudsman. Information regarding these options is made public on the Internet.

www.rf.gov.pl

An important quality-related element is the time taken to respond. The key indicators applicable to client claims and complaints are presented on a monthly basis to the Operational Risk, Control and Compliance Committee. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank. **[GRI 103-2, GRI 103-3]**

STANDARD RESPONSE TIME TO CORPORATE CLIENT COMPLAINTS (BUSINESS DAYS) IN 2018-2019

Year	2019	2018
<5 business days	74%	61%
6-15 days	20%	24%
16-30 days	5%	8%
>30 days	1%	7%

NUMBER OF COMPLAINTS FROM CITI HANDLOWY CORPORATE CLIENTS

Year	2019	2018	2017
Total number of complaints submitted	1,383	1,615	2,130
% of complaints resolved in favor of the client	95%	91%	91%

➤ Complaint management in the segment of consumer clients

Information on possible channels for submitting claims, complaints and grievances by retail clients of Citi Handlowy is easily accessible on the Bank's website. It is possible to submit comments by:

- sending a message after logging into the electronic banking system - Citibank Online www.citibankonline.pl,
- sending a letter to the Bank's address,
- in person in a Citi Handlowy branch,

- sending an email message to the address: listybh@citi.com or - in the case of escalation - to the Client Spokesperson to the address: rzecznik.klienta@citi.com
- contact with CitiPhone.

In 2019, as a result of an employee initiative, the response time to client queries was reduced to 1 business day. This enables clients and the Bank to continue being engaged in a dialogue and provide answers in the shortest possible time.

Citi Handlowy notifies the possibility to resolve disputes amicably in relations with retail clients and this information is made public on the Bank's website. An important quality-related element monitored in the complaint

handling process is the response time. The standard time for consideration of the complaints filed by Citigold and Citigold Private Clients is one business day, and 4 business days for clients from other segments.

STANDARD RESPONSE TIME TO CONSUMER CLIENT COMPLAINTS (BUSINESS DAYS) IN 2019

1 business day	4 business days
Citigold and Citigold Private Clients	Other segments

The time required to process complaints was the same in 2018.

NUMBER OF COMPLAINTS FROM CITI HANDLOWY INDIVIDUAL CLIENTS

Year	2019	2018	2017
Total number of complaints submitted	54,619	62,034	50,278
% of complaints resolved in favor of the client	12%	15%	27%

The Bank logs each case of dissatisfaction or inconsistency identified by clients as complaints. 88% of cases involved queries, explanations or complaints where the error originated outside the Bank. Analyses of complaints and clients comments, their handling and related conclusions for the needs of the Bank's operations are presented at meetings of the Consumer Bank's Customer Experience Council held on a monthly basis. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank in consecutive months.

In 2019, Citi Handlowy took another step towards digitalization of its processes in line with client expectations. The bank continued to develop its social media communication channel (Messenger). Each month, this channel services around 800 client queries, which constitutes an increase of 40% in relation to 2018. In addition to standard queries about how its products and services work, the Bank extended the chat bot functions to include automated and customized information about rebates in the Citi Specials program. The chat bot can answer client queries about Citi Specials in a few seconds without staff involvement.

As a means of contacting the Bank, chat is also enabled on the official website of Citi Handlowy. A specialized group of consultants responds to queries posted by Bank clients online. In our satisfaction survey, 79% of Citi Handlowy's clients confirmed their satisfaction with the degree of commitment demonstrated by consultants to solve their problem; 82% of clients claim that their issue was resolved fully or in part.

➤ Complaint management in the segment of DM Citi Handlowy clients

Information on possible submissions of claims, complaints and grievances is made available on DM Citi Handlowy's website:

www.dmbh.pl

DM Citi Handlowy clients can submit comments:

- in writing (by letter) to the address of the headquarters,
- in person through the customer service unit or the Order Acceptance Point at DM Citi Handlowy,
- by telephone,
- in electronic form, using electronic communication methods, e.g. electronic mail.

If a complaint is not submitted by letter, DM Citi Handlowy provides confirmation of complaint submission in a form agreed with the client. Complaints submitted to DM Citi Handlowy are considered without delay and no later than 30 days of their receipt.

Client Spokesperson

Institutional Clients Spokesperson

The Corporate Client Spokesperson function was launched by Citi Handlowy in August 2017. The main duties of the Spokesperson include: coordination of the process of examining complaints and grievances submitted by corporate clients to the Bank, analysis and monitoring the process of handling complaints and grievances from clients, providing the Management Board of Citi Handlowy with information regarding the scope and scale of complaints and grievances submitted by corporate clients to Citi Handlowy, cooperation with units of the Bank in order to improve the quality of services and products offered to corporate clients, and to increase client satisfaction and loyalty. Institutional clients of Citi Handlowy may also contact the Spokesperson by sending a message using the form available on the Bank's website at

www.citihandlowy.pl

Clients may also send their opinions and comments to the Corporate Client Spokesperson, which help us to improve the products and services offered by Citi Handlowy. By the end of 2019, one such submission was made directly to the Corporate Client Spokesperson.

Consumer Bank Client Spokesperson

The function of Client Spokesperson was created in 2009 to both strengthen cooperation between the Bank and clients and increase client satisfaction with respect to the products and services offered by Citi Handlowy. The Bank invites its Clients to engage in a dialogue through contact with the Client Spokesperson. Clients are able to share their opinions, comments and suggestions about the functioning of the Bank, and are provided with another opportunity to have their unsuccessful complaint examined again. Clients can contact the Client Spokesperson by sending an enquiry to the Client Spokesperson. In 2019, the Client Spokesperson received 259 issues for consideration.

Client education

A different type of activity, which is not obligatory but perfectly fits into the overall effort of Citi Handlowy to provide security and accessibility of banking products, is financial education of existing and potential clients of the Bank.

Through the Citi Handlowy Kronenberg Foundation, the Bank carries out programs aimed at building the financial awareness of Poles and shaping their personal finance skills, as well as preventing financial exclusion of specific social groups. A number of business support projects addressed to dedicated groups: young people, migrants, or women, constitute an element of implementation of the Foundation's mission. Individual initiatives allow participants to set up a business, as well as support existing young business entities through mentoring and networking tools.

We supplement the activities of Citi Handlowy in this area with competitions for micro-entrepreneurs and Polish companies conquering international markets, as well as entities from emerging markets investing in Poland (Emerging Market Champions Initiative).

The Foundation also fulfils its tasks through a research program under which, among other, Polish attitudes towards finances are analyzed, the condition of the Polish start-up ecosystem is diagnosed, or the most innovative market segments are shown - i.a. the e-commerce industry or Polish software houses, and various aspects of operation of Polish businesses abroad.

In addition, Citi Handlowy develops its internet sites to include the most important educational materials concerning transaction security and use of products and mobile access.

Educating clients on their products as well as knowledge on how to use them in the best possible way is also very important for the Bank. For this purpose, Citi Handlowy created on its sites the Most Frequently Asked Questions section:

www.online.citibank.pl

Educational materials are also prepared for clients on learning to manage their credit and credit history, observe current credit repayment dates and why these issues are important.

Responsibility in the Supply Chain

Citi Handlowy cooperates with many local and global vendors. The Bank attaches huge importance to ethical, social and environmental standards, and involvement in social activities constitutes a permanent part of our history and values. The objective of Citi Handlowy is to observe those principles also in cooperation with partners, including Bank vendors. **[GRI 102-9]**

The Procurement Policy

[GRI 103-1, GRI 103-2, 103-2]

The risk associated with improper vendor relations might prejudice the Bank's ability to provide banking services. Therefore, it is important to introduce mechanisms which guarantee that material elements of social responsibility are included in the assessment of suppliers offers as well as that framework agreements contain provisions which ensure the right to control declared rules and principles and offer the possibility to terminate the agreement by Citi Handlowy if they are violated. The adoption of uniform rules for selecting vendors makes it possible to ensure a cohesive and uniform policy regard to the management of risk associated with the selection of vendors of goods and services, and enables the achievement of short-term and long-term objectives of the Bank arising from its strategy.

The principles of cooperation with vendors of the Bank are regulated by the "Product and service procurement policy and Vendor management principles in Bank Handlowy w Warszawie S.A." This policy sets forth:

- Principles for selecting vendors of goods and services and of procurement,
- Principles for managing cooperation with vendors of goods and services,
- Ethical Business Practice of the Bank.

Selection Criteria of Vendors

Citi Handlowy cooperates with numerous business partners from various segments of the market. The selection of vendors at Citi Handlowy is based on tendering or bid assessment procedures in order to apply objective selection criteria. In order to ensure the transparency of procurement, technical and commercial assessments of bids are performed by independent units of the Bank.

The main vendor selection criteria at Citi Handlowy are as follows: favorable relation of quality to cost of supplying service/goods, as well as procurement lead time and payment terms. The results of due diligence carried out by the Bank are also taken into account to confirm the technical and financial credibility of offerors as well as other parameters specific for a given tender.

Environmental and social factors are also taken into account by Citi Handlowy.

Ethical and Environmental Standards

Citi Handlowy aims to achieve the highest ethical standards. Therefore, it expects a similar approach from vendors in their commercial practices and daily business contacts, including meeting all of the necessary legal requirements, observing legal regulations, and good business practices. Contracts concluded by Citi Handlowy with vendors of goods and services include ethical and environmental clauses.

Ethical Business Practice is incorporated in Citi Handlowy's procurement policy and contains guidelines for both current and future vendors of the Bank. Citi Handlowy's objective pertaining to cooperation with vendors is to increase the awareness of vendors in the area of good business, ethical, social and pro-ecology practices. Citi Handlowy encourages all vendors to aim at implementing similar principles in their companies and to seek further improvements in those areas.

The main guidelines in the Bank's Ethical Business Practice include, without limitation:

- business honesty, including compliance with the principles of anti-bribery policy;
- respect for human rights and fair competition at the workplace;
- compliance with Labor Code regulations with respect to employment, working time, remuneration, respect for employees, prevention of discrimination, occupational health and safety;
- respecting the ban on child and compulsory labor;
- environmental protection - environmental policy, optimized use of materials and goods, prevention of environmental pollution, recycling, reduction of pollutant emissions, sustainable management of resources, protection against hazardous materials and forest protection.

The Bank attaches considerable importance to agreements with suppliers concluded by the Bank containing provisions compliant with Ethical Business Practices. Currently, 90% of agreements with suppliers contain ethical clauses.

Each organizational unit being the vendor contract owner must provide for ongoing monitoring of the proper fulfilment of contract deliverables. In addition, for outsourcing contracts and vendors with annual turnover above the limit defined in the procurement policy, the contract owner must carry out an Annual Review of Agreements and Cooperation with the Vendor. During 2019, 362 contracts were subject to Annual Review of Agreements and Cooperation with the Vendor.

Additionally, each "Vendor Manager", i.e. the person coordinating cooperation with suppliers within a given Bank organizational unit, has been trained in the rules of cooperation with suppliers of Citi Handlowy. In 2019, the training was completed by 35 (100%) new "Vendor Managers".

Communication with Business Partners

Citi Handlowy employees maintain daily contacts with vendor representatives in matters of contract fulfillment, billing, payment of invoices, and logistic matters. In the case of long-term contracts, cyclical meetings are arranged to discuss any issues of relationship and cooperation.

Timely Payments

The Bank ensures timely payment of invoices, which eliminates hurdles in the supply network.

Employment of Disabled Persons

The Bank cooperates with companies which hire disabled persons, which is part of diversity management.

Employment of disabled persons at a sample vendor cooperating with Citi Handlowy in 2017-2019 was as follows:

- In 2017: total number of disabled persons employed by the vendor - 262, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 35,
- In 2018: total number of disabled persons employed by the vendor - 202, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 39 persons.
- In 2019: total number of disabled persons employed by the vendor - 178, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 32 persons.

Compliance risk management

Citi Handlowy is exposed to the risk of non-compliance, negative consequences arising from the failure to observe legal provisions, regulatory provisions, the Bank's internal normative acts, as well as practices and standards available on the market. The Bank's pro-compliance efforts include the adoption of its Compliance Policy that was accepted by the Management and Supervisory Boards. The Policy lays down the fundamental principles to ensure compliance by all employees of Citi Handlowy, as well as the key elements of the non-compliance risk management process, including the role of the Compliance Department.

Compliance Department

The main objective of the Compliance Department ("CD") is to ensure that the operations of Citi Handlowy are compliant with the generally applicable laws and supervisory regulations applicable to the Bank's business or to financial services rendered by Citi Handlowy, its internal normative acts as well as practices and standards prevailing on the market and those developed internally by the Citi Group. The CD ensures that compliance by means of:

- Monitoring the vertical application of control mechanisms via the first defense level, in particular the key control mechanisms that ensure compliance at the first defense level, and the application of own defense mechanisms allocated to the CD at the second defense level (CD defense mechanisms) and horizontal monitoring of the application of those mechanisms;
- non-compliance risk management. The non-compliance risk management processes include: identification, evaluation, control, monitoring of non-compliance risk size and profile, testing and reporting.

The Compliance Department operates on the basis of the Plan of the Operations Compliance of the Bank and its subsidiaries, adopted by the Management Board and the Supervisory Board of the Bank for given year.

Responsible management at DM Citi Handlowy

DM Citi Handlowy is a member of the Chamber of Brokerage Houses (Izba Domów Maklerek) and when conducting its activities it observes the "[Code of Good Practice of Brokerage Houses](#)".

Client Review

Mitigation of potential losses on the part of institutions which finance a business activity, notably banks, is of the utmost importance for each country's stability and sustainable economic growth. Due to its specifics, it is the banking sector where financial crimes are seen most often, like obtaining a credit under false pretences, forging documents or other financial crimes. Such crimes, which can be harmful for the whole financial sector, also include money laundering and terrorism financing. This crime destabilizes the financial situation of any bank which is used directly or indirectly in such crimes, and can lead to the loss of its reputation and trust among its clients and counterparties.

Citi Handlowy undertakes activities aimed at counteracting the use of the Bank in any activity connected to money laundering or terrorism financing. To prevent any such crimes, the Bank developed the Anti-Money Laundering and Combating the Financing of Terrorism Program, with its main assumption being the mitigation of the risk of opening and keeping accounts, and of maintaining economic relations with persons or entities whose funds may have been obtained in an illegal manner.

The Anti-Money Laundering and Combating the Financing of Terrorism Program is reviewed at least annually from the point of view of compliance with binding Polish laws and Citigroup standards for combating money laundering and terrorism financing.

Anti-Money Laundering and Combating Financing of Terrorism (AML)

All employees of Citi Handlowy must make every effort to prevent the use of Bank products and services for money laundering or terrorism financing and to ensure that all suspicious activities are immediately reported to the Anti-Money Laundering ICG Unit at the Compliance Department.

All Bank employees are required to read and follow antimoney laundering provisions and procedures in their business unit (including those requiring due care in establishing and maintaining client relations and processing transactions). No client relation or transaction justifies a breach of Bank security provisions on anti-money laundering, terrorism financing or other crimes. The Bank endeavors to effectively support security initiatives within the limits set by applicable law. The provisions specify with whom the Bank enters into business relations ("Know Your Customer"), the parties involved in a transaction as well as the rules for monitoring operations on client accounts in order to detect unusual activity on a client account.

Each employee of Citi Handlowy must undergo, in due time, training in the field of counteracting money laundering and terrorism financing that are arranged and updated every year.

TRAINING "COUNTERACTING MONEY LAUNDERING AND TERRORISM FINANCING"



Anti-Money Laundering and Combating Financing of Terrorism (AML) at DM Citi Handlowy

DM Citi Handlowy's internal regulations are to identify and prevent various types of risk related to investment activities. Employees take part in regular training in fraud prevention rules and client funds and data security. "Counteracting Money Laundering and Financing of Terrorism" regulations are considered by DM Citi Handlowy as one of the most important internal regulations. The Anti-Money Laundering and Combating the Financing of Terrorism Program followed in DM Citi Handlowy serves the purpose of identifying threats that the crime of laundering money can create. As part of the program, the company applies financial security measures for clients, depending on how it assesses the money laundering risk, such as keeping registers, producing reports and identifying suspicious transactions. Internal procedures and policies, organizational solutions and approaches as well as monitoring systems, all coupled with training organized for employees, ensure the correct operation of the program in the company.

TRAINING "COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM"



Sanctions and Embargos

Citi Handlowy's rules for dealing with entities subject to international economic and trade sanctions are set out in the "Rules for dealing with entities subject to international economic and trade sanctions".

Citi Handlowy complies with programs of economic sanctions and embargoes applicable in the Bank's operation that prohibit business relations with persons and entities covered by the sanctions, including organizations associated with terrorism and drug trafficking.

It is prohibited at Citi Handlowy to maintain economic relations with the authorities of some countries, as well as with individuals or entities acting on their behalf, as well as with persons from sanction lists. Any uncertainties must be presented to an employee of the Sanctions and Sanction Processes Team in the Compliance Department.

TRAINING "ECONOMIC SANCTIONS"



Corruption prevention

Citi Handlowy has adopted a zero tolerance policy towards corruption with respect to all aspects of business activities. That zero tolerance policy is binding on all employees and business partners acting on behalf of the Bank. The Bank takes care of its image, reputation as well as retains the trust of clients and business partners through the observance of ethical standards and conducting activities which are designed to prevent corruption effectively.

The corruption prevention program at Citi Handlowy constitutes part of the Bank's anti-corruption policy, which consists of:

- the procedure "Rules for giving and receiving gifts, participation in events and prevention of corrupt practices at Bank Handlowy w Warszawie S.A." (including the formalized process for approval and registration of gifts and invitations to events),
- "Code of Conduct for Employees of Bank Handlowy w Warszawie S.A.",
- training programs,
- information campaigns,
- first and second level internal control mechanisms,
- assessment of compliance risk with respect to anti-corruption activities.

It is the duty of each Bank employee to prevent, detect and notify cases of corruption. Employees must avoid any activities that may violate the principle of zero tolerance for corruption.

All employees of Citi Handlowy take part in the training on the prevention of corruption practices. They also have appropriate guidelines allowing the identification and prevention of the corruption risk in relationships with business partners, including representatives, consultancy firms, suppliers, distributors and subcontractors.

All employees must avoid any activities that may violate the principle of zero tolerance for corruption and expose the Bank to reproach for behaviors that are incompliant with the standards and regulations in force.

In 2019, no case of corruption in the Bank's activity was recorded. **[GRI 205-3]**

TRAINING "RULES OR GIVING AND ACCEPTING GIFTS, PARTICIPATION IN EVENTS AND COUNTERACTING CORRUPT PRACTICES AT BANK HANDLOWY W WARSZAWIE S.A." [GRI 205-2]



Care for the Environment

One of the many important aspects of the Capital Group's Strategy is a positive impact on the environment. Citi Handlowy is committed to following rules of sustainable growth in its operations.

Ratios referring to Citi Handlowy's impact on the environment are measured on a regular basis. Pro-environmental activities are implemented based on volatility analyses of these ratios. Environmental objectives are laid down in the environmental and energy policy, and their implementation is monitored and reported to the Bank's top management on a regular basis.

Key risks related to the absence of environmental impact management include a risk of criminal and financial sanctions and loss of reputation. As the activity of the Group is not excessively harmful to the environment, these risks are not deemed high. **[GRI 102-15]**

Environment Protection Management Systems

[GRI 103-1, 103-2, 103-3]

Citi Handlowy reviewed and identified two main areas affected by our activity in terms of environmental protection. The first impact is of a direct nature and results from the Bank's activities, such as consumption of resources - energy, water, paper, waste production and air pollution. The second impact has an indirect nature and stems from activities of the organization that are not fully controlled by Citi Handlowy's management, and include, among others, services rendered by the Bank as well as environmental practices of our vendors.

As early as 2007, Citi Handlowy introduced a comprehensive Environmental Management Plan. In subsequent years, it introduced an Environmental Management System according to ISO 14001 and Energy Management System according to ISO 50001 for the main locations of the Bank. The system is subject to annual regulatory audits by an independent certification bureau. Another regulatory audit was conducted in 2019. The Bank adopted the Energy Policy and Environmental Policy and obtained certificates for locations covered by the system. As part of the introduced policies, the Bank defined the following objectives:

- maintain correct waste sorting,
- manage utilities consumption, in particular energy, as effectively as possible,
- reduce greenhouse gas emissions,
- minimize consumption of natural resources,
- support purchasing of energy-saving products and services as well as improve energy performance,
- monitor noise pollution.

The Environmental and Energy Management System (SZŚiE) assumes continuous improvement and streamlining of existing processes to improve the general impact of the environmental and energy activity. Under

SZŚiE, the Bank identified significant environmental aspects and specified the related risks and opportunities. **[GRI 102-11]**



Reducing the Direct Environmental Footprint

Greenhouse gas emissions

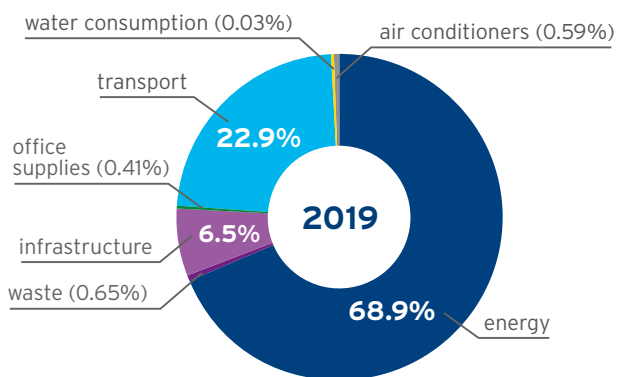
[GRI 305-1, GRI 305-2, GRI 305-3]

Following an analysis, Citi Handlowy identified the main areas of the Bank's impact on the environment.

The Bank's carbon footprint for 2019 was calculated based on the recorded data and appropriately selected emission ratios. The ratios were prepared according to the Ecoinvent base, applying the ILCD 2011 MIDPOINT+ (EC-JRC Global) calculation method.¹

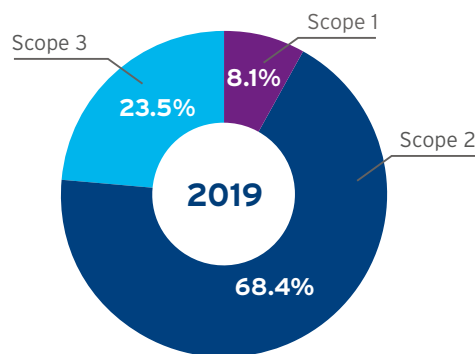
The carbon footprint of Citi Handlowy's activity in 2019 levelled at **23,888.6 tCO₂e**. The following categories had the greatest impact on emissions: **Energy** (understood as electric power and thermal energy combined - **68.86%**), **Transport** (**22.92%**) and **Infrastructure** (**6.55%**), while the remaining categories make up 1.68%.

Emission share by category



The overwhelming share of electric power and thermal energy in emissions results from the specific nature of Citi Handlowy's operations, convergent with typically office-based activities, which exploit equipment consuming high amounts of electric power and thermal energy to ensure comfortable conditions in big spaces. A significant share of emissions are generated also by transport (due to commuting and numerous business trips) and infrastructure (mainly related to using large office spaces and computer hardware).

Emissions by scope



On the other hand, in terms of emission scope, indirect emissions, which are not directly controlled by the Bank, were the highest (scope 2 - 68.39%), and resulted from electric power and thermal energy purchased from external providers. The second scope with the highest impact on the environment is scope 3, which comprises all other emissions resulting from Citi Handlowy's activity (scope 3 - 23.50%). Scope 1 is characterized by the lowest impact on the environment. These are the Bank's direct emissions resulting from its activity or from the sources under its control (scope 1 - 8.11%). This means that a majority of emissions are produced by sources outside of the control of Citi Handlowy.

Detailed results of carbon emissions of Citi Handlowy in 2019

Specification	Emissions by Scope [t CO ₂ e]			
	Scope 1	Scope 2	Scope 3	Total
ENERGY	111	16,337		16,449
TRANSPORT	1,686		3,789	5,475
INFRASTRUCTURE			1,564	1,564
WATER CONSUMPTION			8	8
OFFICE SUPPLIES			99	99
WASTE			154	154
AIR CONDITIONING	140			140
TOTAL	1,937	16,337	5,614	23,889

¹ The Division of Strategic Research IGSMiE PAN was entrusted with quantification methodology and selection of ratios used to calculate carbon emissions of Citi Handlowy's activity. A detailed description can be found in the work: M. Cholewa, "Opracowanie emisji śladu węglowego z działalności Citi Handlowy za rok 2019" [Calculation of carbon emissions of Citi Handlowy's activity for 2019], Kraków 2020

Pro-ecological investments

The impact of the Bank's locations on the environment is monitored on an ongoing basis to constantly improve results (reduction of consumption of electricity, water, gas, thermal energy, amount and type of produced waste and greenhouse emissions). **[GRI 103-2, 103-3].**

Energy consumption is an environmental issue that significantly impacts the environment and is a crucial value for the Bank; therefore, for many years the Bank has undertaken many activities to achieve sustainable energy consumption. The same was true of 2019, when numerous pro-environmental investments were made to reduce energy consumption. These included: improving the functioning of installations, replacement

of overexploited devices, i.e. development of the BMS system, modernization of LED light fixtures, fire alarm signaling system, HVAC systems, cooling center, BMS automation control system, reactive power compensation system and exchange of passenger lifts, pumps in the mechanical room and repair of roof sheathing.

The Bank also strives to decrease consumption of other materials, like water or paper. One of its buildings is equipped with a rainwater collection system. In most objects, electric water dispensers are connected to the city water supply system to eliminate plastic bottles.

The activities undertaken to date have brought positive changes.

Environment protection management systems Reducing the direct environmental footprint Pro-ecological projects Socially responsible products and services

Consumption of utilities at Citi Handlowy in 2017-2019

[GRI 302-1, 302-4, 303-1]



* The change in the electric power and water consumption in 2018 vs. data published in the report for 2018 results from adjustments made after the reporting date. [GRI 102-49]

In its real estate, the Bank uses a system for economic use of office paper for printing and paper towels. The Bank has digitalized its document flow processes (electronic confirmation of receipt, electronic orders to issue

sale invoices, electronic invoices in the CTE application, electronic travel orders, "Your invoices in Citibank Online", electronic account statements, electronic processes relating to bank guarantees).

NUMBER OF LETTERS AND ACCOUNT STATEMENTS SENT TO CITI HANDLOWY CLIENTS (PCS.) [GRI 301-1]

Year	2019	2018	2017
Number of letters and account statements sent	1,589,097	1,960,019	2,531,143

PAPER CONSUMPTION IN SHEETS UNDER THE CONTRACT WITH THE SERVICE PROVIDER (PCS.) [GRI 301-1]

Year	2019	2018	2017
Delivered / used cards	3,594,020	4,863,459	6,243,663

The efficient segregation of waste for their proper utilization is the goal named in the corporate Environmental Policy. Citi Handlowy monitors the quantities of waste

generated by us and checks vendors in terms of their license to collect and process waste. Citi Handlowy educates employees in waste handling procedures.

PAPER DELIVERED BY CITI HANDLOWY FOR DESTRUCTION AND RECYCLING (KG) [GRI 306-2]

Year	2019	2018	2017
Paper delivered for destruction and recycling	194,050	394,490*	212,072

* The higher quantity of paper delivered for destruction and recycling in 2018 was a consequence of the Bank's compliance with the requirements of GDPR.

Vehicles

Automotive pollution spreads in high concentrations at low altitudes and has a particularly significant impact on human health, which is why the Bank strives to reduce

emissions from transport. Citi Handlowy has a modern fleet of cars meeting the criteria of the Euro 6 standard.

AMOUNT OF FUEL USED (PETROL AND DIESEL) IN COMPANY CARS (IN LITERS) [GRI 306-2]

Year	2019	2018	2017
Amount of fuel used (petrol and diesel) in company cars (in liters)	520,142	636,582	514,108

Environmental noise protection

The Bank cares about good neighbourly relations, therefore it takes measures to reduce noise nuisances generated by the operation of building installations, e.g. through proper control of the operation time of these installations and their mechanical maintenance.



Eco-Friendly with Citi Handlowy Bikes

2019 is the third year that the Citi Handlowy logo has been featured on city bikes in Poland's largest cities and bike users in Warsaw were able to rent bicycles using the Citi Handlowy Bikes app.

2019 HIGHLIGHTS:



Bikes with Citi Handlowy branding



7 cities

Warszawa, Łódź, Wrocław, Poznań, Katowice, Gliwice, Chorzów.

Record month - June 2019



Pro-ecological projects

In 2019, Citi Handlowy implemented numerous pro-environmental campaigns and initiatives to raise awareness about environmental protection among employees.

- **Common Waste Sorting System** - as the Bank has introduced a uniform waste sorting system, it has also provided a training in correct waste sorting for employees.
- **Earth Hour organized by WWF** - Citi Handlowy has been an active participant in this movement since 2011. Every year, the Bank switches off all lights at selected locations to demonstrate its concern for climate change.
- **My City without E-Waste** - employees of Citi Handlowy can participate in the program "My City without E-Waste" by leaving their private electric and electronic waste in special containers placed at the Bank. Coupons of the Education Fund received by the Bank in exchange for the collected waste are then donated to schools and kindergartens. Each coupon gives a facility points which can be exchanged for educational aids.

- **Be on nature's side. Be digital - Citi Handlowy has conducted a "Paperless" campaign encouraging employees to:**

- apply good practices in office work without using paper,
- use available digital solutions,
- convert to e-invoicing,
- download PIT forms from E-Personnel,
- give binders and envelopes a second life.



Moreover, through Intranet communication, Citi Handlowy also promotes habits supporting the reduction of natural resource consumption among its employees and providers. In 2019, discussions on the Intranet addressed, among others, the circular economy, plastic pollution, conscious use of water and air purifying plants placed in all Bank locations.

- **Earth Week** - Citi Handlowy has participated in this global campaign organized to celebrate International Earth Day since 2009. It promotes pro-environmental activities and behaviors among employees. In April 2019, in connection with the festive season, a campaign called "Świąteczne Porządki dla Ziemi!" (Easter season clean up for the Earth) provided employees with spring seedlings in return for electro waste brought from their homes.



- **Employee Volunteering at Kampinos National Park** - as part of the celebrations of the Citi Global Community Day, in June 2019, a group of Bank employees took part in a project to purchase, assemble and maintain didactic and recreational infrastructure at Kampinos National Park (in the territory of Dom Pracy Twórczej [Creative Work Center] in Granica) and carry out cleaning works there.
- **Zdrowo-rowerowo (Get biking and stay healthy)** - Citi Handlowy promotes an ecological and active lifestyle by introducing more amenities for cyclists. It has designated bike parking zones and installed self-service bike repair stations in Warsaw, Łódź and Olsztyn. The bank is also planning to open new changing rooms and showers for cyclists.
- **Citi Handlowy Bikes** - Citi Handlowy promotes an ecological and active lifestyle by providing the "Citi Handlowy Bikes" app. It allows users, among others, to rent city bikes and plan bike trips, and supports the functionality for calculating CO2 emissions saved thanks to riding a bike instead of a car.

The project involved designing a Paperless Guide with guidelines for all employees on how to reduce paper consumption in everyday work.

Socially responsible products and services

Green and social bonds

As a member of Citigroup, Citi Handlowy is an active participant of the capital market and supporter of the development of green and social bonds in Poland, by taking advantage of its unique international expertise and global resources.

Green bonds are debt securities based on fixed or floating interest rates. Funds obtained through the issue of such bonds have to be allocated to projects aimed at decreasing/reducing CO₂ emissions.

Social bonds are debt securities based on a fixed or floating interest rate. Funds obtained through the issue of such bonds have to be allocated to projects related to social investments, such as education, transport and housing construction.

Green and social bonds may be issued as T-bonds, municipality, corporate (e.g. from the power sector) bonds and bonds of entities from the financial sector (banks and insurance companies). Issuers of this type of debt instrument are obliged to periodically report the utilization of the funds obtained from the issue in a transparent way.

Poland was the first country in the world to issue green bonds in 2016, which amounted to EUR 750 million. In 2018, Poland issued a second series of green bonds with a value of EUR 1 billion, while in February 2019 Poland issued 2 more tranches of 10-year and 30-year bonds with a value of EUR 1.5 billion and EUR 500 million, respectively. Citi has acted as a joint lead manager in the latest issues of green bonds for Poland in 2018 and 2019.

Citi was one of the two founders of Green Bonds Principles at ICMA and acted as a member of the Executive Committee. Furthermore, Citi is an active member of the Working Group for Social Bonds at ICMA. Moreover in January 2019, Citi carried out its first issue of green bonds with a value of EUR 1 billion.

With Citi's global experience and expertise, in May 2019 experts from Citi Handlowy cooperating with the public sector met with representatives of the 12 largest cities in Poland associated in the Union of Polish Metropolises. They discussed the challenges faced by the cities and shared their experiences in diversification of finance sources with a special focus on green and social bonds.



Paperless Initiative

Digitization of banking services, which allows corporate clients to remotely manage their finances, is more convenient for clients and shows concern for the environment. In 2019, Citi Handlowy managed to reduce the total number of paper applications received and sent by the Bank thanks to continued activities aimed at encouraging clients to use electronic channels (eForms, eStatements, CitiDirect, Citi Trade Portal) and reorganization of documentation.

Simplification of documentation required to open an account contributed to a significant reduction in the number of documents to be filled in and signed with the Bank by a new client.

The Bank recorded an increase in the number of users of **CitiDirect BE** electronic banking (including the app **CitiDirect BE Mobile**) and log-ins in the **Mobile-PASS**, app, which is an effective alternative to hardware tokens. The percentage of clients independently managing their CitiDirect BE system is also growing. The system allows clients to set up user entitlements themselves, which accelerates the process considerably and reduces exchange of documents between the client and the Bank.

Citi Handlowy is continuously expanding the features of the **eWnioski** app, which is used for electronic circulation of documents between the client and the Bank. Currently, 100% of documentation related to Business Cards (including applications for these cards) and electronic banking can be processed electronically.

Citi Handlowy is developing the **CitiManager** platform (as well as **CitiManager Mobile**), which enables online activation of Business Cards, online control of card expenses and online processing of complaints. Additionally, in 2019 the Bank launched the **Wirtualna Akademia Klienta** - and interactive platform for Business Cards.

In 2019, the Bank implemented new features in the **Citi Trade Portal** to automate the process on the client side (i.a. data import directly from the client's financial and accounting systems) and to process online applications for trade finance products. Clients also appreciate the benefits of electronic granting of guarantees as an alternative to the paper form, as evidenced by a fast growing percentage of e-guarantees issued by the Bank. In 2019, e-guarantees represented 70% of all guarantees granted by Citi Handlowy, which represents growth by 3 percent vs. 2018.

Citi Handlowy believes that even small changes of everyday habits can have a positive influence on the environment. Therefore, the Bank is talking with clients about departing from paper statements and other changes. An overwhelming majority of our clients share the Bank's attitude - almost 97 percent of Citi Handlowy clients download **only electronic statements**. The Bank strives to achieve full digitization in this area.



Talent Development and Diversity

Citi Handlowy's priority is to promote a culture which attracts the best of the best, in which people are promoted for their competencies and skills, in which people are appreciated and mutual respect is expected, and in which development opportunities are available to everyone - regardless of differences.

What distinguishes Citi Handlowy from the competitors is innovation, quality and responsibility. Every day, the Bank uses its global presence and highly qualified staff to provide banking solutions which are one step ahead of client expectations.

Diversity

Diversity and Social Inclusion Culture in Citi Handlowy

Citi Handlowy creates a work environment that is conducive to diversity and social inclusion, where every employee can feel proud of what makes him or her different - origin, beliefs, experience and ideas. Citigroup employees reflect the diversity of cultures and beliefs of their clients from over 160 countries and jurisdictions where the Group operates. This gives the Bank a unique competitive advantage of global reach and local market expertise.

The promotion of diversity within teams, ideas and opportunities at Citi Handlowy is conducive to supporting growth and development that is quintessential to who we are and how we prosper. In 2019, the diversity culture was supported under the People Strategy by the Beyond Borders group with actions aimed at promoting values of working in an international environment. **As at the end of 2019, the number of foreigners employed at the Bank increased by approx. 85% year over year.**

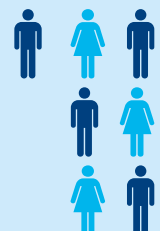
- For employees, the inclusion culture means that employees feel good when committing to tasks assigned to them, and that they can be themselves at work.
- For the organization [Citi Handlowy] - affiliation with a global financial institution gives the bank a unique strength generated by its global reach and a multitude of beliefs.
- For clients and communities - diversity of views encourages innovations and strengthens ethical business conduct.

In 2019, women represented 43% of the Management Board of Citi Handlowy **[GRI 405-1]**

In 2019, women represented

43%

of the Citi Handlowy Management Board



CITI HANDLOWY'S MANAGEMENT BOARD BY AGE AND GENDER IN 2019 [GRI 405-1]

Management Board by age and gender	Male	Female	Total
[30-50]	29%	14%	43%
≥50	29%	29%	57%
Total	57%	43%	100%

Moreover, every second manager at Citi Handlowy is a woman; out of several thousand Citi employees in Poland, 49.36% are women. Diversity is in the DNA of a global organization as such Citi; it takes the form of team diversity in terms of sex, age, origin and employee beliefs.

**Citi Handlowy figures in 2019:
[GRI 102-30]**

- The share of female managers exceeded 49%;
- The share of women on the Bank's Management Board was 43%;
- Remuneration for men and women holding equivalent positions is comparable and corresponds to their competences;
- Three key areas of the Bank's business, namely Risk, Finance and Operations & Technology, are led by female members of the Management Board of Citi Handlowy;
- The average duration of employment at Citi Handlowy oscillates around 10.2 years; for women this average has been growing in recent years and in 2019 was 10.7 years.

**Commitment to defending
human rights**

Citi Handlowy supports the defense and observance of human rights worldwide by adhering to the fundamental principles enshrined in the Universal Declaration of Human Rights of the United Nations, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization and the United Nations Guiding Principles on Business and Human Rights.

Citi Handlowy takes its duty to observe human rights seriously. Its support for those principles is reflected in internal policies and rules of conduct with respect to employees, suppliers, customers, communities and countries in which the Bank operates.

Diversity & Inclusion Rating

Citi Handlowy (together with Citibank Europe plc) entered the 1st edition of the Diversity & Inclusion Rating. This is a new initiative of the Responsible Business Forum and Deloitte, aimed at measuring the advancement level of a company in terms of building a diverse, inclusive and ethical organization. The first edition of the rating included 5 companies which demonstrated the highest level of diversity management.

“Inclusion” and “diversity” are the pillars of organizational culture at Citi in Poland. The order of mentioning these two values - inclusion first and diversity second - is intentional, as a diverse work environment can only be created on the foundations of actions promoting openness to another person and their individualism. It’s not just about having a diverse population of employees, but about something much more important - allowing the voice of each of them to be heard. In our case, this has been achieved over many years of consistent activities involving more than 8,000 employees of Citi Handlowy and Citibank Europe plc. More flexible working hours and workplace, reinforced intergenerational dialogue, promotion of a culture that recognizes employee success, support for life passions, accep-

tance of diversity in teams and workforce mobility in Citi global structures. By taking actions in these areas, we are creating a space to implement grassroots initiatives of our employees. The number of employee initiatives and ideas submitted by our teams is the best confirmation of employee well-being in the workplace”.

Sławomir S. Sikora, CCO Citi in Poland



Citi Pride Network Poland

The past year was the second in the functioning of the employee community Citi Pride Network Poland. It brings together all Citi Handlowy employees who believe that mutual respect and being open to different life experiences and ideas are important factors promoting diversity and social inclusion at Citi. It was a very productive year for this network, and its most prominent successes included: participation in the Pride Parade in Warsaw in June 2019 and an **award in the category “LGBT+ Employee Network of the Year” in the LGBT+ Diamonds 2019 Polish Business Award granted to employees engaged in the Citi Pride Network Poland for implementing activities supporting members of the LGBT+ community in the organization.** Apart from these initiatives, network members are constantly working to build an inclusive work environment and promote diversity at Citi Handlowy through mentoring, networking and education (e.g. a campaign for Coming Out Day) promoting inclusion of members of the LGBT+ community.

The activity of the Citi Pride Network Poland in Citi Handlowy is one of many initiatives implemented by the Bank to build a friendly workplace where employees are passionate about their tasks, eager to work with others and able to make full use of their potential.



Citi Women's Network Poland

Citi Women's Network initiative has been rolled out in Citi Handlowy since 2004. It was kicked off as part of the wider Citi Diversity program implemented by Citi worldwide. Diversity, or in other words variety, is the landmark of Citi's corporate culture and its philosophy. The main idea is to attract the best employees to our organization and provide them with an opportunity for full professional development by respecting their dignity, regardless of sex, race, religion or sexual orientation. The purpose of the Citi Women initiative is to draw attention to the situation of women who work in the Bank, provide equal chances for professional development and realization of ambitions connected to their career in the Bank.

Citi Women's Network mission:

- fostering professional development for women and support in overcoming barriers,
- promoting the fulfillment of personal ambitions while maintaining a balance between professional and private life.

Citi Women inspires women to invest in themselves by taking part in training, mentoring, meetings with successful people and integration meetings. It organizes women's participation in trainings in soft skills (presentation skills, the role of emotional intelligence, effective and efficient performance, etc.). It conducts mentoring for female colleagues who need friendly advisory in professional career development. It supports women in establishing new and close contacts, propagates a pro-women approach in the organization and outside the organization, as well as helps women to find balance between work and private life.

Citi DisAbility Network and Families Matter Network Poland

The mission of Citi Handlowy is to be an organization where everybody feels good, is accepted and can count on support, irrespective of any differences between employees, which are seen as a value at the Bank. This mission is strengthened if employees can support one another, reinforce and, consequently, build relationships which lead to even better, more effective cooperation. This year, two more initiatives were added to the existing Pride Network Poland and Women's Network Poland: Families Matter Network Poland and Disability Network Poland. The former brings together employees who are familiar with the subject of parenting, family and raising children as well as modern challenges faced by all generations. In 2019, the network focused predominantly on discovering children's strengths. The group proved very helpful during the teachers' strike, allowing parents to reconcile family duties with work by arranging childcare during working hours and the possibility to work from home.

Disability Network Poland is concerned with issues related to health, fitness, well-being and openness to others. This year, employees saw the world from a different perspective and discovered savoir vivre in contacts with people with disabilities through meetings with the Limp Warsaw Foundation and Citi's support for Paralympians, among other initiatives. Owing to cooperation with the Polish Paralympic Committee, inclusion of Paralympians in "Live Well at Citi" sports events and engagement of employees in volunteering initiatives for people with disabilities, Citi Handlowy is taking action to change the way disability is perceived and build a society where everyone can use their full potential.

Talent development

[GRI 404-2]

Citi Handlowy follows Leadership Standards, which are a catalogue of attitudes and behaviors that an employee is expected to display and promote in their everyday work. These standards are the foundation for the Bank's values and vision. One such standard is employee development. The Bank supports development in the form of partnership between an employee, a manager and an organization which provides opportunities for continuous professional and personal development, stimulated i.a. in compliance with the learning philosophy 70:20:10.

Citi Handlowy is not only committed to offering top quality products and services to its clients but also desires to be a learning organization that uses state-of-the-art solutions and technologies for its development.

In Citi Handlowy there are as many career paths as people. Everyone can decide what their path to development will look like and opportunities are countless. The Bank is keen on creating a culture of development and growth and includes employees in its wide range of programs, schemes, tools, initiatives and campaigns so that each employee can find something for themselves. In addition, it cares about the proper development of its managers and leaders, believing in their tremendous role in accomplishing the organization's business success. Members of the Management Board actively share their experience and knowledge; they act as patrons of many development programs and campaigns and, more importantly, participate in them. By becoming involved, they add value to the enhancement of development culture and its incorporation into business strategies.

Employee Rotation Program at Citi Handlowy [GRI 404-2]

The CCO Client Excellence Rotation Program initiated in 2018, under which employees rotate between different units for brief periods - between areas with direct contact with the client and areas without such contact - was continued in 2019.

The rotation and dedicated projects in the latest edition of the program focused on the Bank's clients and their needs. In 2019, the Bank identified 6 specific client issues, to be resolved by support function employees from the Operations, Legal, Risk and Compliance Departments, as well as employees that have contact with clients every day.

Thanks to the fresh perspective and exchange of experiences, employees have the opportunity to create new solutions and improve processes while on rotation or after returning to their home unit. The main objective of the initiative is to focus all activities of the Bank on solving client issues and creating a client-oriented culture at Citi Handlowy. Moreover, thanks to participation in the program, participants gain new knowledge, learn new business areas and improve their professional qualifications.

CitiLearning - from training to a continuous learning culture [GRI 404-2]

In response to the changes occurring in the global financial sector and the changing nature of the work environment, in 2014 Citi Handlowy changed the way it supports employee development in the organization.

So far, the change of the process has brought about positive results both in internal and external terms. Citi Handlowy was able to implement a new approach which helps transform the approach to development from "training" to "campaigns", from thinking about development only as participating in training conducted by a tutor to broadly understood development, including the acquisition of a "learning habit" which can be embedded in the DNA of the organization and employee. This innovative approach to learning was adopted throughout the HR industry, including at Citi Handlowy. Its adoption was based on a campaign according to the 70:20:10 rule. This has given Citi Handlowy employees access to necessary resources whenever they need them, facilitating work and improving personal development. Development in the new dimension was defined a bit differently, according to independent creation of one's own development path to support both business and personal goals in a friendly and innovative work environment.

Over the last three years, Citi Handlowy has strived to support the creation of a sound attitude and designed a set of practices in learning and development (L&D), which are designed to support human capital in Citi Handlowy in the future. The new sets of skills prepare employees to face the needs of changing markets and challenges in the financial sector, so as to be more open to the client by using modern technologies. This undoubtedly requires new skills from employees and, at the same time, embeds the organization and employees firmly in leadership standards, which provide values according to which Citi Handlowy acts and pursues its vision. One of them is employee development, hence the serious and holistic approach to the need for change and the value it can offer.

Employees are clearly using online resources more often as the variety of topics, formats and levels makes it

possible for everybody to find the right path depending on individual needs. A growing number of development supporting technologies (such as mobile applications) enables the user to learn at any time and supports a learning culture and learning habit in the organization.

That is why Citi Handlowy puts great emphasis on using new technologies in the training strategy. Thus, it can use e-learning trainings available on a dedicated platform.

TRAININGS COMPLETED BY CITI HANDLOWY EMPLOYEES - TRADITIONAL AND ELECTRONIC (%)

Form of training	2019	2018	2017
Classroom	3%	5%	5%
e-Learning	97%	95%	95%

The Bank’s business variety and specific needs determine directions and requirements concerning professional knowledge necessary to preserve the best quality services for both internal partners and external clients. Therefore, Citi Handlowy preserved the obligatory specialist training package for specialists and experts in a given area as part of their professional development path (e.g. compliance). Every employee who undergoes an onboarding process at Citi Handlowy also undergoes “orientation” training, during which they become familiar with the organization, its values, culture, leaders as well as ethical and developmental aspects. This gives an employee a better understanding of the Bank, its structure, management approaches and attitudes, and the dynamics of the employee lifecycle. A full day of training on the first day allows the employee to familiarize themselves with many uncertainties, concerns or issues. In 2019, 240 people participated in the Orientation training.

Employee development at Citi Handlowy has undergone a certain transformation. These are no longer training hours, these are development paths, individual development plans, limitless knowledge resources every employee can exploit: applications, platforms, online training, articles and multimedia materials. This requires an employee to confirm that they are the owner of their development, and their manager and the organization are their partners in attaining the highest business and individual results.

Learning supporting campaign #BeMore [GRI 404-2]

Citi Handlowy launched the campaign #BeMore for the first time in 2016. The #BeMore campaign was designed to support the development of behaviors needed to create a learning culture in a very complex, multinational and multicultural organization.

Activities within the campaign #BeMore consisted in:

- frank and regular development-oriented conversations with direct managers (1:1);
- propagating communication emphasizing the culture of continuous learning at the workplace based on the model 70:20:10 known at Citi Handlowy as 3Es (experience, exposure, education);
- working on Individual Development Plans as an integrated element of an employee’s HR cycle during the year.

Furthermore, the #BeMore campaign pushed for simplified access to the global set of tools and resources available in Citigroup. The #BeMore campaign’s overriding principle was to align its aims with business aims while supporting tools that are helpful in raising employee awareness in the field of individual development and at the same for the benefit of the organization. #BeMore has created an integrated place for Citi Handlowy employees which supports navigation of the Bank’s knowledge resources. Various formats of communication were used: engagement-building films were screened, outside guests were invited to share their inspiring experiences and stories that match the new philosophy of development, which creates value not only for the organization, but also for employees.

Currently, the ideas of #BeMore run through the veins of the organization and have become an inherent part of the learning culture at Citi Handlowy, whereas employees are eager to engage in development activities benefiting their colleagues and to share their skills and knowledge. An excellent example reflecting the commitment and openness to employee development is the Development Academy launched in 2019, whose main mission is to share knowledge and skills - by employees to employees. In line with this principle, 18 Citi Handlowy employees got involved in the project and conducted traditional training and webinars both in soft skills (e.g. creativity at work and in everyday life) and in hard skills (e.g. MS Excel). The training sessions were attended by 440 employees, who spent a total of 1,400 hours in training.

Managers as an integral part of the employee development partnership

[GRI 404-2]

Citi Handlowy furnishes its managers with tools which are helpful in promoting development and discussion about learning in an organization and its impact on performance. Development programs for managers are built in accordance with managers' progress paths so as to furnish managerial staff with the skills they need to be a good partner to employees at any moment of their development.

In 2017-2019, training for managers offered under the Leadership programs arranged by Citi Handlowy was attended by 122 managers.

Training for managers consists not only in acquiring new skills necessary for efficient employee management but also includes meetings conducted by senior managers and leaders in the organization, which raise leadership awareness according to the 6 Leadership Standards promoted in Citi.

Managerial training	2019	2018	2017
Number of participants	48	48	26

Talent Development Process

[GRI 404-2]

One of the key values of Citi Handlowy is talent development, i.e. the development of persons who have tremendous developmental potential and may, in a short time, assume managerial positions, and persons who have key knowledge or competence that is unique within the organization. The strengthening of our competencies and the acquisition of new skills and experience are inextricable elements of personal and professional development, necessary for the development, growth and efficiency of the organization.

Talent Management Programs assume structured attitudes, transparent rules, diverse and practical developmental activities and strong commitment on the part of management and talent. They promote a proper attitude and values, create a culture oriented to development and ensure the continuity of employment regarding key positions as well as retaining the best people in its structures.

Assessment process in Citi Handlowy

Employee development is supported through such activities as: training, involvement in challenging projects as well as an assessment process, where employees gain information on their strengths and areas which need to be developed.

In order to support employee development, Citi Handlowy has in place the following processes: goal setting, as well as semi-annual and annual assessment. Since 2019, all Citi Handlowy employees may obtain feedback from colleagues and managers at any time during the year. This open form of obtaining feedback that is accessible at any time both from superiors and colleagues allows employees to continuously improve their performance, especially in work quality, cooperation, communication and behaviors supporting cooperation and partnerships.

The assessment process analyzes attainment of goals ("What") and the way they are attained ("How") based on 6 Leadership Standards defined for each organization level: employees managing their work and medium-level and senior managers, as well as top managers.

In 2019, employee assessment was obtained by 99% of eligible employees. Annual assessment does not cover employees with long-term absences during the year or employees for whom an annual assessment is not possible due to a short length of service at the Bank.

[GRI 404-3]

Employment conditions

When building its remuneration policy, Citi Handlowy relies on the best market practices, taking into consideration corporate governance requirements, market trends and the organization's standing and potential.

When defining remuneration, the Bank refers to experience and competence required for a given job position, performance, current remuneration, and position juxtaposed with a new group of employees and the market. Based on such information, a new level of remuneration is defined.

A market is understood as data from a consulting company's reports on positions in other peer organizations that are similar in terms of scope of duties, skills and accountability.

Levels of remuneration are reviewed on a regular basis annually, taking into account the employee's annual assessment, their skills and scope of responsibilities juxtaposed with data obtained from market research concerning the level of remuneration in the industry.

The remuneration of women employed at Citi Handlowy is comparable to the base remuneration of men and, as at the end of 2019, amounted to 96% of the remuneration of men.¹ [GRI 405-2].

AVERAGE REMUNERATION AT CITI HANDLOWY (PLN)

Gross Average Monthly Remuneration

Employees	Total (with variable remuneration)	Base (without variable remuneration)
2019		
Employee on a bonus scheme	8,982	6,256
Employee NOT on a bonus scheme	11,007	9,753
Total	10,410	8,721
2018		
Employee on a bonus scheme	8,533	6,004
Employee NOT on a bonus scheme	10,655	9,435
Total	9,949	8,293
2017		
Employee on a bonus scheme	7,923	5,187
Employee NOT on a bonus scheme	10,292	9,123
Total	9,455	7,733

* The figures above apply to all employees of Citi Handlowy except for the Management Board. Gross base remuneration as of 31 December 2019.

¹ Taking into account employees actively performing work (excluding child care leave, unpaid leave and long-term sick leave) and excluding Members of the Management Board.

Awards and recognition

Citi Handlowy is an institution focused on supporting the innovativeness of its employees. It wants all initiatives and activities which are conducive to innovation and efficiency to be appreciated, with those of particular importance rewarded with, among others, recognition awards.

An example of such a prize is the *Instant Recognition* granted to individual employees or teams for their achievements and contributions which significantly exceed assigned goals and tasks. Special initiatives of

Citi Handlowy employees are also recognized on the Citi forum as part of the *Progress Awards*.

An important element of building a culture where employees express recognition for one another are initiatives of the Global Gratitude group, implemented in 2019 under the People Strategy. Engagement of Members of the Management Board in the concept of "thanking", promoted by the group, is an important signal building support and gratitude culture at Citi Handlowy.

Employment policy

[GRI 103-1, 103-2, 103-3]

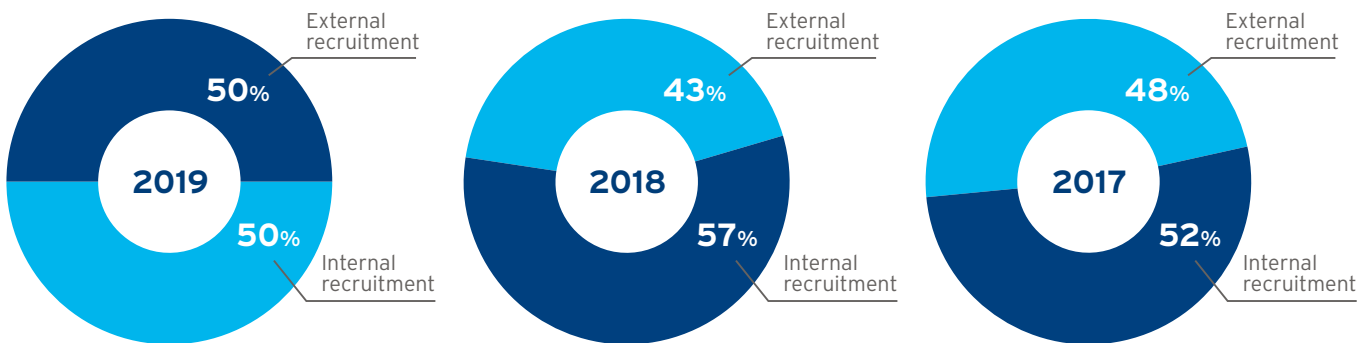
Recruitment

The success of Citi Handlowy is possible thanks to people. Being aware of this value, Citi Handlowy continuously strives to be an employer of choice for its employees and candidates. That is because the Bank understands the dynamically changing market trends and measures taken by the Bank to maintain the position of a stable organization offering invariably attractive work conditions. Being aware of the impact that the recruitment strategy has on shaping the future quality and vision of its organization, Citi Handlowy boldly follows trends, selecting the elements that are consistent with its values and effective for quality-related implementation of the employment policy.

Citi Handlowy focuses consistently on coherent external talent acquisition, with simultaneous promotion of talents internally. Employees supported by the employer may plan their career and follow their development path within Citi Handlowy and the entire global Citigroup. They often take up development challenges, getting involved in multi-disciplinary, international projects

and, thus, developing dynamically through interactions within the Group, together implementing initiatives that are of key importance for the company. Citi Handlowy has also focused on developing recruitment techniques and tools. This allowed the bank to achieve a balance between the number of recruitment processes ending in hiring external and internal candidates in 2019. It reflects the company's objectives in terms of effective and targeted talent acquisition from the market as well as its trend awareness - the fact that new technologies and generations entering the labor market dictate the conditions and influence the employer's image. Numerous projects implemented by Citi Handlowy employees have shown that the Bank remains open to change and wants to employ all generations. It is Citi Handlowy employees that have and continue to initiate this positive evolution, efforts in the area of positive experiences of employees and candidates as well as creating the Bank's image as an employer that combines the stability of a financial institution and a friendly working atmosphere as well as bold changes in order to attract talent from different areas and generations. The Bank offers space for initiatives aimed at creating a friendly work environment, where high ethical standards and bold technological changes function side by side, supporting the development of Citi employees and attracting more talent.

EMPLOYMENT AT CITI HANDLOWY BY SOURCE FROM 2017-2019:



Employment structure

General number of employees (No. %): [GRI 102-8]

CITI HANDLOWY

Year	Female		Male		Total
	(No.)	(No.)	(No.)	(No.)	
2017	2,249	63%	1,321	37%	3,570
2018	2,139	63%	1,260	37%	3,399
2019	2,013	63%	1,161	37%	3,174

DM CITI HANDLOWY

Year	Female		Male		Total
	(No.)	(No.)	(No.)	(No.)	
2017	46	52%	42	48%	88
2018	49	51%	47	49%	96
2019	46	49%	48	51%	94

THERE ARE ALMOST AS MANY WOMEN IN TOP MANAGEMENT POSITIONS AS MEN.

Managerial positions at Citi Handlowy (No. %): [GRI 102-8, GRI 405-1]

CITI HANDLOWY

Year	Female		Male		Total
	(No.)	(No.)	(No.)	(No.)	
2017	258	51%	249	49%	507
2018	251	51%	244	49%	495
2019	230	49%	236	51%	466

DM CITI HANDLOWY

Year	Female		Male		Total
	(No.)	(No.)	(No.)	(No.)	
2017	10	43%	13	57%	23
2018	15	54%	13	46%	28
2019	15	52%	14	48%	29

**AT CITI HANDLOWY, 100% OF EMPLOYEES HAVE EMPLOYMENT CONTRACTS,
94% OF WHICH HAVE AN INDEFINITE DURATION.**

Types of work contracts (%): [GRI 102-8]

CITI HANDLOWY

Year	Contract type	Female	Male	Total
2017	for a definite period	52%	48%	8%
	for an indefinite period	64%	36%	91%
	substitute	59%	41%	1%
	Total	63%	37%	100%
2018	for a definite period	53%	47%	6%
	for an indefinite period	64%	36%	92%
	substitute	70%	30%	1%
	Total	63%	37%	100%
2019	for a definite period	53%	47%	6%
	for an indefinite period	64%	36%	94%
	substitute	64%	36%	1%
	Total	63%	37%	100%

DM CITI HANDLOWY

Year	Contract type	Female	Male	Total
2017	for a definite period	57%	43%	8%
	for an indefinite period	53%	48%	91%
	substitute	0%	100%	1%
	Total	52%	48%	100%
2018	for a definite period	56%	44%	9%
	for an indefinite period	51%	49%	90%
	substitute	0%	100%	1%
	Total	51%	49%	100%
2019	for a definite period	40%	60%	5%
	for an indefinite period	50%	50%	94%
	substitute	0%	100%	1%
	Total	49%	51%	100%

AVERAGE DURATION OF EMPLOYMENT AT CITI HANDLOWY HAS BEEN GROWING IN RECENT YEARS AND IN 2019 IT EXCEEDED 10 YEARS; HOWEVER, FOR WOMEN, THE AVERAGE EMPLOYMENT DURATION IS NEARLY 11 YEARS.

Average duration of employment (years): [GRI 102-8]

CITI HANDLOWY

Year	Female	Male	Total
2017	10	8	9
2018	10	8	9
2019	11	9	10

DM CITI HANDLOWY

Year	Female	Male	Total
2017	9	8	8
2018	9	7	8
2019	10	8	9

Working time

According to data, most Citi Handlowy employees work on a full time basis. Women employed at the Bank more often take advantage of a possibility to work part time, and the number of women taking advantage of a shorter working time has increased since last year.

Some employees are employed by both the Bank and DM Citi Handlowy, which explains the high percentage of part-time employees of DM (Brokerage House) Citi Handlowy. The formula of combined employment in both companies makes it possible to use shared human resources to support operations of DM Citi Handlowy.

Working time (%): [GRI 102-8]				
CITI HANDLOWY				
Year	Working time	Female	Male	Total
2017	full time	62%	38%	96%
	part time	79%	21%	4%
	Total	63%	37%	100%
2018	full time	62%	38%	96%
	part time	77%	23%	4%
	Total	63%	37%	100%
2019	full time	63%	37%	96%
	part time	80%	20%	4%
	Total	63%	37%	100%
DM CITI HANDLOWY				
Year	Working time	Female	Male	Total
2017	full time	41%	59%	50%
	part time	64%	36%	50%
	Total	52%	48%	100%
2018	full time	43%	57%	48%
	part time	58%	42%	52%
	Total	51%	49%	100%
2019	full time	42%	58%	48%
	part time	55%	45%	52%
	Total	49%	51%	100%

Work-Life Balance

Citi Handlowy offers flexible work conditions to its employees. This is part of its business strategy, which allows employees to choose when and where they want to perform work. Citi Handlowy employees and their supervisors can work out Flexible Work Conditions Schemes, namely different approaches to how, when and where work can be performed. Thus, the Bank enables its employees to reconcile personal and professional responsibilities.

Data show that in recent years, an increasing number of Citi Handlowy employees have used such flexible forms of employment. This number is growing particularly among women, who can thus reconcile working at Citi Handlowy with their private life. The concept of promoting a better work-life balance among employees was supported this year by the Work-Life Balance team working under the People Strategy.

Flexible work conditions (%): [GRI 102-8]

CITI HANDLOWY

Year	Work conditions	Female	Male	Total
2017	flexible	62%	38%	16%
	standard	63%	37%	84%
	Total	63%	37%	100%
2018	flexible	62%	38%	18%
	standard	63%	37%	82%
	Total	63%	37%	100%
2019	flexible	65%	35%	22%
	standard	63%	37%	78%
	Total	63%	37%	100%

DM CITI HANDLOWY

Year	Work conditions	Female	Male	Total
2017	flexible	0%	100%	2%
	standard	53%	47%	98%
	Total	52%	48%	100%
2018	flexible	0%	100%	4%
	standard	53%	47%	96%
	Total	51%	49%	100%
2019	flexible	0%	100%	4%
	standard	51%	49%	96%
	Total	49%	51%	100%

MOST OF OUR EMPLOYEES ARE BETWEEN 31 AND 50-YEARS-OLD.

It is also worth mentioning that the Bank has a growing number of employees over 50-years-old, which confirms that diversity is one of the key values at Citi Handlowy,

and experience and competences gained over many years of a professional career support the development of the best solutions for the Bank's clients.

Employee age groups by gender (%): [GRI 102-8, GRI 405-1]

CITI HANDLOWY

Year	Age	Female	Male	Total
2017	<= 30 yrs.	58%	42%	22%
	31-50 yrs.	64%	36%	71%
	> 50 yrs.	71%	29%	7%
	total	63%	37%	100%
2018	<= 30 yrs.	57%	43%	20%
	31-50 yrs.	64%	36%	73%
	> 50 yrs.	71%	29%	7%
	total	63%	37%	100%
2019	<= 30 yrs.	58%	42%	16%
	31-50 yrs.	64%	36%	76%
	> 50 yrs.	69%	31%	8%
	total	63%	37%	100%

DM CITI HANDLOWY

Year	Age	Female	Male	Total
2017	<= 30 yrs.	63%	38%	9%
	31-50 yrs.	46%	54%	74%
	> 50 yrs.	73%	27%	17%
	total	52%	48%	100%
2018	<= 30 yrs.	17%	83%	6%
	31-50 yrs.	51%	49%	74%
	> 50 yrs.	63%	37%	20%
	total	51%	49%	100%
2019	<= 30 yrs.	0%	100%	3%
	31-50 yrs.	49%	51%	74%
	> 50 yrs.	57%	43%	22%
	total	49%	51%	100%

A major risk factor in the employee area is a potential loss of employees that are important for the Bank's development. As a preventive measure, Citi Handlowy monitors the rotation level and analyzes reasons for resignation on a regular basis.

Employee rotation is analyzed on a quarterly basis, and any alarming signals are escalated to the managerial

staff of specific business units. Employee rotation is monitored from three perspectives: general rotation, rotation initiated by an employee and rotation among employees with above-average performance. The Bank supports employee development within Citigroup, therefore the analysis also covers the number of transfers from Citi Handlowy to Citigroup. **[GRI 102-15, GRI 102-11]**

EMPLOYEE ROTATION TRENDS IN 2017-2019 (IN %):

Year	Overall attrition	Voluntary attrition	High performers attrition	Transfer from Citi Handlowy to Citi
2017	18.3%	10.4%	4.7%	3.7%
2018	17.4%	10.7%	6.8%	7.5%
2019	16.4%	9.8%	5.9%	11%

The remuneration level is also subject to periodic analysis. The analysis covers both the remuneration structure and level against market benchmarks.

The Bank also conducts an annual employee satisfaction survey called Voice of the Employee (VoE). The

results of the VoE survey are thoroughly analyzed and discussed among senior managers and top management. The analysis of the VoE results is used to design actions aimed at creating a work environment conducive to building employee engagement and satisfaction.

VOE results in 2018-2019 (in %):

	2019	2018
Response rate	87%	81%
Employee engagement	69%	69%
Manager effectiveness	84%	83%
Ethical culture	90%	90%
Diversity	83%	83%
"Be the best"	78%	80%

In 2017, the Bank conducted an abridged Puls VoE survey to monitor employee satisfaction trends on a quarterly basis.

Another major group of risks in the employee area are related to potential harassment or discrimination. Any behaviors that bear the features of harassment or discrimination are prohibited at Citi Handlowy, which widely promotes a diversity culture among employees. In order to minimize this risk, the Bank has introduced policies for counteracting discrimination and harassment, organized related training for all employees and launched a procedure for reporting such abusive behaviors. **[GRI 102-15, GRI 102-11]**

Concern for employees

People Strategy [GRI 102-30]

2019 was an exceptionally important year in terms of building an organizational culture focused on employees. The goal of the people-oriented strategy is to strengthen employee engagement and improve their working conditions by taking actions and implementing projects facilitating their work, communication and engagement.

Under the People Strategy implemented in 2019, six project groups were established that engage both HR employees and representatives of all areas in the Bank. The actions under the People Strategy engage over 70 employees. The sponsor and coordinator of each group is a dedicated Member of the Management Board of Citi Handlowy.

Streams operating under the People Strategy are the following:

- 1) **People Board** - a group of 9 employee representatives were elected internally by employees. People Board is a bridge in communication between employees and the Bank's Management Board. Its mission is to strengthen the organizational culture in which employees feel that the Bank is a place where they can pursue their goals. The term of the People Board is 18 months. During that time, members of the People Board visit Bank employees in all locations in Poland, talk with them and identify issues that require engagement of the Management Board and senior managerial staff. They implement projects for the Bank which are inspired by employee's needs and encourage other employees to work on them together. Their activities have a direct impact on employee engagement. In their operations, they pursue the following mission:



- 2) **Work-Life Balance** - a group which initiates and supports actions aimed at improving the work-life balance of employees. In 2019, through a series of information campaigns, the group drew employee attention to sporadic, undesirable everyday habits whose elimination would have a positive impact on performance. Under the "Work-Life Balance" initiative, employees could participate in workshops on resting and sleep.

- 3) **Digital Natives** - the Digital Natives group cooperates with managers to ensure that the work environment at the Bank is as simple as possible and based on new technological solutions. Their goal is to create a very friendly work environment for employees that supports their engagement. Currently, 80 persons are working on 8 projects benefiting the entire Bank and implementing individual projects addressing the needs of employees of specific units.
- 4) **Beyond Borders** - this group aims to build an environment in which the Bank's employees can feel proud of working in a global organization, in an international environment that is open to diversity. Thanks to the initiatives implemented by the Beyond Borders group, each employee actively participates in creating the international environment at Citi. By meeting and working with colleagues from other countries, Citi Handlowy employees can learn about other cultures and perfect their English, while working on projects in an international team and considering diverse perspectives allows them to arrive at the most effective solutions. In 2019, the Beyond Borders group supported hiring foreigners at the Bank, which resulted in contracting 22 new employees from abroad.
- 5) **Being the Best for the Client Academy** - the Being the Best for the Client Academy supports building a culture oriented to clients' needs at Citi Handlowy. The activities implemented by the group in 2019 focused on cooperation with senior managerial staff managing support functions which do not cooperate directly with the client on a daily basis. During group and individual meetings, managers of these areas worked on identifying areas and processes that need to be streamlined to resolve specific issues of Bank clients. Simultaneously, in order to reinforce the client-oriented culture, the group organized workshops for employees of support functions, discussing client needs and the role of employees in creating top value for them.
- 6) **Global Gratitude** - the **Global Gratitude Program** group encourages all employees to share positive feedback and show gratitude at work. Initiatives implemented by Global Gratitude encourage employees to celebrate everyday successes, whether large or small. In 2019, the Global Gratitude group initiated at the Bank an idea to promote saying "thank you" and expressing recognition for everyday tasks performed as part of our job. The campaign was initiated by Members of the Management Board, who thanked selected persons in their teams to show that expressing gratitude is the simplest and also the most powerful thing we can do for others.

Benefits

[GRI 401-2]

Concerned about the life situation of its employees, Citi Handlowy provides a wide range of additional benefits, which are one of the richest offers on the market.

Citi Handlowy employees enjoy private medical care with all costs covered by the Bank. In addition, they may take out packages for immediate family members (partner, children, parents and parents-in-law), at prices significantly lower than rates for individual clients. Each employee's package, in addition to doctor visits and examinations, also includes ad hoc aid, home visits and rehabilitation. Doctor visits and examinations are guaranteed in terms of the availability of dates and hours. An important element of preventive healthcare is physical activity, therefore every employee of Citi Handlowy may purchase a sport card for themselves and an accompanying person.

Out of concern for the security of its employees, Citi Handlowy provides two types of life insurance. The first type is sponsored by the employer and, in addition to death and accidents, it also covers serious illnesses and the inability to work due to illness. The employee is protected regardless of location 24/7.

The second type is group insurance with costs covered by the employee. In this case, the employee may also insure their family members. This is additional protection for the employee and extends the scope of situations which entitle the employee to receive indemnities - e.g. birth of a child, illness of a child or spouse, hospital stay.

Every quarter, Citi Handlowy employees also receive credits on the benefits platform, where they can exchange collected points for vouchers, in both electronic and paper form. Thus, Citi Handlowy co-finances, among other things, meals, shopping, travel to work, holidays and participation in cultural events.

In November 2019, 3,197 Citi Handlowy employees logged into the benefits platform.

In order to secure employees' financial situation during retirement, in 2002 Citi Handlowy decided to set up its own employee pension plan. At present, the contribution is at the maximum statutorily acceptable level, equal to 7 percent of the employee's aggregate remuneration. Costs of contributions are financed in whole by the Bank; the employee pays only a tax on their amounts.

Friendly work space

Citi Handlowy provides its employees with more comfortable work conditions by arranging new office space and refreshing internal common areas. In its buildings, the Bank has implemented a few projects which resulted in creating work places that are not personalized. Every employee can choose the work space which best matches the tasks they perform. Employees may use different meeting points, areas for team work, areas for individual work, in a larger or smaller group of people, or for brainstorming purposes. There are zones where employees can express themselves, for example by writing on the walls, relaxation zones or green zones.

In 2019, the People Board functioning under the People Strategy played a very important role in creating an employee-friendly space. In 2019, members of the People Board met with Citi Handlowy employees across Poland, talking with them and listening to their needs related to work space. As a result, the Bank planned specific initiatives to create relaxation and exercise spaces for employees across the Bank's locations. Last year, at one of the Bank's locations in Warsaw, employees organized dance classes. Most plans of the People Board will be implemented in 2020 as part of the "Sztanga" (Barbell) project.

Support of employee initiatives

CitiClub

CitiClub is an organization which brings together employees across Citi Handlowy on a voluntary basis. It provides a special offer to the Bank's employees which covers cultural, sporting, tourist and social activities. CitiClub pursues its goals by: organizing sporting events, cultural and educational events, organizing hobby-related programs and providing and exchanging information among the employees.

CitiClub's activities are possible thanks to voluntary involvement on the part of employees who act as organizers. Every Citi Handlowy employee can join CitiClub. There is no annual limit for establishing new groups or the number of events in which an employee can take part. Its activity is financed with funds from the Company Social Fund, from the CitiClub budget and the members' own funds. In practical terms, it means that 2/3 of sporting trips are financed by the employer and only 1/3 by the employee. Hence, Citi Handlowy employees have an opportunity to take part in interesting events which they could not afford without co-financing.



CitiClub was established 15 years ago with the aim of giving employees from different units and locations in Poland a chance to integrate and build communities around different themes, such as leisure activities: running, photography, board games, chess, biking, driving, fishing, sailing or skiing.

The activity of CitiClub in Poland, which has been unique for many years, has become a benchmark which defines standards of activities dedicated to employees not only within Citi worldwide but also among different companies and corporations - Polish and foreign.

CitiClub fosters wide integration of the Bank's employees, boosts work satisfaction and, in the opinion of the members, is one of the factors which motivate

and promote their ties with the Bank. Hence, the workplace is not only associated with hard work but with an environment in which employees can get to know each other, inspire others and develop, as well as pursue their passions by sharing them with colleagues, exchanging experiences and learning from one another.



CitiClub inspires cooperation, creation of a contact network with persons known only from e-mails or telephone conversations and persons who are not in a reciprocal business relation.

CitiClub integration and sports trips are organized entirely by employees and for employees and have attracted many employees for many years. Every year, three main cyclical events take place and are booked in CitiClub's calendar: Skiing and Snowboarding Competitions, Yacht Race for the Cup of the President of Bank Handlowy w Warszawie S.A. Management Board, and canoeing.

In 2019, two key events had a total of 420 participants from different sectors, departments and offices of Citi Handlowy and DM Citi Handlowy.

CitiClub's events are possible mostly thanks to the support of the Company Social Fund. The trips are financed mainly from two sources: the Company Social Fund and CitiClub's budget.

The total cost of these three events organized in 2019 for the employees of Bank Handlowy and DM Citi Handlowy exceeded PLN 449,000, of which the participating employees incurred only PLN 124,000, i.e. 28%, while the remaining amount of PLN 325,000 (i.e. 72%) was financed by Citi Handlowy.

Social activity

[GRI 401-2]

Citi Handlowy fulfils its statutory requirement by conducting the Company Social Fund (CSF). The basic contribution of Citi Handlowy to the CSF is higher than the statutory requirement.

Citi Handlowy, together with DM Citi Handlowy, conducts a common social activity and makes an annual contri-

bution to CSF in the amount of 50% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary in that second half was higher.

Citi Handlowy calculates the base contribution without "freezing" the contribution at the level of the monthly average salary in the national economy from the year provided for in the law.

Base contribution in 2019:

Statutory	At the Group of Citi Handlowy
<p>PLN 5,182,617.17 - 37.50% of the average monthly remuneration in the national economy in 2013 (for the period Jan-Jul/2019) and in 2014 (for the period Aug-Dec/2019).</p>	<p>Up to PLN 8,456,778.68 - 50% of the average monthly remuneration in the national economy in 2018</p>

Citi Handlowy is involved in social activities almost in all forms provided for in the law, i.e. by co-financing different forms of leisure activity, cultural and educational events, sporting and recreation events, day-care centers and nurseries, granting non-refundable financial assistance and also refundable aid for housing needs on terms and conditions defined in a loan agreement. The Bank also co-finances individual and group recreation and sporting activities.

Social activity for pensioners

Citi Handlowy takes the issue of pensioners' care seriously. Benefits under CSF are allocated not only to

pensioners (as envisaged in the CSF act) but also to persons who take early retirement benefits, in respect of whom Citi Handlowy is their last employer.

Such persons may benefit from co-financing for leisure activities, non-refundable financial assistance (non-refundable allowances or financial aid, an annual social benefit) and refundable aid for housing needs on terms and conditions defined in a loan agreement; however, loans from CSF for such entitled persons bear zero interest. In addition to CSF-funded benefits, pensioners may also purchase a private medical care package on preferential terms. Every year, pensioners also receive social benefits paid out in cash.

Number of pensioners and persons enjoying early retirement benefits who used CSF

2019	2018	2017
827	947	864

The rules for payment of the retirement severance pay applied at Citi Handlowy are more beneficial than provided for in the Labor Code:

- Single severance pay is paid not only to employees in case of termination of the employment relationship in connection with gaining the right to retirement or pension due to inability to work, but also to former employees of Citi Handlowy, when the employment relationship was terminated for reasons not related to the employees and if, prior to eligibility for retirement, they remained unemployed. The right to apply for retirement severance pay in this case expires only 6 years after the termination of the work relationship for reasons not related to the employee.
- Citi Handlowy distinguishes the following amounts of retirement severance pay:
 - up to 5 years of service - 100 percent of the employee's monthly salary calculated as in the case of a leave equivalent;
 - after 5 years of service - 300 percent;
 - after 10 years of service - 500 percent;
 - after 15 years of service - 800 percent;
 - after 20 or more years of service - 1,100 percent;

As provided for by the law, this severance pay should amount to one month's salary and should only be granted in the case of termination of the employment contract due to retirement.

Higher severance pays when contracts are terminated for reasons on the part of the employer

If an employment contract is terminated for reasons not related to employees, Citi Handlowy provides a severance pay to the employees that is double the amount referred to in the Act of 13 March 2003 on special principles for terminating employment with employees for reasons not related to employees. The above rule was reflected in the Corporate Collective Labor Agreement at Citi Handlowy.

Additional day off for job seeking

The generally applicable length of a leave for seeking a job by Citi Handlowy employees whose contracts are being terminated for reasons not related to them has been extended by two days. When a contract is terminated by mutual agreement for reasons not related to the employees, the above term is two days.

Right of association

There are two trade organizations at Citi Handlowy: Trade Union NSZZ "Solidarność" MOZ no. 871 at Bank Handlowy w Warszawie S.A." and "Independent Self-Governing Trade Union at Bank Handlowy w Warszawie S.A." The Bank cooperates with these trade unions in the scope laid down in labor code provisions and the Act on Trade Unions and, in particular, agrees with them, upon mutual consent, the normative acts and measures

according to the adopted procedure. The Bank has in place a Corporate Collective Labor Agreement, which covers 100% of employees (excluding Members of the Bank's Management Board). **[GRI 102-41]**

Occupational safety and health

Work accidents

Measures taken to ensure safe and hygienic work conditions for Citi Handlowy employees are regulated in the "Occupational Safety and Health Procedure at Bank Handlowy w Warszawie S.A." and the "Fire Safety Procedure at Bank Handlowy w Warszawie S.A."

Statistics on work accidents are the basic measure of effective functioning of the occupational safety and health system in an enterprise. They confirm the efficiency of eliminating the probability of undesirable events related to the performed work and, in particular, adverse health-related effects for employees as a result of professional risks present in the work environment or related to the way the work is performed.

The decreasing number of work accidents and the low accident frequency ratio prove the high safety level ensured at Citi Handlowy. This is possible thanks to the measures taken at the Bank, such as: regular training for employees, designing and providing employees with permanent access to guidelines for safe work as well as information about professional risks related to the work they perform as well as rules of protection against risks, and quarterly audits of the facilities in terms of work conditions. All these measures allow for early identification of potential threats in order to take measures aimed at their liquidation. **[GRI 103-1, 103-2, 103-3] [GRI 102-11]**

Safety and work hygiene **[GRI 403-2]**

	2019	2018	2017
Work accidents	7	10	18
Fatal accidents	0	0	0
Frequency ratio*	2.21	2.94	5.04
Severity ratio**	18.86	12.50	24.11

* $\text{number of total accidents} \times 1,000 / \text{number of employees}$

** $\text{number of days of incapacity for work} / \text{number of accidents} - \text{number of fatal accidents}$

OSH trainings

All employees and trainee students attend initial general and position-related training before commencing work, so 100% of the Bank's employees have completed the required training.

Periodic training for the Bank's employees has been conducted since January 2019 only for managers with employees reporting to them and, in this case, all employees are also obliged to complete the training at least every 5 years.

Citi Alumni Network

In 2019, Citi Handlowy joined the Citi Alumni Network (operating at the website www.citialumninetwork.com), and officially became part of a global platform that links entities of Citigroup with their former employees - Citi alumni. Together with them, Citi is one of the biggest social networks with a global reach. Currently, the community of the Citi Alumni Network has over 25,000 registered members. Former Citi Handlowy employees are a part of this global community and act as ambassadors of the Citi brand and reinforce its impact.

With its 150 years of experience on the Polish market and achievements as well as Citi's over 200 years of experience worldwide, Citi Handlowy is one of the strongest financial institutions in Poland. Its success is possible thanks to its existing employees

and former colleagues. Everyone contributes to the growth and development of Citi businesses in Poland; they are aware of the mission and promise of the Citi brand value, and appreciate the organizational culture of the Bank. Therefore, many existing employees of Citi Handlowy have returned to the Bank after temporary development of their careers outside of Citigroup.

The Citi Alumni Network welcomes everyone who has worked at least 12 months within Citi structures, under an agreement concluded directly with one of the Citigroup entities, and has ended cooperation due to expiry of the agreement or its termination upon mutual agreement, or due to retirement. Everyone who meets these two basic criteria may register on the website www.citialumninetwork.com



Community development

Owing to its exceptional team of employees and partners as well as great market experience, Citi Handlowy supports community development in Poland. Citi is involved in issues that are important for its employees, clients and the environment in which the bank operates by expressing its support for equality, mutual respect and care for the environment and also by opposing discrimination and repression. Citi Handlowy is proud to present selected examples of its engagement in social responsibility activities that support economic growth and local communities' development.

Social involvement

The bank fulfils its strategy of social responsibility via the Kronenberg Foundation at Citi Handlowy, which, on the Bank's behalf, supports activities for public benefit, including with the support of the Citi Foundation.

The Citi Handlowy Foundation has promoted entrepreneurship and financial education, cultural legacy and employee volunteering for years, while also being committed to the development of local communities. It was established in 1996 on the 125th anniversary of Bank Handlowy w Warszawie S.A. Over 2.3 million beneficiaries of all ages: children, young people, adults and seniors have benefited from its financial education programs. The foundation has granted 1,355 subsidies to over 1,000 NGOs.

The Foundation coordinates one of the largest and oldest (introduced in 2005) employee volunteering programs in Poland. Since the beginning of the program, Citi employees in Poland have been involved in volunteering almost 29.4 thousand times, working as many as 160 thousand hours helping over 369 thousand beneficiaries. Every year, the program extends to almost 250 facilities and about 20 percent of Citi employees together with their families are volunteers.

One of the important areas of the Foundation's operations is the protection of cultural heritage and related Professor Aleksander Gieysztor Award. Throughout the years, the Foundation has promoted and popularized causes championed by individuals of exceptional passion and involvement. The Professor Aleksander Gieysztor Award was granted to 20 persons and institutions for their outstanding achievements in the protection of Polish cultural heritage. The winners of the Award are, among others, the National Ossoliński Institute, Professor Jan Ostrowski, Professor Jacek Purchla, Społeczny Komitet Opieki nad Starą Rossą (Public Maintenance Committee for the Rasos Cemetery), Professor Franciszek Ziejka and Elżbieta and Krzysztof Penderecki. The engagement of the Award winners has contributed greatly to our appreciation for and enjoyment of our common cultural heritage.

Programs organized by the Kronenberg Foundation at Citi Handlowy

The Kronenberg Foundation at Citi Handlowy implements an array of educational activities in personal finance and entrepreneurship, each time supported by a media campaign aimed at promoting savings, rational personal finance management and entrepreneurial attitudes. The Foundation has direct access to over 50,000 beneficiaries of all ages: pupils, students, young professionals, entrepreneurs. Indirectly, through media campaigns in traditional press, radio and television programs as well as online and via social media, educational activities and other messages aimed at raising Poles' awareness of these issues reach 2 million persons.

In 2019, the Kronenberg Foundation at Citi Handlowy carried out the following programs:

- **IT for SHE** - the program which helps talented female students of IT faculties to enter the labor market. The program is implemented in a broad coalition with technological companies which, apart from the Citi Handlowy Foundation, include Ericsson, Facebook, Goldman Sachs, Google, Intel, P&G, NatWest/RBS and TomTom.

The third edition of IT for SHE was carried out in 2019 and consisted of the following elements:

- a mentoring program for 47 girls involving experts from top technology companies operating in Poland, including 6 Citi Mentors (3 from Citi Handlowy and 3 from Citi Service Center);
- the largest bootcamp for women in IT in Europe where, for four days, 150 women from 38 universities took part in workshops in IT skills and soft skills;
- the volunteering campaign carried out across villages and small towns to encourage children and young adults to learn programming and develop their interests in the area of digital technologies. Beneficiaries of this action include over 2,000 children from small towns;
- TOP 20 Cyber Women.

Conference "Prospects for Women in Tech Summit"

Citi Handlowy and Citi Service Center Poland was the strategic partner of the second edition of the biggest conference on women in the IT and TECH industry in the CEE and Middle Asia region. The Conference "Prospects for Women in Tech Summit 2019" became a meeting place for the best female talent from the industry. The Warsaw summit was also an opportunity for discussions about the technological and social future of the world and the contribution made by women to its development. It was addressed to IT students, professionals from tech companies, scientists and innovators. There were 25 keynote speakers during the summit, 12 panels conducted by 70 speakers, 80 workshops conducted by 100 trainers and 400 mentoring sessions. The conference was attended by guests from 52 countries. Citi Handlowy was represented by Katarzyna Majewska, a Member of the Management Board of the Bank, ranked as one of the TOP 20 Cyber Women, and Citigroup was represented by Eleanor Drew, Global Head, Information Services Group Institutional Clients Group, who described her experience in work in a technology-related area during the opening speech.

During the summit, a unique Career Showroom was also created where participants had a possibility to get acquainted with the nature of work in a particular company and with the latest recruitment advertisements.

By pursuing the IT for SHE program, the Kronenberg Foundation at Citi Handlowy supports the development of tech careers for women and contributes to the growing share of women in the technology industry.



- **The Emerging Market Champions Citi Handlowy Award** - the purpose of the competition is to promote enterprises which are successful in rolling out their activity abroad. The project includes surveys which are a tool for diagnosing the conditions for doing business in Poland and the global potential of our domestic companies. In September 2019, during the plenary session "Poland in the Puzzle of Great Superpowers. Rivalry between China and the United States from a National and Community Perspective", organized as part of the European Forum for New Ideas in Sopot, an award ceremony was organized to honor the winners of the 6th edition of the contest. The "Emerging Market Champion" title in the category "Polish foreign investments" was granted to Polpharma Group and the winner in the category "Foreign investments in Poland" was Adampol S.A.; the winner in the e-Commerce category was Znany Lekarz Sp. z o.o.
- **Professor Aleksander Gieysztor Award** - the most prestigious award granted annually to institutions or individuals for their contributions to Polish cultural heritage. The 20th edition was won by bishop Waldemar Pytel for the 30 years he has spent to saving, revitalizing and restoring the splendor of the Lutheran block and Church of Peace in Świdnica - a UNESCO World Heritage Site. Thanks to the extraordinary determination of bishop Waldemar Pytel, Świdnica is an authentic place of dialogue between cultures and nations.



- **Recovery of Polish Art** - a program aimed at recovering works of art lost by Poland during and as a result of WWII.
- **Roots** - a program under which the Foundation promotes the history of the Bank, as well as the lives and achievements of its founders - the Kronenberg family. The digital archives, which contain over 31 thousand pages of scanned documents and iconographic materials concerning the Bank and the

Kronenberg family's activity, have been available since 2014. The materials are used for promotional campaigns, as well as occasions of importance to the Bank and Leopold Kronenberg.

- **The Employee Volunteering Program in Citi Handlowy** - a program aimed at developing social engagement among the Bank's existing and former employees. In 2019, the 14th edition of Citi Global Community Day was held. Under that initiative, 209 projects were implemented. Citi volunteers and their acquaintances and friends participated in activities to benefit over 46,000 people almost 3,993 times.
- **Donations Program** - a grant-based competition by means of which the Kronenberg Foundation at Citi Handlowy supports the most valuable projects implemented by non-profit institutions in the area of education and local development. 3 grants were awarded in 2019, among others, for a digital project implemented with the Polin Museum: Virtual Sztetl. The project aims to expand the historiographic database, the source texts of which were digitalized using the OCR method in order to supplement and popularize knowledge about the economic life of Polish Jews.

Programs implemented with Citi Foundation's support

In 2019, the following projects were implemented in Poland with the support of the Citi Foundation:

- **Week for Saving** - a program which combines financial education and the development of entrepreneurial attitudes, aimed at promoting saving and rational finance management among Poles and encouraging young people who enter the labor market to take their chances in business. The project is implemented together with the THINK! Foundation. The goal of the program is to work out systemic changes in the area of personal finance management and entrepreneurship. The project consists of surveys on "Polish attitudes toward finance" (13th edition), an Entrepreneurship Development Program and competitions at universities and high schools as part of the game "First Million".
- **Be Entrepreneurial** - an economic education program addressed to high school students. It is being carried out in cooperation with the Junior Achievement Foundation. The aim of the project is to impart knowledge regarding widely understood entrepreneurship to students and help them develop skills and competences in that area through incorporation and management of an enterprise in the form of a general partnership. In 2019, more than 2,000 students from 220 schools participated in the program.

- **Business in Women's Hands** - a program implemented together with the Foundation for Female Entrepreneurship, addressed to 50 women who want to start their own company. Thanks to lectures, training and individual work with female mentors, each of the female participants has a chance to start a business. The goal of the program is to establish a female company cluster operating in the territory of the Warsaw agglomeration. In 2019, the 6th edition of the program was implemented.



In October 2019, within the "Business in Women's Hands" program, a conference with the slogan Be Bold was held, during which over 600 female participants had an opportunity to listen to lectures and participate in workshops.

During the conference, Natalia Bożek, Vice President of the Management Board of Citi Handlowy participated in a panel concerning courage around the world while Marcin Biernatowski, Manager of Digital Channels, talked about online security. This presentation sparked great interest among the participants and provoked lively discussion.

- **Microentrepreneur of the Year** - a competition organized in 2019 by the Association Inicjatywa Firm Rodzinnych (Family Business Initiative) with support from Koalicja na rzecz mikroprzedsiębiorczości (Coalition for microentrepreneurship). The aim of the competition consists in supporting entrepreneurship, encouraging people to set up their own companies and promoting the best examples of effective economic action. Participants vie for the main prize - the title Microentrepreneur of the Year - and category awards, depending on the age of the company. The youngest businesses are eligible to compete in the START category, companies with some experience in the PROGRES category and mature companies in the SENIOR category.
- **Hello Entrepreneurship** - a pilot program to support social entrepreneurship among migrants, male and female, in Poland, implemented in cooperation with the Ashoka Polska Foundation. The mission of the project is to use migrants' talents and hard work to develop jointly Poland's prosperity and social and economic success. Upon presentment of their initiative as part of the program, participants receive support over a period of three months as needed to make their ideas deliverable. Some examples of such support include: assistance in designing a business model, promotional support, facilitating contacts with investors and other companies. More than 50 entrepreneurs proposed their ideas in the first edition of the project, kicked off in the autumn of 2019. The purpose of the program is to establish 10 social enterprises by May 2020.
- **Shesnnovation Academy** - a pilot project to encourage women to launch start-ups in STEM fields. The program is conducted in cooperation with the "Prospects" ("Perspektywy") Educational Foundation. According to the 2018 report prepared by Startup Poland, only 26% of Polish start-ups have a woman among their founders. The project is addressed to female students, PhD students and graduates of technical and science faculties as well as to any other women who want to establish their own tech start-up. It comprises a range of supporting tools which allow the participants to build necessary competencies, both business and soft competencies, so their dreams of starting a business can come true. The program also provides individual mentoring support from experienced female managers, successful female owners of technological and female representatives of the science industry. More than 100 female entrepreneurs participated in the project and its purpose is to establish 10 technological start-ups by May 2020.

Employee Volunteering Program

The largest Polish employee volunteering program is coordinated by the Kronenberg Foundation at Citi Handlowy. It is designed with the aim of developing the social engagement of the Bank's existing and former employees.

In 2019, Citi volunteers in Poland implemented 250 projects for nearly 48,000 beneficiaries. Volunteers (also those who were not from the organization) took part in volunteering actions more than 4,500 times. They supported, among others, local communities, educational centers, social organizations, self-government facilities and animal shelters.

In 2019, key projects of the Foundation continued, such as the seasonal campaign "Become Santa's Helper", integration trips combined with volunteering and blood donation initiatives.

In order to continue good practices in competency volunteering, the #CitiVolunteers for Progress program was launched. This initiative fosters the development of Citi volunteers-employees by allowing them to prove themselves in a new environment but most importantly affects the professionalization of start-ups and NGOs.

The following initiatives are implemented as part of the #CitiVolunteers for Progress program:

- **Citi Mentoring** - aimed at involving Citi experts in mentoring programs for start-ups, conducted under projects co-financed by the Citi Foundation (mentoring for micro entrepreneurs, start-ups, women interested in growing their business, female IT and technology students and migrants who dream of starting a business).
- **Citi Skills Marathon for non-governmental organizations** - volunteering days organized to use Citi employees' skills to support NGOs and start-ups in pursuit of their mission and goals.

Moreover, the Kronenberg Foundation at Citi Handlowy together with Narodowe Centrum Kultury (National Centre for Culture) organized the 4th Nationwide Conference "Volunteering in Culture", which took place on 25 November 2019 at the Royal Castle in Warsaw. Over 180 participants took part in the Conference - experts, volunteers and guests, representing cultural institutions from all over Poland. The role of a director, coordinator and volunteer in building volunteering initiatives in the institution was the main topic of that edition. During workshops, participants discussed specified issues, took part in practical sessions and exchanged good practices.

Citi Global Community Day

One of the most important initiatives implemented last year was the 14th edition of the Citi Global Community Day. Every year, under this global project, the Bank's employees together with their families and friends get involved into actions which respond to specific problems in their local communities. In 2019, Citi volunteers conducted 209 social projects for nearly 46,000 beneficiaries, as part of efforts made in connection with Citi Global Community Day. The activities undertaken by the volunteers included renovation and construction works at social care homes and senior homes as well as cleaning works at animal shelters and in forested areas (including Kampinos Forest).

4,000 #CitiVolunteers implemented projects in three areas:

- Digital
- Inclusion
- Live well



In 2019, the **III 3rd edition of the Nationwide Survey of Employee Volunteering Program** was carried out. The survey was designed by the Responsible Business Forum and Citi Handlowy, The Kronenberg Foundation and Orange Foundations were its partners. It was dedicated to 3 groups: decision-makers at large and medium-sized companies, employees from large and medium-sized companies, and beneficiaries of employee volunteering activities. According to the results of 817 interviews, 88% of volunteers claim that EVP influences their perception of their workplace. 96% of decision-makers from companies with employee volunteering claim that volunteering improves employees' competencies. This is confirmed by the last survey of the Citi Employee Volunteering Program. An overwhelming majority of volunteers who took part in the survey admitted that involvement in volunteering made them more aware of social problems. Apart from the satisfaction that comes from helping others, volunteers have noticed that project implementation also brings professional

benefits. Most have noticed great improvement in their communication and organization skills.

In accordance with the adopted Strategy, the number of volunteering work hours per employee of Citi Handlowy remains stable and amounts to 2 hours per year.



Statistics of the Employee Volunteering Program

	2019	2018	2017
Number of projects	250	251	249
Number of beneficiaries	48,000	40,500	37,000
Volunteer involvement*	4,500	4,480	3,700
Number of projects in the "Wolontariusz na Bank!" ("Volunteer to Bank on!") competition	129	104	108

* the number of voluntary activities undertaken by Citi employees together with friends and family

CITI HANDLOWY ENCOURAGES AND SUPPORTS EMPLOYEES IN SOCIAL ACTIVITIES BY, AMONG OTHER INCENTIVES, GRANTING AN ADDITIONAL DAY OFF FOR VOLUNTEERING PURPOSES.



Live Well at Citi

Live Well at Citi is a global initiative of the Citi Group promoting the culture of health and a healthy lifestyle. Citi Handlowy has been implementing the initiative successfully for a few years now, combining sports with support for those in need. Employees of Citi Handlowy, together with the Bank's clients and partners, take part in sports events as members of the Live Well at Citi team, while also engaging as #CitiVolunteers, because every project supports a chosen social cause. Those three integral elements - employee participation, involvement of clients and supporting those in need - create a unique business model for this initiative.



Running was the most popular discipline among employees of Citi Handlowy last year, but the triathlon is gaining in popularity. Relay triathlons are particularly successful for promoting team building, involving enthusiasts of three different disciplines: swimming, cycling and running.

Participants of the Live Well at Citi team were supported by Gucwa Velo Trainers, who typically train the triathlon GVT BMC team. Apart from professional training plans for different fitness levels, members of the GVT BMC team and experts that cooperate with them offered employees of Citi Handlowy some guidelines concerning training, nutrition and physical recovery. They also supported employees of Citi Handlowy during the competition, monitoring their preparation and ensuring that they could cover the whole route in the optimal time.



The Live Well at Citi projects pursued in 2019 included, among others:

- A 10-km run during the Orlen Warsaw Marathon (Bieg Oshee 10 km);
- Relay triathlon races and triathlon during the Ironman 5150 Warsaw competition, at the Olympic distance of 51.5 km (i.e. 1.5 km swimming, 40 km cycling and 10 km running);
- Relay and triathlon sprint (i.e. 750 m swimming, 20.6 km cycling and 5 km running) and triathlon race with a distance of 70.3 (i.e. 1.9 km swimming, 90 km cycling and 21.1 km running) as part of the Enea Ironman 70.3 Gdynia competition;
- Weekly workouts for runners and amateur athletes in other sport disciplines;
- Golf tournaments organized by the Polish Golf Association (Citi Handlowy is the Strategic Partner of that association) to promote the development of this sport in Poland;
- Warszawa Business Run - a relay race during the Warsaw edition of the event organized in September by the Poland Business Run Foundation;



- 31st Warsaw Independence Run - 10-km run organized by the Office of the Capital City of Warsaw on 11 November to commemorate the 101st anniversary of Poland regaining independence.

Beneficiaries of the Live Well at Citi projects pursued in 2019 included two organizations that offer complex care to persons with disabilities: Stowarzyszenie Rodziców i Przyjaciół Dzieci Niewidomych i Słabowidzących "Tęcza" (Rainbow Association of Parents and Friends of Blind and Visually Impaired Children) and Stowarzyszenie "Pomost" ("Pomost" Association). Citi Handlowy donated over PLN 50,000 to finance projects under Citi's Employee Volunteering Program at those institutions.

Moreover, Citi Handlowy, by promoting the paralympic movement and cooperating with the Polish Paralympic Committee, supports inclusive community building and promotes change in the perception of disability. Within

the framework of this cooperation, during the triathlon relays held as part of the Ironman 5150 Warsaw competition and running relay race during the Warsaw Business Run, employees of Citi Handlowy were accompanied by paralympic champions. Citi Handlowy sponsored those events and has been a partner to Warsaw Business Run organized by the Poland Business Run Citi Foundation since the first edition in 2014. Each year, nearly 100 employees of Citi Handlowy and Citi Group get involved in the charity relay race by taking part in the competition and raising additional funds for rehabilitation, psychological support and artificial limbs for young amputees within the "I Help More" ("Pomagam bardziej") initiative. Taking actions that support people in need is just as important for them as the spirit of competition, as demonstrated by the success of the Live Well at Citi 1 - Citi FXPulse Masters team, which in 2019 took first place on the podium.

Citi Handlowy supports the Paralympic movement in Poland

For over a year, Citi Handlowy has been in partnership with the Polish Paralympic Committee. Through this cooperation, under Citi's global initiative, Citi in Poland supports the Paralympic movement and its efforts to change the public perception of disability. An element of this initiative is the Team Citi project to which Citi in Poland invited two outstanding sportspersons - Natalia Partyka, a four-time Paralympic female champion in table tennis, and Maciej Lepiato, a two-time Paralympic champion and four-time World Champion for the disabled in high jump.



Maciej Kropidlowski, Vice-President of the Management Board of Citi Handlowy, presented an award in the "table tennis" category to Natalia Partyka during the 20th anniversary of the Polish Paralympic Committee.

Natalia and Maciej are among the 41 contestants representing 20 countries from all over the world who will compete in 13 disciplines during the Tokyo Paralympic Games. Together with these exceptional athletes and Citi ambassadors, Citi Handlowy has been promoting activities to foster a diverse, inclusive society, and has been helping to change the perception of people with disabilities, among others, through the popularization of Paralympic sports and encouraging fans to support Paralympians. Cooperation with the Polish Paralympic Committee and activities promoting the Paralympic movement are consistent with Citi Handlowy and Citi Group's mission, supporting growth and development, both in an individual and social dimension.



Natalia Partyka and Maciej Lepiato during a meeting with employees of Citi Handlowy and Citibank Europe PLC, speaking with Citi Handlowy's President of the Board and the Head of Citi in Poland, Slawomir S. Sikora.

Citi Handlowy employees have become involved in numerous volunteering projects, including during the May Paralympic Gala and assisting sportspersons during the award ceremony for the 20th anniversary of the Polish Paralympic Committee.



During the Ironman 5150 competition in Warsaw, Iwona Podkoscielna and Agnieszka Sikora, gold medalists in the Paralympics in Rio de Janeiro, took part in the tandem paracycling competition of the team triathlon relay as part of the Live Well at Citi team.



“For us, Paralympians are role models - of strength, determination, perseverance in striving after goals, and effectiveness in overcoming one’s own limitations.

In Citi, we want to change the public perception of disability by popularizing Paralympic sports and encouraging everyone to support Paralympians. It is our contribution to building a society which accepts and appreciates diversity.”

Sławomir S. Sikora

President of the Management Board of Citi Handlowy

The 20th anniversary awards were granted to, among others, Natalia Partyka (in the “table tennis” category) and Maciej Lepiatio (“athletics”). Natalia also received the title of “Sportsperson of the 20th anniversary”. #CitiVolunteers were also present at the Final Gala of the Polish Paralympic Committee’s 1st Competition for Athlete of the year 2019 for which Citi Handlowy was the Main Sponsor. During this event, the winner of the Competition was announced and a statuette named after Sir Ludwig Guttmann, the founder of the Paralympic movement, was awarded. This award went to Jacek Czech, silver medalist in the 2019 World Para Swimming Championships in London for the 50-meter backstroke. Other events in which Citi Handlowy volunteers participated included Strefa PKPar during the Olympic Picnic in Warsaw, and Wheelchair Fencing World Championships “Kilinski’s Sabre”.



Citi Handlowy sponsored the Final Gala of the 1st competition for Athlete of the year 2019. The main prize for the winner - Jacek Czech - was awarded by President of the Board of Citi Handlowy and Head of Citi in Poland, Sławomir S. Sikora.



During the 21st Olympic Picnic in Warsaw, #CitiVolunteers in cooperation with the Polish Paralympic Committee encouraged the public to test their skills in blind football, seated volleyball, handcycling and blind target shooting. The paralympic zone received 2,500 visitors.

In turn, Citi Handlowy invited Paralympians to participate alongside the Bank’s employees and clients in triathlon relays organized under the Live Well at Citi program during the Ironman Competition in Warsaw and Gdynia, and in the Warszawa Business Run relay race. All of these initiatives were carried out by Citi Handlowy last year in support of persons with disabilities. Their beneficiaries were blind and visually impaired children and persons with mental health disorders. Citi Handlowy contestants in the Live Well at Citi relays during the Warszawa Business Run gave young people with amputated limbs a chance for a better life.

Cultural patronage and sponsoring

In 2019, the Bank and Foundation supported numerous nationwide and international conferences and events. One of them was the **9th edition of the European Forum for New ideas in Sopot**, one of the largest conferences in Central and Eastern Europe with over 1,200 representatives from the world of science, business and politics.

As part of the conference, the winners of the 6th edition of the Emerging Market Champions competition were awarded. The Award ceremony was held during the plenary session "Poland in the Puzzle of Great Superpowers. Rivalry between China and the U.S.A. from a National and Community Perspective."

At the EFNI conference, Citi Handlowy also presented innovative technological solutions in biometrics used for identity verification and confirmation. Our experts shared both their knowledge and experience in digital security with the participants.

Citi Handlowy was also a partner of the **9th European Financial Congress in Sopot**, an annual meeting of representatives of the European financial sector, the world of politics and economic experts. The main topic of the 9th edition of the Congress was the slogan "How to Live in Uncertain Times".



As part of its cooperation with the American Chamber of Commerce, Citi Handlowy was a partner of the **AmCham Dinner** organized during the **European Economic Congress** in Katowice, the **Economic Forum** in Krynica and the **Congress 590** in Rzeszów. Representatives of Citi Handlowy participated in all those events and numerous discussion panels.

In May 2019, Citi Handlowy announced its partnership with **the Polish Paralympic Committee**. This cooperation is an element of Citi's global initiative to support the paralympic movement and efforts to change the social perception of disabilities. As part of the global project **Citi Team**, Citi in Poland also supports two outstanding athletes - **Natalia Partyka**, a four-time Paralympic female champion in table tennis and **Maciej Lepiato**, a two-time Paralympic champion and four-time World Champion for the disabled in high jump.

As an organization supporting the paralympic movement in Poland, Citi Handlowy was the Main Sponsor of **the Final Gala of the 1st Athlete of the Year 2019 Competition of the Polish Paralympic Committee**. The event, during which the winner of the Competition was announced and the statuette named after Sir Ludwig Guttmann was awarded for the first time in history, was held in December at the headquarters of the Polish Olympic Committee in Warsaw.

One of many activities through which Citi Handlowy supported persons with disabilities and helped to promote a society that accepts diversity was Citi Handlowy's participation in the largest charity business run in Poland - Poland Business Run. Relay races are organized in 9 cities all over Poland to support young people with amputated limbs, to give them a chance for a better life. Citi Handlowy was the sponsor of the Warsaw edition of that event - **Warszawa Business Run**.

In 2019, the Bank also supported the development of sports in Poland under the Live Well at Citi program, combining such elements as: volunteering, assistance to local communities and promoting a healthy lifestyle. It was also a partner of the **Polish Golf Union**, and a sponsor of the **Ironman Poland Tour** triathlon races in Warsaw and Gdynia.

2019 was another year of joint activities by Citi Handlowy and **Live Nation**, a leader in the field of concerts and "live" event organization. The Bank offered holders of Citi Handlowy cards access to exclusive pre-sales of tickets for concerts organized throughout Poland. Clients of the Bank were the first in line to buy tickets for concerts by Madonna, Sting, Bon Jovi, Pink, Rod Stewart, Ariana Grande and Guns'n'Roses. Strategic cooperation with Live Nation will continue in 2020.

About the Report

These Non-Financial Statements of Bank Handlowy w Warszawie S.A. acting under the Citi Handlowy brand (the "Bank" or "Citi Handlowy") and the Capital Group of Bank Handlowy w Warszawie S.A. (the "Group") (hereinafter: the "Non-Financial Statements", the "Report") cover the key environmental, social and corporate governance issues present in the Group's operations.

The Report describes the activities of the Bank and its subsidiary - Dom Maklerski Banku Handlowego S.A. (hereinafter "DM Citi Handlowy"). **[GRI 102-45]** Other companies from the Citi Handlowy capital group, due to the scale of their activity, were not included in this Report. There were no significant changes in the structure of the Group or its supply chain during the reporting period. **[GRI 102-10]**

Works on the Statement were conducted in a formalized way by a task force which gathered at cyclical meetings. The task force was directed by the Vice President of the Management Board responsible for the Finance Division, and was composed of representatives of: the Finance Division, Strategy and Investor Relations Department, Corporate Communications and Marketing Department, Support and Services Division, Human Resources Division, the Banking Foundation named after Leopold Kronenberg and the Client Advocates.

These Non-Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. were prepared on the basis of the requirements set out in the Accounting Act of 29 September 1994 (i.e. J.L. of 2019 item 351 as amended), which imposes the reporting obligation according to GRI reporting standards. **[GRI 102-54]** In previous years, the group reported non-financial information only based on the Accounting Act, without applying the GRI standard. **[GRI 102-49]**

The Non-Financial Statements of the Group present its operations for the period from 1 January 2019 to 31 December 2019 **[GRI 102-50]**, unless indicated otherwise herein. The Group publishes annual reports. **[GRI 102-52]** The last report was prepared for 2018. **[GRI 102-51]** This Report does not contain corrections of information to the previous report. **[GRI 102-48]**

The Report is attached to the Report on the activities of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. and is available on the website of Citi Handlowy (www.citihandlowy.pl) in the "Periodic Reports" tab.

In case of any questions, please contact us:

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Non-Financial Statements of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the year ended 31 December 2019

Signatures of Board Members

25.03.2020	Sławomir S. Sikora	President of the Management Board	
.....
Date	First and last name	Position/function	Signature
25.03.2020	Natalia Bożek	Vice-President of the Management Board	
.....
Date	First and last name	Position/function	Signature
25.03.2020	Maciej Kropidłowski	Vice-President of the Management Board	
.....
Date	First and last name	Position/function	Signature
25.03.2020	Barbara Sobala	Vice-President of the Management Board	
.....
Date	First and last name	Position/function	Signature
25.03.2020	James Foley	Member of the Management Board	
.....
Date	First and last name	Position/function	Signature
25.03.2020	Katarzyna Majewska	Member of the Management Board	
.....
Date	First and last name	Position/function	Signature



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