



Report on non-financial information of the ING Bank Śląski S.A. Capital Group in 2019, including non-financial information of ING Bank Śląski S.A.

Table of contents

Approach to reporting	3
ING Bank Śląski	3
Our business model	7
Our relationships with the environment	8
Key non financial performance indicators	10
Applied policies related to non financial issues and due diligence procedures	18
Non-financial risks	24

The Management Board of ING Bank Śląski S.A hereby presents Report on non-financial information of the ING Bank Śląski S.A.Capital Group in 2019, including non-financial information of ING Bank Śląski S.A. as per Articles 49b and 55 of the Accounting Act (Journal of Laws 1994.121.591 as amended).

Approach to reporting

The selection and description of policies as well as performance indicators was made based on our own materiality criterion, taking into account internal and external factors related to the operations of the ING Bank Śląski Capital Group. The indicators used are own indicators calculated on the basis of data available in the Capital Group. The report meets the requirements of Articles 49b and 55 of the Accounting Act (Journal of Laws 1994.121.591 as amended).

Due to the integrated approach to reporting, an additional description of non-financial information that goes beyond the scope of the Report is included in the Management Board's Report on the Operations of the ING Bank Śląski S.A.Capital Group. in 2019. In the Management Board's Report on the operations of the ING Bank Śląski S.A.Capital Group in 2019, non-financial information is reported in accordance with the GRI Standards standard and is subject to external verification.

ING Bank Śląski



We started our activity on the Polish banking market exactly 30 years ago, in 1989. We enjoy the position of one of the largest all-round banks in Poland. We render services to both retail clients and business entities.

As at 2019 yearend, we operated through 317 branches and 65 ING Express points. These are meeting places where our clients can ask for advice and talk. We provide our clients with modern online and mobile banking systems so that they can quickly and independently manage their finances.

Our organisation has two main locations - in Warsaw and in Katowice. This is where we take the most important decisions concerning the operations of our Bank. The Management Board is seated there as well. ING Bank Śląski S.A. is formally registered in Katowice. As at the end of December 2019, as a Group we employed over 8,000 people.

We are inspiring and empowering our clients to make accurate financial decisions. We provide them with tools to make banking easy, transparent and available 24/7. Delivery of our strategy is supported by our strong brand.

Bank shares have been quoted on the Warsaw Stock Exchange since 1994. Since the very index formation (September 2013), we have been among the WIG30 companies. We are the only company from the finance sector which has been uninterruptedly present (for all its rounds) in the Respect Index (the index of most socially responsible WSE companies). Our Bank shares are included in the WIG-ESG index, which replaced the Respect Index.

How does ING Group operate in Poland

ING Bank Śląski S.A. is a parent company of the ING Bank Śląski S.A. Group. As a Group, for 30 business years, we have managed to establish our position among the top financial institutions in Poland. We are number five as far as the balance sheet total is concerned (over PLN 158.6 billion as at 2019 yearend) and number four in terms of the commercial balance (the total of deposits and loans). We form the Group together with the subsidiaries, where we operate in the area of:

- leasing,
- factoring,
- financial advisory and intermediary services,
- payroll and accounting services.

The Group members are also the founders of ING for Children Foundation and ING Polish Art Foundation.

Changes to Group structure

The purchase of 45% share in the capital of NN Investment Partners TFI S.A.

On 18 December 2018, ING Bank Śląski and its subsidiary, ING Investment Holding (Polska) S.A., signed with NN Investment Partners International Holdings B.V. preliminary agreement for the acquisition of a 45% of shares of NN Investment Partners TFI S.A. (NN TFI). According to the purchase agreement, the key condition precedent for the closing of the transaction is the absence of an objection by the Polish Financial Supervision Authority.

On 23 July 2019, the Polish Financial Supervision Authority issued a decision that there were no grounds for objection to the aforementioned purchase of shares. From the date of completing the transaction, i.e. 31 July 2019, NN TFI is an affiliated entity of the Bank. The purchase price payable after the closing of the transaction - after appropriate adjustments provided for in the transaction documentation have been made - amounted

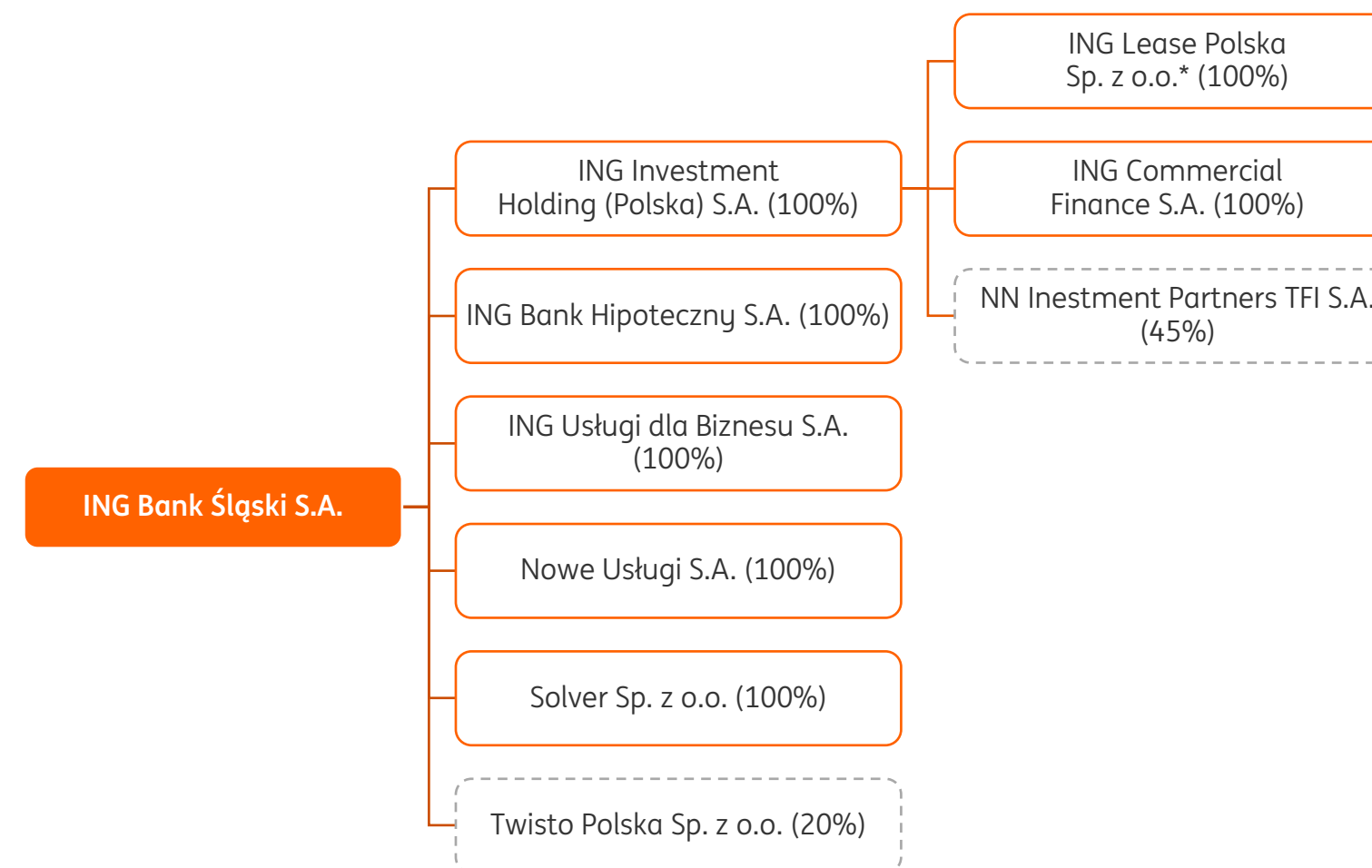
to PLN 166.3 million, which implies a valuation of 9.2x P/E (Price / Earnings; 2018) and 2.0% P/AuM (Price / Assets under Management; June 2019).

Our Bank will use the equity method to value its stake in the company. The settlement of the transaction was recognized in Q3 2019. For detailed information on the settlement of the transaction see the ING Bank Śląski S.A. Group Annual Consolidated Financial Statements for the year 2019.

Strategically, our Bank's Group wants to promote long-term clients' savings, also by offering investment products. We want to be even more co-responsible for the solutions we provide to our clients in terms of investments. Hence the decision on capital cooperation with one of the key players on the Polish market, having a strong brand, long-term experience and good results of the funds – NN TFI.

We believe that the transaction will also have a positive impact on the faster transformation of balance sheet savings of our bank's clients into investment funds – thanks to the strengthening of the image of ING Bank Śląski as a strong brand with a savings and investment offer.

ING Bank Śląski S.A. Group composition as at 31 December 2019
(continuous frame means subsidiary and dashed frame means associate)



*The ING Lease (Polska) Group is composed of 9 subsidiaries wherein ING Lease (Polska) Sp. z o.o. holds 100% of shares.

ING Investment Holding (Polska) S.A.

ING Investment Holding (Polska) S.A. is a holding company. Through that company, the Bank holds shares in three subsidiaries: ING Lease (Polska) (100%), ING Commercial Finance (100%) and NN TFI (45%).

ING Bank Śląski S.A. Group composition

ING Lease (Polska) Sp. z o.o.

ING Lease (Polska) has been present in the market since 1996. Since 2012, it has been a member of the ING Bank Śląski S.A. Group. ING Lease (Polska) offers all basic types of lease and a cash loan which can be used to finance both movables (passenger cars, light-duty vehicles, heavy transport means, machinery and equipment, medical and IT equipment) and immovables. The ING Lease (Polska) Group is composed of 9 subsidiaries wherein ING Lease (Polska) Sp. z o.o. holds 100% of shares. The Company services are targeted at all market segments: large, medium and small enterprises as well as clients from the micro (Entrepreneurs) segment.

In 2019, the new lease production of the company totalled PLN 5.0 billion (up by 9% y/y). It allowed ING Lease (Polska) to increase a market share to 6.5%. At the end of 2019, the company served 30 thousand clients (up by 26% y/y) and its portfolio worth exceeded PLN 9.9 billion (up by 15% y/y).

ING Commercial Finance S.A.

ING Commercial Finance offers factoring products. The company was incorporated in 1994 under the name of Handlowy Heller. Upon its incorporation into ING Group, since 2006 the company has been operative under the name of ING Commercial Finance. Since 2012, it has been the member of the ING Bank Śląski S.A. Group - like ING Lease (Polska).

As per the Polish Factors Association's data, in 2019, ING Commercial Finance was the third biggest factoring company in Poland. In 2019, ING Commercial Finance turnover totalled PLN 35.6 billion (+13.0 y/y), which represented 12.7% of the market turnover. In 2019, the Company served nearly 4.7 thousand clients (up by 49% y/y) and bought out 3.4 million invoices (up by 40% y/y).

NN Investment Partners TFI S.A.

NN Investment Partners TFI S.A. has been present in Poland since 1997. It is the third largest investment fund company on the Polish market, which manages over PLN 20 billion invested in funds and portfolios for a wide range of clients. It serves over 450 thousand clients, offering them investment funds, asset management portfolios and pension products. It is part of the international NN Group. It successfully combines global and local expertise to provide clients with investment solutions at the highest level.

ING Bank Hipoteczny S.A.

On 2 January 2019, ING Bank Hipoteczny S.A. received permission to start operating activities.

The main business purpose of ING Bank Hipoteczny is issue of long-term mortgage bonds with the underlying instruments being debt claims under the mortgage-backed loans acquired from ING Bank Śląski S.A. or other banks.

The set goal may be achieved through:

- strengthening of funding stability in the ING Bank Śląski Group,
- diversification of funding sources for the current retail mortgage portfolio,
- adjusting maturity structure of assets and liabilities in the balance sheet,
- releasing liquidity of the ING Bank Śląski Group,
- lowering the cost of financing the conducted lending activity in the part of the loan portfolio financed with other long-term instruments.

In 2019, ING Bank Hipoteczny focused on acquiring and building a portfolio of mortgage-backed receivables, and in October 2019 it carried out the inaugural issue of 5-year "green" mortgage bonds for PLN 400 million. The funds obtained from the issue will be used to refinance mortgage loans in PLN for natural persons, secured with mortgage belonging to 15% of the most energy-efficient buildings in Poland.

ING Usługi dla Biznesu S.A.

Since 2013, the Company has been offering innovative business services beyond traditional banking. Expanding its business activities into new market segments, in 2019 the company entered for the first time into the market of services for individual clients.

ING Usługi dla Biznesu operates in the following business areas:

- online database of companies (registry data, financial data) and business purchase platform - ALEO,
- platform for invoicing and managing payments for entrepreneurs and accountancy and payroll services for companies keeping full accounting records - ING Accounting,
- platform and business process robotization services - Roboplatform,
- My Services platform for the execution of micro payments by individual customers.

Nowe Usługi S.A.

The company was incorporated in May 2014. It conducts educational and marketing activities. As far as educational activities are concerned, the company runs the website edukacjagieldowa.pl. It is a website about investing and stock exchange, both for debuting and fully-fledged investors. The knowledge database and investment-related materials are published on an ongoing basis on the website. Marketing activity centres around popularisation of ING Turbo certificates on the Polish market. The instruments are issued by ING Bank N.V. Amsterdam and quoted on the Warsaw Stock Exchange. The main activities of the company are the organisation of marketing campaigns, ING Turbo helpline service or technical support while running the ingturbo.pl website.

Solver Sp. z o.o.

Solver Sp. z o.o. runs business being arranging holidays for employees and their families as well as for pensioners of ING Bank Śląski S.A. This activity is carried out in the Pan Tadeusz Training and Recreational Centre in Krynica. In September 2019, the Company stopped to rent residential premises in the building at ul. Klimczoka 4 in Katowice and thus closed the sale of apartments.

Twisto Polska Sp. z o.o.

The Company was incorporated in 2017. Its shareholders are ING Bank Śląski S.A. and Twisto Payments a.s. – a Czech fintech offering innovative solutions for payments in e-stores. The Bank's investment was made primarily to launch the innovative purchase formula on the Polish market – “Buy now and pay in 21 days”, with which clients buying at e-stores can make orders with deferred payment. The Twisto payment method is available in the payment gateway “imoje” activated by the Bank in April 2018.

Offered products

We are one of the largest universal banks in Poland. We have a strong position on the core markets of banking services (loans and deposits) and banking-related services (leasing and factoring). We pursue our business based on two segments – retail banking and corporate banking. As at the end of 2019, we served 4.50 million clients.

Segregation of companies into categories by annual revenue



Entrepreneurs up to EUR 1.2 million



MID and BIG companies up to EUR 125 million



Strategic clients above EUR 125 million

Retail banking

We offer service to individual clients, entrepreneurs and Private & Wealth banking clients.

Personal accounts

Loans and borrowings

Credit cards

Finance management

Insurance

Savings

Brokerage accounts

Investments

Corporate banking

We offer service to strategic clients, mid and big companies, and to local governments.

Cash management

Funding (lending and guarantees)

Trade services

Corporate Finance

Financial markets

Custody services

Leasing and factoring services

Money markets and capital markets

We are a universal bank and, together with other companies from our group (for more information on our group please go to “About us”), we serve both individual clients and corporate clients.

Our business model

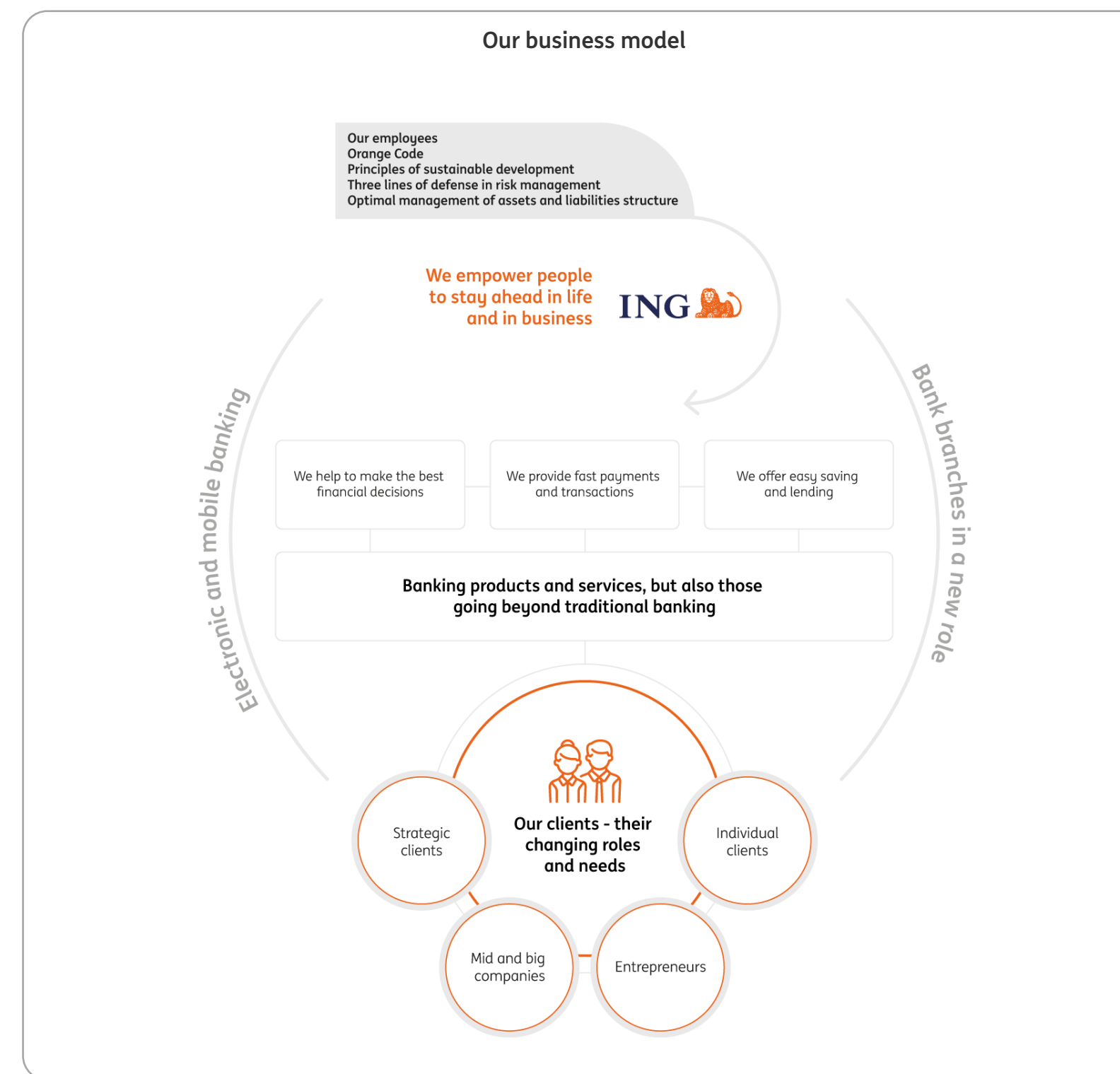
Our business model works effectively thanks to a group of more than 8 thousand employees. We care about their motivation, varied experience, seniority and extensive knowledge. In our work, we rely on our business ethics code, or the Orange Code, which is a set of ING Behaviours and Values (for more details please go to “Way of Working”).

We realise that we have an impact on many economic processes and individual choices. The decisions we make determine what the world will look like and what the reality of the next generations will be like in the future. That is why in our business and non-business decisions we follow the principles of sustainable development (for more on that topic please go to Sustainable Growth and CSR).

As a public trust organisation, we know how important aspects related to a stable and effective risk management system are for the banking sector and the entire economy. The risk management system at our bank is constructed in line with the best market standards based on the three-lines of defence approach, with the first line being the business managers, the second one being the risk- and finance managers and the third one being the internal audit. We also care about the optimal management of the assets and liabilities structure of our balance sheet within the risk appetite limits.

It is our mission to **empower people to stay ahead in life and in business**. The roles each person plays in the society change throughout their lifetime – starting from a child, student, parent, entrepreneur, bank employee, our vendor or an employee of another company to a pensioner. It is a journey during which the clients will make various choices that are important both for their private- and professional lives. As a bank, we help them make financial decisions that are best for them. That is why we provide our clients with knowledge and tools as well as simple and useful solutions that suit their needs. We also help them to gain a better understanding of their financial standing.

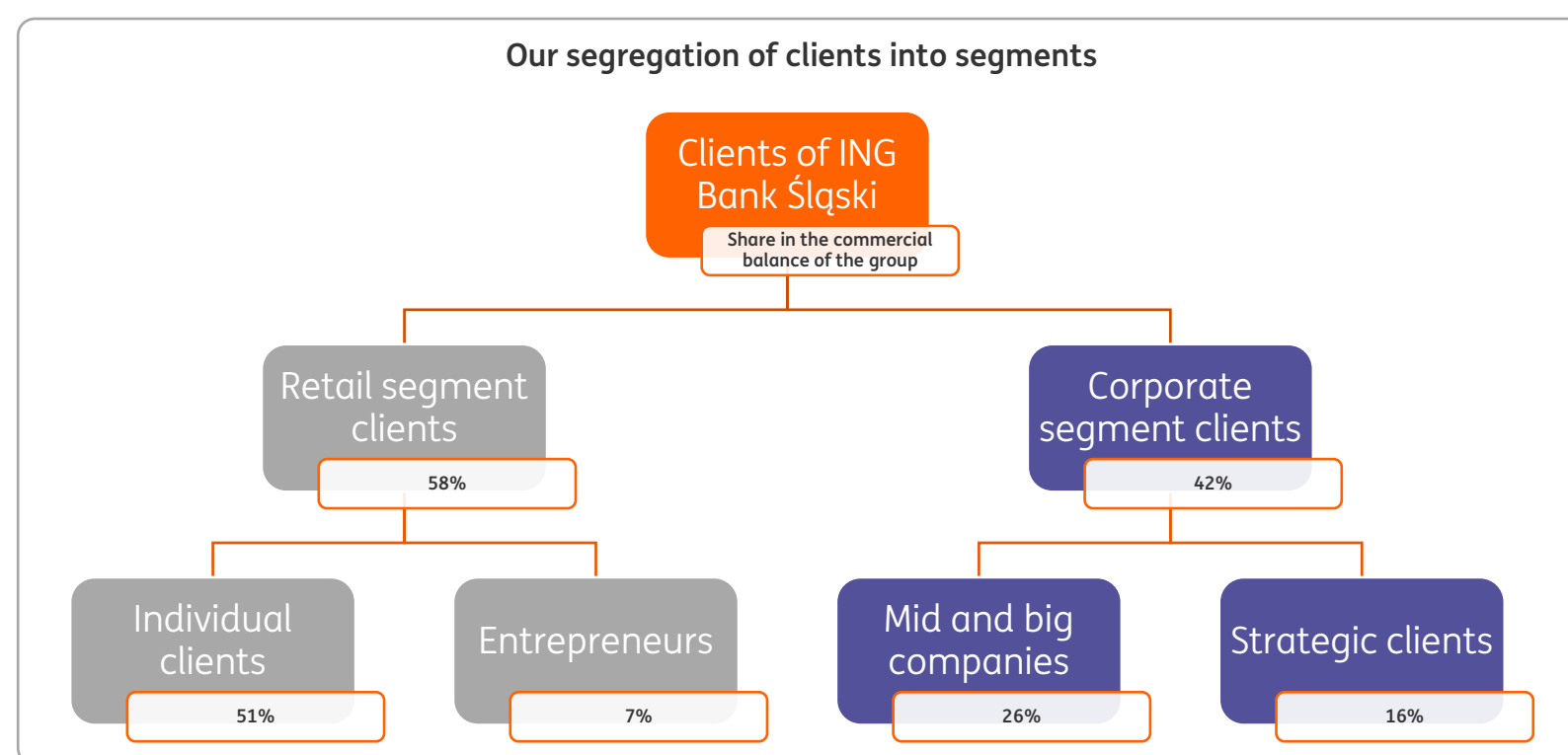
It is our role to enable them to save money in a safe and effective manner. Deposits entrusted by one group of clients help finance the loans granted to another group of clients, and the loans are beneficial for the development of the society at large and of the economy. With the external funding, clients may purchase flats, start or develop their business.



We also take efforts to ensure an effective payment and transaction system. With the growing popularity of cashless trading, an effective electronic payments system becomes more and more important. We provide our clients with transaction banking, we process their transfer orders, card payments, phone payments or BLIK payments, and we build a network of devices for cashless payments.

We offer our clients banking products and services (such as loans, savings accounts and transfer orders) but we also offer them products and services that are not linked with traditional banking. Our competences help us build positive customer experience. We also take advantage of big data and artificial intelligence, and cooperate with fintechs – as a result, we are able to reach even higher. We do not offer only insurance products, accounting service or investment products. We also offer a wide array of finance management tools (for more information on our offer of products and services please go to “Customer experience”).

We divide our clients into two main segments – retail clients and corporate clients – as presented below.



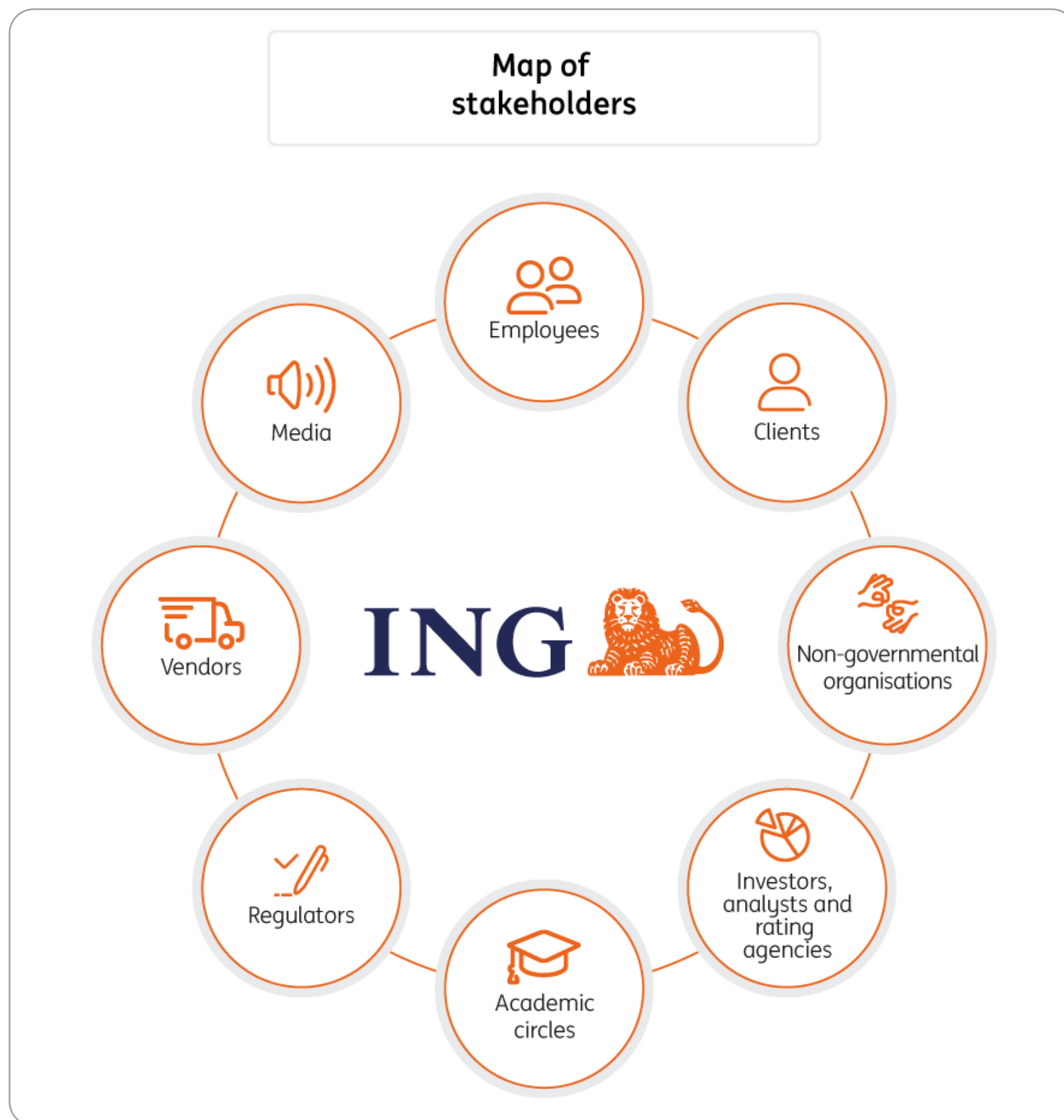
Electronic- and mobile banking is the basic channel we use to interact with the clients, both retail- and corporate ones. We want our clients to have tools that allow them to make payments in a modern way and to deal with simple

things via direct channels (for more details please go to “Customer experience”). At the same time, we notice the changing role of bank branches (for more details please go to “Customer experience”). That is why in 2019 we made changes in terms of distribution and rolled out *One Way of Working* in the area of retail clients. We no longer talk about branches but rather about meeting places where we help our clients with daily banking, we help them live better, develop their business and take care of their financial future.

Corporate clients who expect high-quality service may be served in a branch or at their company’s premises, depending on their needs. It is the responsibility of our employees to support them in taking financial decisions, by analysing their financial needs and goals, their financial standing or the investment risk level, among other things.

Our relationships with the environment

Our operations touch many lives: customers, employees, shareholders, vendors and society at large. We are aware that expectations of our stakeholders vary. We try to balance them in our daily work. We spare no effort to ensure professional and friendly communication between our bank and its both internal and external environment. We use advanced tools to develop the best practices as regards cooperation and dialogue with stakeholders. We operate with awareness of and respect for international standards – the Universal Declaration of Human Rights and the UN Global Compact. We also apply the Good Banking Practice Principles– we care for equal treatment of all shareholders and attach importance to wide access to information and effective communication with capital market participants.



All groups of our stakeholders are important from the perspective of business strategy, sustainable development strategy, direct and indirect influence of the organization. The strategic dimension is the most important for them themes. Thanks to this, we can implement them effectively and quickly. We identified our stakeholders while developing the 2011-2012 CSR Report. Since that time no changes have been made to the identification of stakeholders and at the workshop with employees in 2019 we decided that no changes were necessary in our map of stakeholders.

Communication with the environment is a key element of our core business. It is also a natural consequence of the Bank's social activity and the important role we play in local communities. In our dialogue with stakeholders we apply both highly parametrised tools (satisfaction surveys, audits) and daily contacts.

Clients

Clients are one of the most important groups of our stakeholders because without them we would not be our organization. Their opinions and needs are extremely important to us, which is why we collect them on a regular basis, analyse them and try to implement them into our products and services (client voice). We run satisfaction and other surveys like NPS or FCR on a quarterly or yearly basis.

Shareholders, analysts and rating agencies

We ensure that all shareholders are treated equally as well as pay attention to wide information access and effective communication with capital market participants. We are permanently in touch with and hold quarterly meetings for them with the Management Board when financial results are published. For more information about the Bank's investor relations, see under "About us" in "Our presence on the capital market" and website <https://en.ing.pl/company-profile/investor-relations>.

Media

We contact the media by responding to questions on an ongoing basis or by distributing press releases or initiating meetings, for example. To read more about the press office, please visit <https://media.ing.pl/>.

Employees

Every year, we hold an Organizational Health Index (OHI) survey or a Work Performance Culture (WPC) scan alternately. Additionally, Pulse Check is carried out once a quarter. On the intranet, employees chat and blog with the CEO. We also organize anonymous chats with board members, where each employee can

ask a question which is answered each time. Employee interests and rights are represented by employee organisations – the Works Council and trade unions. The Works Council provides information and runs consultations on the matters of significance to the employees. The Council has 10 members and holds cyclical meetings. There is a trade union, NSZZ Solidarność, at the Bank which gathers over 491 employees.

ING volunteers

Communication with ING Volunteers is very important to us. Daily we use all tools available at the Bank – Intranet, communities, Dobry Pomysł [Good Idea] platform. We conduct a survey once a year. Every year, Fundacja ING Dzieciom [The ING for Children Foundation] organises training for volunteers in our centre in Wisła. Ongoing dialogue is an element which enhances the employees' commitment to local projects and actions.

Non-governmental organisations

Communication with non-governmental organisations is very important for us. We contact them regularly, via various tools. We invite them to meetings, enter into partnerships with them and participate in joint initiatives.

Academic circles

The academic circles encompass first and foremost students who are our very important stakeholders. We arrange meetings with students and participate in student-oriented initiatives. Every year, we organise the Traineeship with the Lion which targets the students who want to pursue their career in banking.

Vendors

Cooperation with strategic vendors is reviewed on an annual basis. From 2018, we have included additional extended surveys in the area of social responsibility.

Key non financial performance indicators

ING Bank Śląski S.A.

	2019	2018	2017
Number of clients (thousand)	4 504	4 860	4 590
Number of employees (persons)	7 690	7 665	7 661
The ratio of basic salaries of women to men (%)	98%	99%	97%
Employee turnover ratio	7,3%	6,9%	8,2%
Electric energy usage (kWh)*	31 920 924	30 558 890	31 530 936
Water consumption (m ³)*	58 284	57 130	55 541

ING Banku Śląskiego S.A. Capital Group

	2019	2018	2017
Number of clients (thousand)	4 504	4 860	4 590
Number of employees (persons)	8 135	8 086	8 032
The ratio of basic salaries of women to men (%)	100%	99%	99%
Employee turnover ratio	7,2%	7,0%	8,2%
Electric energy usage (kWh)*	31 920 924	30 558 890	31 530 936
Water consumption (m ³)*	58 284	57 130	55 541

* Due to the fact that the subsidiaries of the Capital Group rent office space from ING Bank Śląski S.A. and pay the rental fee, which includes a flat-rate media fee, it is not possible to extract data by Bank and Capital Group. This is due to the lack of separate meters on the rented areas. Whenever possible, we will try to extract as much data as possible by Bank and Capital Group.

Sustainability strategy

Today, it is up to our decision what the world will look like and what world will be available to the next generations. As a financial institution whose mission is to “Support and inspire people to be a step ahead in life and in business”, we affect multiple economic processes and individual choices.

Exerting impact is inseparably related to responsibility. As an organisation, we feel responsible for many things. It is important that we set targets that are common to us and that are directly resulted to our business activity. And we

hope to implement them with success. Therefore, sustainable growth is an indispensable element of our business strategy. In order to pursue consistent actions and set directions, we have set 4 priorities in our strategy. Our response is: Bank for the enterprising, Bank of equal opportunities, Bank for green investments and Bank which is eco-aware.

Implementation of ING Bank Śląski S.A. sustainability strategy

Implementation of ING Bank Śląski S.A. sustainability strategy

Goal	Success measures as at the year-end 2019	Execution
The Bank for the enterprising		
<p>We support young people in being enterprising</p> <ul style="list-style-type: none"> – a campaign “Najlepiej Robić Swoje” [The best way is to do your things] addressed to people aged 18-26, supporting them in the development of their passions and financial independence and cooperation with the Patronite crowdfunding platform – we share knowledge and we lecture at universities – an educational programme of the ING Polish Arts Foundation “Professional Artist” 	<ul style="list-style-type: none"> – TOP 1 “Bank for the resourceful and enterprising” for individual clients 	<ul style="list-style-type: none"> – In a survey, on a national representative sample of Poles aged 18-65 and a sample aged 18-26, we were ranked TOP 1 as a “Bank for the resourceful and enterprising” (October – December 2019, Brand tracking, Kantar, CAWI). A campaign for young people was carried out in January-April 2019 as a continuation of last year’s campaign.
<p>We support Poles in better financial management</p> <ul style="list-style-type: none"> – a campaign encouraging for cautious consumption/saving + communication platform around intelligent solutions in Moje ING 	<ul style="list-style-type: none"> – TOP 1 “Bank for the resourceful and enterprising” for individual clients 	<ul style="list-style-type: none"> – In a survey on a national representative sample of Poles aged 18-65, we were ranked TOP 1 as a “Bank for the resourceful and enterprising” (October-December 2019, Brand tracking, Kantar, CAWI). In a mass communication, we encouraged Poles to informed consumption and saving (January-February 2019) and we promoted useful functionalities of Moje ING such as: salary right now, multi-currency card with a traveller’s packet, messages on upcoming periodic payments, eco-loans with front-end commission (April – November 2019).
<p>We support business people in setting up and developing businesses</p> <ul style="list-style-type: none"> – access to intelligent Banking solutions (business establishment in Moje ING) and non-Banking solutions: PlaceMe (business location), accounting, terminals, microfactoring, imoje, ALEO – we help in reaching success and attracting clients: “A good voice for companies” campaign and educational content at the European Start-up Days – access to specialists at the Contact Centre and in branches 	<ul style="list-style-type: none"> – TOP 1 “Bank for the resourceful and enterprising” for companies – TOP 2 spontaneous recognition for companies – Minimum 10% of clients actively use non-Banking solutions 	<ul style="list-style-type: none"> – Brand results accomplished. In a survey “Brand monitoring and effective communication in the enterprise segment” (GfK, March-December 2019, CAWI) we were ranked TOP 2 in spontaneous recognition for companies and TOP 2 as a “Bank for the resourceful and enterprising”. In communication with potential business people we promoted the possibility to set up a business in Moje ING (May-June and September-November 2019), we encouraged Poles to share positive opinions on companies as a result of which they have more clients (February-May and November-December 2019), after ESD, business owners were offered practical tips on how they should develop their business (May-June 2019).

We keep developing cooperation with new companies and start-ups

- DemoDays and win-win cooperation with selected start-ups – PlaceMe, Jednoślądz/Blinkee, Traficar, 2040.AI, Waywer
- we support an enterprising attitude among employees: (a) we encourage them to keep developing – we search for and develop new competencies (re-skilling, e-learning), (b) we promote a culture of innovation (Pace Everyday, Akcelerator ING, Innovation Bootcamp)
- NPS growth among employees

- TOP 1 “Bank for the resourceful and enterprising” for companies
- TOP 2 spontaneous recognition for companies
- Minimum 10% of clients actively use non-Banking solutions

- Responding to business needs, we organise regular meetings for start-ups with representatives of the Bank's business lines. The first meetings were held in 2017. At the meetings, the invited start-ups have an opportunity to make presentations of the products they develop to Bank's representatives. For the Bank this is major inspiration and an opportunity to find solutions to respond best to clients' expectations.
- We invite businesses developing products from various areas such as payments, e-commerce, business process optimisation, artificial intelligence or open API. We invite selected companies to test or carry out pilot projects for their solutions. The step that may follow may be establishment of various type of cooperation: capital investment, incorporation of a ready start-up service to an offer, joint product development, etc. by recommending services of start-ups or co-branding. Examples of such actions include cooperation with BillTech, a start-up whose solution we used to develop our new service – Moje Usługi. Another example is cooperation with 2040.ai, a start-up, whose solutions for advisors have been tested internally and now are implemented.
- We support the enterprising attitude of employees – we encourage them to keep developing – we search for and develop new competencies (re-skilling, e-learning). In March 2019, a second edition of the conference “Odczarujmy Service Design”, attended by 200 persons. They learned how to apply service design in daily work. In 2019, there were two sessions of the Service Design Academy, attended by 29 persons from 17 units. In 2019, we carried out several dozen projects with our PACE methodology. The methodology is focused on developing solutions with clients so that they provide value added. With such approach, we have enhanced and developed new, breakthrough solutions, e.g. with start-ups.
- In a survey “Brand monitoring and effective communication in the enterprise segment” (GfK, March – December 2019, CAWI) we were ranked TOP 2 in spontaneous recognition for companies and TOP 2 as a “Bank for the resourceful and enterprising”. The NPS ratio among employees grew from 53% (average of Q2, Q3 and Q4 2018) up to 54% (average of Q2, Q3 and Q4 2019).

The Bank of equal opportunities

We remove or cancel architectonic barriers in our branches

- 91% branches with no barriers (98% branches without barriers where indirect solutions are used, e.g. rails)

- Throughout the year we were removing architectonic barriers in our branches. At the end of 2019, we had 91% branches without architectonic barriers, 7% branches had barriers eased by the use of rails, fixing of paging bells (access to a branch by handicapped people requires assistance by an ING employee).

We are available to clients in all contact channels with the Bank

- A new contact channel with the Bank was launched – chat in a mobile application

- In July 2019, we launched the chat function in a mobile application. To activate the function, it is necessary to log to the application and then find the chat button at the bottom of the page. The solution is available for Android and iOS device users. Just download the most recent version of the application.

We educate customers how to move in the digital world, we counteract to digital exclusion

- we promote assistance in branches
- we are developing a “handbook for beginners” in mobile/electronic banking

- An information action, development of a handbook for beginners in mobile/online banking

- During a workshop with senior citizens, we have developed a working version of the handbook. The handbook is to be published in 2020.
- We promote assistance in branches at onboarding training and we encourage employees to assist in the first steps with electronic banking.

<p>We support the employment of handicapped persons in our Bank</p> <ul style="list-style-type: none"> - we have implemented a packet of benefits and facilities for handicapped employees - we have started cooperation with the Activation Foundation who will support us in recruiting handicapped people 	<ul style="list-style-type: none"> - A complete developed recruitment process with the support of the Activation Foundation involved in activating handicapped people 	<p>Additional days off: 3 paid days off for employees with mild disabilities, 5 paid days off for employees upbringing children with disabilities (no age limit that would restrict eligibility for the right), 2 paid days off for employees caring for spouses/partners, parents, in-laws, grandparents with mild or severe disabilities. A higher number of days off from work than guaranteed by labour law, e.g. an additional one day off in case of child birth or adoption of a child (totally 3 days) or in connection with a wedding of an employee (totally 3 days). A day off for the family of each employee. Such day off may also be utilised in hours.</p> <p>Additional cash benefits: A fixed monthly allowance of PLN 500 for employees with moderate and material handicaps. A fixed monthly allowance of PLN 500 for employees rearing handicapped children – per each child. Refinancing of medications, dressing materials on the basis of invoices up to the full amount.</p> <ul style="list-style-type: none"> - We have developed a recruitment process with the support of the Activation Foundation. We have developed guidelines for Directors – Hiring of handicapped persons
<p>We actively support the culture of diversity. We foster an environment free of discrimination and mobbing</p> <ul style="list-style-type: none"> - commencement of e-learning and a communication campaign to employees 	<ul style="list-style-type: none"> - Minimum 2 communication actions (including training) or inspiring conferences for employees 	<ul style="list-style-type: none"> - We published communication to all employees on the implementation of the <i>Policy of Caring about Working Environment Free of Discrimination and Mobbing</i> and the <i>Procedure of Handling the Suspected Occurrence of Adverse Events</i>. Our offer of e-learning contains a course “Work free of discrimination and mobbing” – as mandatory training for all employees. Additionally, in June we arranged a Week of Diversity and Inclusion that included inspirational meetings, workshops and lunch&learn meetings.
<p>We develop friendly work places. We care about the health and well-being of our employees.</p> <ul style="list-style-type: none"> - we support our sporting employees, e.g. Run Warsaw and a Football Tournament 	<ul style="list-style-type: none"> - Minimum 2 campaigns for employees, including a campaign on oncology prevention and a campaign for sports 	<ul style="list-style-type: none"> - In October, we started our Oncology Prevention Programme. With the programme, it is possible to make appointments for free tests to be held at renowned clinics ensuring safe procedures and a reliable analysis of the results. First, we will focus on diseases of the colon and breasts. - In 2019, we held three sports events for employees: football tournament, beach volleyball tournament and we were the main partner for Run Warsaw. In connection with Run Warsaw, we held a number of training sessions for employees and we held a campaign on healthy nutrition and exercising.
<p>We continue to further simplify and promote “Po prostu” [Just Like That] communication</p>	<ul style="list-style-type: none"> - Further simplification of communication due to standards and automation. Increased awareness of Po prostu with clients and employees. 	<ul style="list-style-type: none"> - We have already simplified over 2,500 communications, including major agreements. In 2019, we were granted a certificate of a plain Polish language from the University of Wrocław – thus we had an opportunity to check if the language on our site ing.pl is plain. This is the second certificate in our portfolio – in 2017 we were awarded another certificate for the language in Moje ING. Our target is automation – that is why we have developed Prostomat. This is the first tool in Poland which not only diagnoses texts but it also translates texts from “Bankish” into human language – like the Google translator. Our employees are provided with ready made simplified texts and they have more time to focus on other things – e.g. simplification of processes themselves.

The Bank of green investments

<p>We support the development of electromobility and sharing economy in selected big cities</p> <ul style="list-style-type: none"> - in that respect, we cooperate with our partners: Tauron, Engie, Innogy, Jednoślądz / Blinkee, Traficar 	<ul style="list-style-type: none"> - Minimum 3 undertaken or completed initiatives 	<ul style="list-style-type: none"> - We support Innogy, Blinkee and Tauron. The largest electrical car sharing fleet in Europe – Innogy Go activated, new charging stations with ING opened.
<p>We pursue the green initiative developed at ING Akcelerator</p> <ul style="list-style-type: none"> - the Eco-drive platform for smart mobility launched 	<ul style="list-style-type: none"> - The platform is accessible to users and minimum 3 cooperating partners providing vehicle 	<ul style="list-style-type: none"> - The project is implemented jointly with Voom. An investment agreement and a marketing agreement signed.
<p>We finance projects in renewable energy sources</p> <ul style="list-style-type: none"> - projects in the area in wind power generation, photovoltaics, biogas stations 	<ul style="list-style-type: none"> - Minimum 3 completed projects 	<ul style="list-style-type: none"> - We provided financing to projects improving energy effectiveness and new sources of green energy: wind and photovoltaics.
<p>We pursue energy efficiency projects and renewable energy source projects under frame agreements with our partners</p>	<ul style="list-style-type: none"> - Minimum 8 completed projects with our partners 	<ul style="list-style-type: none"> - Partly completed. Audits take more time than we assumed. First agreements have already been signed and there is much interest.
<p>We promote areas of closed circuit economies</p> <ul style="list-style-type: none"> - we look for business opportunities in the area - we share our knowledge at internal and external conferences 	<ul style="list-style-type: none"> - Minimum 1 transaction completed 	<ul style="list-style-type: none"> - The Bank is among the signatories of the document approved at the meeting under the auspices of KPRP i Employers of Poland – Card of Ecological Responsibility of Enterprises and Employers in Poland. participation in the conference of our economists. - Our employees have attended EKG, OEES conferences as experts where they spoke about closed circuit economies.
<p>We are in active dialogue with non-governmental organisations (NGOs).</p>	<ul style="list-style-type: none"> - A round-table meeting 	<ul style="list-style-type: none"> - On 10 October 2019, a round-table meeting was held, organised by ING in cooperation with WISE Europa. The meeting was attended by the largest Banks, NGOs and insurers and PBA.

The ecologically aware Bank

<p>We carry out activities that are aimed at reducing the carbon footprint.</p> <ul style="list-style-type: none"> - purchase of green energy origin certificates - sale of buildings with high-emission heating installations (coal furnaces) - installation of photovoltaic panels on the head office building in Katowice - modernisation of lighting at the ground car park at ul. Chorzowska 50 (LED tracing lighting, dusk sensor) 	<ul style="list-style-type: none"> - By 2020 we will reduce our coal footprint by 84% versus 2014 	<ul style="list-style-type: none"> - Since 2016, 100% of electrical energy purchased by our Bank comes from renewable sources. In 2019, for the fourth time we purchased energy origin certificates and as a result we reduced our coal footprint by over 70% versus 2014. We will continue to use green energy in the future. - In 2019, we completed the first photovoltaic project installation at ul. Chorzowska 50 – we installed 178 panels on the roof of the head office building, generation power of the installation is 49.84 kW, estimated energy yield – about 2-3%. - We placed green benches around the head office in Katowice – they use solar energy to charge phones or other devices. The benches are provided with USB sockets and induction charging option. Additionally, for our four-legged companions we provided water bowls by the benches.
<p>We reduce water consumption. We care about waste recycling.</p> <ul style="list-style-type: none"> - installation of faucet aerators in branches and dish washers in the head office in Katowice - communication initiatives relating to waste segregation 	<ul style="list-style-type: none"> - By 2020 we will reduce water consumption by 20% versus 2014, 100% waste recycling by 2020 	<ul style="list-style-type: none"> - In 2019, we reduced water consumption by 8.9% versus 2014. - We maintained waste recycling at 100%. - We installed faucet aerators in our branches. - At Bank outlets we are obliged to segregate waste. Additionally, we collect and destroy data media (in paper and magnetic form). - At each branch we collect office waste – toners, furniture or electronic waste and we have it disposed of by a specialised company. - Additionally, we collect use batteries. Dedicated containers are located in printer rooms and kitchen annexes in all buildings of the Bank.
<p>We develop ecological awareness of our employees and we educate them in that area</p> <ul style="list-style-type: none"> - a communication campaign on the minimisation of plastic consumption - we are involved in eco volunteering 	<ul style="list-style-type: none"> - A year-round campaign on the minimisation of plastic consumption – examples of actions 	<ul style="list-style-type: none"> - In 2019, we continued the action to dispose of plastic from our environment using the slogan: Reusable Love. In 2019, we got rid of plastic bottles at all our offices – customers of our branches will be offered water in ecological cups from dispensers. Employees have access to filtered water and glass decanters. - We also participate in the worldwide #TrashChallenge – cleaning the world. Apart from nominating other companies, we have decided to nominate our internal teams. We have already carried out several actions cleaning green sites – there will be more after future nominations.

We promote pro-environmental initiatives in our own business

- implementation of a long-term eco-strategy for our car fleet, modifications to the Car Policy
- testing of electrical car use for our employees in selected locations as an alternative for taxis and combustion engine vehicles

- 2019 - replacement of another 8 internal combustion engine cars on duty with electrified cars.
- A 50% reduction of diesel vehicles and systematic replacement of combustion engine vehicles with hybrid and electrical cars
- Construction of 8 charging stations for electrified cars next to our branches (overall there will be 17 of those).
- 2022 - a fully ecological fleet and CO2 emission reduction by 30% by 2023

- We have reduced the share of diesel cars in our fleet by 43%.
- We have purchased 308 hybrid cars. The total share of hybrid cars in our fleet is now 32%.
- In 2019, we installed 1 charging station in ul. Puławska, 3 more will be installed in Q1 2020.
- As the cars on duty are not replaced, no new electrical cars have been acquired.

We care for a sustainable development of our supply chain

- we held 10 audits with vendors in the of social responsibility
- we share our knowledge with vendors - we have taken initiative promoting sustainable development, awareness development (workshops, meetings)

- By the end of 2019 - 100% vendors will have the "qualified" status

- An audit in the area of social responsibility was held with 8 vendors.
- 98 % of vendors who underwent the qualification process in 2019 were granted the "qualified vendor" status.
- In 2019, we did not organise workshops for vendors; we plan such workshop for 2020.

Applied policies related to non financial issues and due diligence procedures

Social area-related policies

In our social activities, we mainly focus on financial education and support for entrepreneurship, as well as on actions for equal opportunities. We pursue goals related to those activities under the *Sustainability Strategy for 2018-2021* in the area of the Bank for Entrepreneurial People and the Bank of Equal Opportunities. In the area of the Bank for Entrepreneurial People we provide access to financial education to people who want to learn, to both children and adults. We have been increasing the number of beneficiaries of financial education activities and programmes. In the area of the Bank of Equal Opportunities we remove barriers to access our services. We develop standards and tools that enhance the scope of simple communication. Bank also supports employee initiatives (volunteering, charity collections) and is involved as a social partner in national and local projects.

In the social area we are active ourselves and through two corporate foundations: ING for Children Foundation and ING Polish Art Foundation.

Since 2007 employees of the ING Group may use formal and legal solutions provided for the *Labour-By Laws* that facilitate voluntary activity. We warrant our employees 8 hours of work which they can use for voluntary activity. Volunteers carry out undertakings for schools, kindergartens, NGOs, and hospitals. They teach basics of finance and entrepreneurship. Together with kids, they refurbish, read, play sports or partake in blood donation initiatives and charity runs. Before Christmas, they prepare Christmas parcels for children at hospitals, community youth centres and children's homes. Since 2006, employees of ING Group have been participating in the Good Idea voluntary competition. They can win there the subsidies for a voluntary project from ING for Children Foundation. In 2019, our employees – ING volunteers carried out 73 projects for local communities, associations, foundations, community centres, and schools. Most often, employees devote their working times to do volunteering.

We receive many sponsorship offers and proposals, as well as donation requests. The Bank has the *Charitable Donations Policy at ING Bank Śląski*. This Policy sets out the principles of awarding and transferring charity donations. W 2019 roku In 2019, ING Bank Śląski S.A gave financial and material charitable donations. The bank provided 36 financial donations. Donations were made on the basis of the Donation Policy of ING Bank Śląski S.A. which was updated in 2019. The policy defines the goals that the bank supports as part of donations in selected areas of social investment:

- activities for children and youth, including leisure for children and youth,,
- science, higher education, education, and upbringing (especially in the area of financial education),
- health care and prevention,
- financial support in the event of special incidents in which an employee or member (members) of his family has suffered.

ING Lease sp. z o.o. has its own policy of donations. Other companies do not have their own policies of donations in place. Nonetheless, if needed, donations are made pursuant to resolutions of the management board. We also have the Sponsorship Policy at ING Bank Śląski, which is further supplemented with detailed provisions of the Principles of Sponsorship at ING Bank Śląski.

In 2019 ING Bank Śląski S.A. was involved in sponsorship activities targeted at entrepreneurs, young people, activities related to ecology, electromobility, as well as SME owners and management. They were designed to empower and motivate people to stay a step ahead in life and in business. The ING Group companies do not have their own sponsoring policies in place.

Policy deliverables

Policy deliverables of social area-related policies

	2019	2018	2017
Number of hours used for volunteering			
Bank	7 176	5 221	4 929
Group	7 283	5 301	5 041

Employee issues related policies

The Group has 8,000 employees. To ensure that we are legally-compliant in business, we apply numerous documents which govern employee aspects.

The Labour By-Laws of ING Bank Śląski S.A. which define the organisational framework and workflow, as well as the related rights and obligations of the employer and employee is the key document. Their provisions apply to all employees, regardless of their position, type, and work time regime, or the term of the contract of employment. The remuneration policy is the Remuneration Policy in the ING Bank Śląski S.A.Capital Group.

This policy sets out key assumptions for shaping the remuneration policy used to attract and retain employees by ensuring a competitive market level of remuneration and defines the components of remuneration. The remuneration policy applies to all employees of the ING Bank Śląski S.A. Capital Group, excluding members of the Management Board of ING Bank Śląski S.A., for which the Regulations for the remuneration of members of the Management Board of ING Bank Śląski S.A. apply. In relation to members of the Supervisory Board of ING Bank Śląski S.A. the principles described in the Remuneration Policy for Members of the Supervisory Board of ING Bank Śląski S.A. apply introduced by the Resolution of the Ordinary General Meeting of ING Bank Śląski S.A. The Management Board of ING Bank Śląski S.A. ensures the development, implementation and updating of the Remuneration Policy and ensures consistency of remuneration regulations within the Capital Group.

ING Bank Śląski S.A. and the Management Boards of the entities of the ING Bank Śląski S.A. Capital Group ensure their implementation and updating in individual entities. The Work Regulations also supplement the Regulations of the annual talk process of ING Bank Śląski S.A. and Bonus Regulations for employees of ING Bank Śląski S.A.

At the Bank, we have more favourable solutions concerning occasional leaves than provided for in the Regulation of the Minister for Labour and Social Policy of 15 May 1996 on the manner of explaining one's absence from work and granting employees the leaves of absence. Further, parents with disabled children are eligible for extra 5 days off during the calendar year. All entities of the Capital Group have separate regulations adapted to the organizational needs of individual companies, which remain consistent with the banking regulations.

In 2018 the Bank's Management Board took a decision on introducing in 2019 monthly permanent financial allowances from the Company's Social Benefits Fund to employees with a moderate or significant degree of disability or to those who rear children with disabilities. First disbursements will be made in January 2019. Moreover, we offer a possibility of having additional 2 days off for employees with a mild degree of disability and to those looking after their next of kin (spouse/partner, parents, in-laws, grandparents) with a specific degree of disability.

The provisions of the Labour By-Laws are, among others, supplemented by the ING Diversity Manifesto that has been adopted by all ING Group entities worldwide and the Diversity Policy which defines the areas and lays down the manner of diversity management at our Bank. In ING we believe that everybody has large potential they can make full use of. We expect however that our employees will treat one another with kindness and respect.

The Orange Code is another important element of employee-related aspects. This applies to all employees of the capital group. It is a set of Values, or promises which we make to the world and Behaviours or commitments which we as co-employees make to one another.

Based on the Orange Code, we introduced the Business Ethics Standards which apply to employee conduct due to performance of their professional duties; they may also concern their private activities which may negatively affect Bank's reputation and give rise to a conflict of interest. The rules of professional ethics are also enforced at the level of subsidiaries.

Employee issues are also part of the ING Bank Śląski S.A. Sustainable Development Strategy.

In addition, in 2019, the Bank of Equal Opportunities priority included goals for employee well-being and promoting diversity.

If entities of the Capital Group are not included in joint policies, all entities of the Capital Group have separate regulations tailored to the organizational needs of individual companies, which are consistent with banking policies.

Policy deliverables

Policy deliverables of employee issues-related policies			
	2019	2018	2017
Headcount (persons)			
Bank	7 690	7 665	7 661
Group	8 135	8 086	8 032
Remuneration of the bottom-level employees vis-à-vis the market * (%)			
Bank	116%	125%	143%
Group	116%	125%	143%
Ratio of basic salary of women to men (%)			
Bank	98%	99%	97%
Group	100%	99%	99%
Parental leave returns ** (%)			
Bank	98,93%	99,7%	100%
Group	98,87%	99,7%	100%
Employee turnover ratio (%)			
Bank	7,3%	6,9%	8,2%
Group	7,2%	7,0%	8,2%

* base remuneration vis-à-vis the banking sector; ** save for the persons for whom the temporary contract of employment came to an end or who tendered resignation letters themselves

Natural environment related policies

Environmental protection and sustainable growth are an important factor of our long-term strategy. We are aware of the perils arising from the excessive usage of natural resources. We are trying to counteract climate changes. We know that each aspect of our business has an environmental impact. We deeply believe that caring about the environment is not only the good will. It is our duty and an inherent element of doing business. Therefore, we proactively support and promote solutions related to the environmental protection.

Towards the end of 2017 we announced the Green Statement in which, among others, we committed ourselves to support areas, such as:

- Projects on renewable energy sources executed by electric power groups,
- Projects supporting development of modern energy transmission and distribution infrastructure,
- ESCO projects consisting in offering complex energy-related solutions that contribute to energy savings,
- Projects supporting electromobility,
- Other projects aimed at preventing pollution and increasing recycling possibilities.

At the same time, we intend to increase our exposure to funding project related to green energy. We want to help clients in energy transformation and switching to low-emission business. In parallel, we internally pursue eco-friendly activities.

Our activities and goals concerning our environmental footprint are managed through ING Environmental Programme that has established the Environmental Management System (EMS). It provides for effective processes and continued improvement of our efficiency. Our goals for 2020 relating to the improvement of our ecological operational efficiency are:

- We will reduce our CO2 emissions by 84% by 2020 (2014 being the base year),
- We will reduce our water print by 20% by 2020 (2014 being the base year).

Under the Sustainability Strategy for 2018-2021 we have set a direction for the Bank of green investments and the ecologically aware Bank that are to help us in attaining the assumptions of the Green Statement and the ING The General Principles of Environmental and Social Risk indicate business activities in which the Bank does not invest due to especially high risk of an adverse impact on the natural environment and the principles of sustainable development. We require that our clients to run their businesses in compliance with the regulations governing social and environmental issues and that they should have all permits and licences required under the law.

The General Principles are applied to clients to whom we offer lending products. We do not establish relations with clients whose core business activity is covered by the Policy of Exclusions.

Detailed policies concerning the natural environment relate to the following areas:

- Well-being of animals,
- Forestry and plantations,
- Industrial processing,

- Chemical industry and utilisation of chemicals,
- Hard coal mining, coal-fired power industry, and related businesses,
- Other mining and power industry, petrochemical industry and metal manufacturing.

Our actions comply with business ethics, and we strive for transparent relations with vendors. Our vendors undertake to abide by the Vendors Code of Conduct which promotes human rights, fair market practices, environmental protection, and counteracting corruption.

Policy deliverables

Water consumption

m ³	2019	2018	2017
Water (the source of intake is municipal water supply system)	58 284	57 130	55 541

An increase in water consumption by 2.0% compared to 2018 was due to the failure of a 150 thousand litre fire water tank. To repair the leakage, the tank had to be emptied and then refilled after the repair. In addition, as a result of flooding, the underground car park facility in the headquarters building was flooded and it was necessary to clean it from silt and dirt, which required a significant water volume. In addition, in 2019 we carried out repairs and alterations, which also affected water consumption.

Total weight of hazardous waste

kg	2019	2018	2017
Recykling	1 487	4 130	17 894

Total weight of non-hazardous waste

kg	2019	2018	2017
Recykling	506 389	536 836	571 028

The waste disposal method is determined by the company responsible for the recycling of the waste supplied by the Bank.

Total weight of waste

kg	2019	2018	2017
Waste paper	486,125	523,040	554,052
Screens	1,487	570	14,094
Electronic equipment and bulk waste	17,000	13,796	16,976
Toners	3,264	3,560	3,800
Total waste	507,876	540,966	588,922
Waste to be recycled	507,876	540,966	585,390
Waste not to be recycled	0	0	3,532

Electric energy consumption

kWh	2019	2018	2017
Electric energy	31,920,924.	30,558,890.	31,530,936.

An increase of 4.5% compared to 2018 is largely due to the weather conditions (hot summer) and numerous renovations and conversions at the Katowice headquarters.

Due to the fact that the subsidiaries of the Capital Group rent office space from ING Bank Śląski S.A. and pay the rental fee, which includes a flat-rate media fee, it is not possible to extract data by Bank and Capital Group. This is due to the lack of separate meters on the rented areas. Whenever possible, we will try to extract as much data as possible by Bank and Capital Group.

Respect for human rights related policies

Group activities affect diverse groups of stakeholders like clients, employees, and vendors. Representatives of each of these groups may and should expect fair treatment from us. In our business, we commit to respect and promote human rights with regard to all people we collaborate with.

The human rights-related aspects can be found in a few documents. For employees – the provisions of the Labour By-Laws of ING Bank Śląski S.A. are fundamental in this regard. They read that as the employer we undertake to respect the dignity and other personal rights of employees, abide by the principles of equal treatment, while establishing and terminating the employment relationship, in relation to terms of employment, promotion opportunities, or access to training. Further, we commit ourselves to counteracting mobbing. All entities of the Capital Group have separate regulations adapted to the organizational needs of individual companies, which remain consistent with the banking regulations. In 2019 the Policy of Caring about Working Environment Free from Discrimination and Mobbing and the Procedure of Handling the Suspected Occurrence of Adverse Events came into effect. Additionally, each employee will be obliged to undergo e-learning course on “Work free from discrimination and mobbing”. The Procedure also lay down how to report (whistleblowing) the occurrence of events that may be improper and how verification of reports and explanatory proceedings look like.

The Labour By-Laws are completed by the provisions of the Orange Code, among other documents. In this paper, we clearly describe the values we believe in and the behaviours one can expect from us. The Orange Code promotes integrity, common sense and accountability, for example. . It is applied in many banking processes, e.g. in the employee performance evaluation (General Terms and Conditions of the Annual Performance Appraisal Interviews at ING Bank Śląski S.A. and General Terms and Conditions of Bonus Award to Employees of ING Bank Śląski S.A.). Further, it is an important element of the recruitment process and corporate culture. This also applies to employees of subsidiaries.

The Diversity Policy is another document which supports us in complying with and promoting human rights. The Policy is designed to build the awareness of the organisation in which the principles of equal treatment are applied, meaning no discrimination whatsoever, both directly and indirectly, because of: gender, age, disability, lifestyle, form, scope, and basis of employment, other cooperation types, as well as other triggers of discriminatory behaviours. Additionally, in January 2016 the Management Board of ING Bank Śląski adopted the ING Diversity Manifesto. Adoption of various perspectives is a driver of innovation, supports growth, adoption of proper decisions, and better performance delivery.

Through the *Manifesto* we want to express our openness and responsibility and knowingly affect mutual respect. We do care about creating a friendly workplace in which everyone can feel themselves. The *ING Diversity Manifesto* has been adopted by all ING Group entities worldwide. Employees may report all irregularities relating to violations of human rights

using a special form, i.e. Whistleblowing. The form is anonymous and all Group employees can submit their reports. Reports are received by the Director of the Compliance Department, who will inform the President of the Management Board and agree with him actions to be taken. If a report is confirmed, appropriate corrective and preventing measures are taken for the future.

The General Principles of Environmental and Social Risk indicate business activities in which the Bank does not invest due to especially high risk of violation of human rights. We require that our clients to run their businesses in compliance with the regulations governing social and environmental issues and that they should have all permits and licences required under the law. The General Principles are applied to clients to whom we offer lending products. We do not establish relations with clients whose core business activity is covered by the Policy of Exclusions. The key environmental and social risks related to violations of human rights as a result of forced labour, child labour, inappropriate working conditions, use of violence, predominantly occur in forestry and plantations and industrial processing.

All Group vendors represent that they observe the standards set out in the Vendors Code of Conduct of ING Bank Śląski S.A. Its observance is a prerequisite for starting and continuing cooperation with the Group. The key standards include: observing the applicable laws in relations with the employees, including the employees' rights, as well as respecting their personal dignity, privacy, and individual rights. Vendors should also provide their employees with safe and harmless workplace in health terms and consider environment protection by striving for reducing environmental burden as part of their business and they ought to undertake actions leading to environment improvement. Moreover, vendors should observe prohibition of forced labour, child labour, corruption, and discrimination.

Policy deliverables

- We apply the Vendors Code of Conduct of ING Bank Śląski S.A. to all suppliers, regardless of their place of business.
- 100% vendors of ING Bank Śląski S.A. declare to comply with the standards of the Code.
- Employees can anonymously report suspected offenses and breaches of professional ethics using a dedicated form. They can also report by name, in which case we ensure confidentiality and discretion, as well as protection against repressive activities. If the application is confirmed, appropriate corrective and preventive actions are taken for the future.
- In 2019, 13 applications were submitted. After analysis and explanatory actions, in 4 cases irregularities were confirmed and corrective actions were applied.

Policy deliverables of Respect for human rights area

	2017	2018	2019
Percentage of employees trained in reporting breaches of ethics and standards			
Bank	97.9%	98.8%	96.9%
Group	97.0%	97.8%	95.8%

Anti-corruption policies

As a public trust organisation, the Bank sees anti-corruption practices as the top priority in its relationships with clients, business partners, and among employees. Any and all forms of bribery or corruption are absolutely forbidden. All Group employees are required not to accept any actions suggesting an attempt to commit a crime or of corruption. The *Regulations – Employee Business Ethics Standards of ING Bank Śląski S.A.*, which lay down the principles of conduct for each employee in the context of anti-corruption and combating conflicts of interest, information protection, and the whistleblowing procedure is the formal document regulating those aspects.

The anti-corruption aspects are detailed in the *Anti-Bribery and Corruption Policy* which all our employees are required to comply with. The *Policy* provides for the restrictions on accepting and giving material and non-material benefits in contact with clients, business partners, and public servants as regards:

- gifts or invitations to events,
- cash or its equivalents,
- trip or accommodation funding,
- hiring a given person by the Bank or offering him or her a traineeship or internship,
- sponsoring or charity donations by the Bank,
- business meals,
- relationships with business partners.

In line with the accepted *Policy*, the Group follows the rules of integrity and ethics and applies the “zero tolerance rule to unfair behaviour”.

Should an employee accept or give gifts or benefits due to the participation in events – such an action always needs to be rationalised in business terms and the value of such benefits must be proportional to the specific nature of a business relationship. There must be always a legally compliant purpose of accepting or giving benefits. No such action can entail a conflict of interest, or even imply that such a conflict has occurred. The Bank disapproves giving benefits being political donations on its behalf. Staff decisions concerning employee hiring and secondment have to be substantiated with professional and objective criteria and they cannot serve illegal exertion of influence. The *Policy* provides for the amount thresholds on the benefits being gifts and participation in events which can be given or accepted by our employees.

Furthermore, the Group maintains a Register of Benefits. Accepted or given gifts, participation in events or business meals – in contacts with clients, business partners, and public servants – may need to be reported depending on their value.

The above rules are an element of the *Anti-corruption Declaration ING Bank Śląski S.A.*, which is always enclosed with agreements made with vendors. As per the *Declaration*, the ING Group disapproves of actions which satisfy the criteria of or imply bribery, and expects its business partners to comply with the anti-corruption standards. Further, the Group does not cooperate with business partners who do not accept our standards.

All employees are required to report corruption- or conflicts of interest-related irregularities. Infringements of the above regulations and laws can be reported in person or anonymously via the whistleblowing procedure set out in the *Whistleblowing Policy for Infringements of Law, Internal Regulations and Ethical Standards*.

Compliance with policies is also ensured at the level of subsidiaries.

Policy deliverables

At ING Bank Śląski S.A. we do not tolerate corruption. We raise awareness of our employees in that regard so that they could identify and counteract corruption better. We apply several simple rules:

- We do not take or give any gifts or invitations to events whose value exceeds the amount thresholds set.
- We declare acceptance or presentation of benefits above the permitted value to the electronic Register of Gifts- currently the threshold is PLN 200. We report such acceptance or handing in relations with clients and business partners. In relations with public officials, we report each case of accepting or giving benefits regardless of value.

We also require our vendors and business partners to comply with those rules. We encourage them to adopt the ING Bank Śląski S.A. Anti-Bribery and Corruption Declaration.

The content of Declaration in on the website at: https://www.ing.pl/_files/ingserver/item/1102683.

In 2019, no cases of bribery or corruption were identified.

Anti-bribery and corruption policy and Regulations - Rules of professional ethics for employees of ING Bank Śląski S.A. they are part of employee documentation, the knowledge of which is confirmed by an employee in connection with employment in the Group. In addition, training is provided on counteracting corruption and conflicts of interest. The implementation of the ethics principles adopted by the Group and the Policy on preventing bribery and corruption is confirmed by the fact that no criminal proceedings have been initiated in this respect against the Group or its employees.

Policy deliverables of Anti-corruption policies area			
	2017	2018	2019
Percentage of employees trained in counteracting bribery and corruption			
Bank	99.2%	98.0%	90.2%
Group	99.1%	97.8%	89.3%
Percentage of employees trained in anti-fraud			
Bank	97.9%	98.8%	96.9%
Group	97.0%	97.8%	95.8%

Non-financial risks

Introduction

Non-financial risks cover management functions of operational and compliance risk based on a common framework, setting forth clear principles and standards of risk identification, assessment, monitoring, mitigation and reporting. The Bank manages non-financial risks in compliance with the Strategy and Risk Appetite Statement for Non-financial Risks approved by the Bank's Management Board that set forth risk limits and tolerance. Compliance with the declared risk appetite is monitored in a periodic report on non-financial risks (NFRD). Additionally, the Bank operates the Non-financial Risk Committee appointed by the Bank's Management Board - the Committee advises the Bank's

Management Board with respect to the management of non-financial risks. The Supervisory Board supervises the management of operational risk by the Management Board and minimum on a yearly basis reviews the effectiveness of the related activities.

The common management framework of non-financial risks support the Bank in active identification of core hazards and gaps and the related risks which may result in undesirable events. The framework supports such processes as self-assessment of risks and controls, scenario analyses, monitoring of key risk indicators or testing of key controls. The results of analyses of internal and external events keep improving the adequacy and effectiveness of the internal control system functioning in the Bank.

The Bank is convinced that an effective control environment is required to development and maintenance of sustainable business as well as maintains and improves the trust of customers, employees and shareholders.

Operational risk

Introduction

The Bank defines the operational risk as a possibility of occurrence of a direct or indirect loss resulting from misalignment or failure of internal processes, people, and systems or from external events. The Bank identifies legal risk as an element of operational risk.

The definition of operational risk is broad and covers the following areas:

- Risk of errors in control,
- Risk of disallowed activities,
- Risk of errors in processing,
- Risk of irregular personnel practices and safety at work,
- Risk of breach of people and resource safety,
- IT risk,
- Risk of business disruption,
- Risk of internal and external fraud.

Definitions of the above risks were presented in the Consolidated Financial Statement of ING Bank Śląski S.A. Group for the year 2019.

Operational risk management process

The Bank's objective in operational risk management is to ensure regular improvement of the safety of the Bank and its customers, reduction of operating costs and improvement of operating effectiveness.

The Bank's Management Board – subject to approval of the Supervisory Board – has developed a strategy of operational risk management. The Bank has implemented a consistent package of internal normative documents. The documents regulate the scope, principles and duties of organisational units and employees to mitigate the effects and likelihood of financial and reputational losses in that respect. The Bank's management strategy of operational risk provides for legal and regulatory requirements and relies on good practices of the ING Group.

Additionally, the Management Board – also in agreement with the Supervisory Board – in its risk appetite statement defined the maximum acceptable loss limits, capital limits and risk scope that it is willing to accept in the pursuance of the planned business objectives – subject to full compliance with the law and regulations. The level of limit utilisation is monitored and periodically submitted to the Management Board, Risk Committee and the Supervisory Board.

The operational risk management system applies to all business spheres of the Bank and the activity of the Group, cooperation with customers, providers and partners. It is a cohesive, regular practice that covers the following elements:

- risk identification and assessment,
- mitigation of risks and monitoring of mitigation activities,
- performance of inspections,
- quality monitoring and assurance.

The management of operational risks in the Bank relies on the following general principles:

- we maintain a complete, consistent and transparent management structure of operational risk with explicitly assigned tasks and responsibilities.
- we recognise the nature of the internal and external environment – including limitations and weaknesses – we draw conclusions from external and internal events to identify root reasons and to identify potential irregularities in the control environment or identify unrecognised risk exposures.

- we identify the reasons, types and levels of risk that we are ready to accept. We set standards of control and mitigation activities that provide for risk transfer to the insurance market.
- we have an efficient and consistent identification and control of risks for all products, activities, processes and systems functioning in the Bank.
- we monitor and report the volume of the required capital, risk profile and risk exposure.
- we are focused in improving the awareness of employees and managers. We ensure that the employees have adequate qualifications to perform activities related to management of non-financial risks and are provided with adequate tools.

Our priorities include the effectiveness of risk management processes and high quality of the used data.

We recognise the following as core factors affecting risk levels:

- staff expertise and qualifications,
- working conditions,
- an adequate split of duties and supervision over compliance therewith,
- information security level,
- integrity of business processes and IT and technical systems,
- outsourcing,
- quality of internal and external documentation,
- external events related to changes in the business environment,
- natural calamities, failures and catastrophes.

Core modifications that occurred in 2019

In 2019 we continued the enhancement of the operational risk management system while focusing on ensuring compliance with new regulatory requirements, including inter alia:

- we have reinforced control mechanisms and scope of monitoring in the area of internal and external fraud prevention.

- we have analysed risk factors providing for business measures investigating their mutual relationships,
- we keep extending the use of stress tests in compliance with the EBA Stress tests guidelines.
- we have been optimising the Internal Control System by an appropriate selection of control mechanisms for key processes on the basis of a period effectiveness assessment
- we have reviewed risk management processes for optimisation of the first and second lines of defence and the use of the designed data management tools
- we have implemented an integrated calculation method of business continuity risk level;
- we have commenced work on ensuring compliance with EBA requirements concerning outsourcing.
- we have continued work of the security of the Bank's functioning after implementation of the PSD2 directive;
- we have enhanced the methods of crisis communication;
- we have introduced new or updated existing regulations, including the operational risk management policy, information security policy, policy concerning the internal control system, procedures concerning data management, risk assessment and testing of key controls.

We keep caring about the quality of the used data, we enhance our qualifications and we extend the possibilities to use advanced data analysis methods in the risk identification and monitoring processes. We also have been automating operations related to risk management with the use of RPA (Robotics Process Automation) tools.

We keep raising the Bank's employee awareness and that of our customers indicating current hazards and appropriate conduct. We draw lessons from events that occur. We clarify reasons thereof and implement solutions mitigating their recurrence.

Compliance risk

Introduction

The Bank's mission in the area of ensuring compliance is to develop a cultural function relying on knowledge and compliance with law, internal regulations, market standards and ING Values and Conduct as specified in the Orange Code.

Compliance risk management process

The Bank's Supervisory Board oversees the management of compliance risk at the Bank and the Bank's Management Board is responsible for effective management of compliance risk, including for: implementation of organisational solutions, regulations and procedures, supporting effective compliance risk management and for ensuring adequate resources and funds required to carry out the tasks.

The Compliance unit acts as a compliance risk management unit and is responsible for the organisation and functioning of the compliance risk management process understood as a process of identification, assessment, control and monitoring of compliance risk in the Bank's business in accordance with the law, internal regulations and market standards and submission of related reports.

Last year, the Compliance unit adjusted its organisation to the changing external environment in order to better manage compliance risk relying on activities of employees in all areas and responsibilities, focusing on its effective mitigation. The organisational change with a simultaneous reinforcement of employee competences will be translated into a reduction of errors in process designing and in risk identification in similar business processes in order to identify risks that remain omitted in single processes.

In order to effectively manage compliance risk, the Compliance unit continued independent inspections, designed and monitored training programs, issued recommendations in providing its opinion on product and legislative changes and marketing materials.

Core initiatives that occurred in 2019

In 2019 the Bank continued work to implement regulatory requirements: MIFID II Directive and Polish secondary regulations, Directive on payment services and secondary regulations (PSDII), Act on counteraction to money laundering and terrorism financing as well as regulations concerning counteraction to abuse of the financial sector for treasury fraud (STIR and Split Payment) and regulations relating to reporting tax schemes and tax avoidance (MDR).

Transaction security and IT system stability

Introduction



The security of our and our customers' and partners' funds is a key issue on which we focus in our daily activity. We keep observing hazards and analyse their impact on the ITC infrastructure (applications, systems, networks) and on our business processes, processes of our partners and their potential impact on customers. On that basis, we design and implement appropriate organisational and technical solutions in the areas of prevention, detection and response. Our ITC systems are protected with multi-layer mechanisms and cybersecurity systems.

To this end, we pursue various actions such as:

- ensuring an adequate change management process in IT systems that guarantee adequate tests of impact of changes in system operation;
- ensuring an adequate system architecture of critical systems guaranteeing complete redundancy of component and resilience to failures,
- implementation of a mechanism monitoring correct system operation, supporting early detection of symptoms of incorrect operation of components and fast error diagnosis,
- implementation of a management process of increased demand for resources guaranteeing the adaptation of hardware and software resources to changes in business volumes and changes to customers' behaviour.

IT security management process

We approach the management of IT security in a systemic and regular way, starting from an appropriate delegation of tasks and attributed responsibility for execution. The security is ensured not only with the dedicated units and processes and additionally its aspects are embedded in all processes and operating actions of our Bank. Processes and roles are designed and organised in compliance with the best and recognised international standards (such as COBIT).

The ICT Environment Security Council operates in our Bank. The Council is composed inter alia of managers from business units, IT, cybersecurity, operational risk, data security, fraud prevention. The Council issues directional

technological and procedural decisions ensuring an adequate cybersecurity level of our Bank. Daily, the tasks related to cybersecurity, including monitoring of security on an ongoing basis, lie within the responsibility of a dedicated unit. At the level of technical solutions, first we design and update standards and security architectures in force at the Bank. On that basis, ICT systems are designed, developed and implemented in compliance with the principle to ensure security at the earliest possible time. During development, before implementation and cyclically after implementation, the systems are subject to various tests, including penetration tests.

For each ICT technology at our Bank, we develop model security requirements and their effectiveness and correct functioning are regularly verified within security tests and reviews as well as internal and external audits. Such audits and tests are carried out by renowned expert entities.

Components of our Bank's ICT systems are subject to an ongoing scanning process in order to detect all vulnerabilities and to eliminate them immediately. Additionally, the banking systems (network, infrastructure and applications) are monitored for security to detect anomalies, undesirable actions and security incidents.

The processes aimed at ensuring security are subject to ongoing review of effectiveness thus supporting regular enhancement of our processes and procedures related to counteraction, detection and responding to hazards as well as taking actions eliminating their potential effects (e.g. unavailability of banking services). Consistently, we have implemented additional authentication mechanisms and monitoring of activity of ICT system users and we have sealed the protection layer against malware (such as e.g., ransomware).

We apply solutions acquired from leading providers of cybersecurity tools and services and unique solutions developed by our own specialists. Additionally, we cooperate with ING Group entities and other companies and organisations in Poland (banks, sectoral associations, Police). As a result, we can follow trends, detect new vulnerabilities and prevent hazards in IT security in advance.

We also require an adequate security level from our cooperating Partners – in appropriate contractual provisions related to IT security and by verification of compliance therewith by cooperating companies in regular audits.

In our Internet banking, we apply the following security solutions:

- Transaction authorisation with one-off codes – the method provides for authorisation of instructions in the Internet banking system with an authorisation code. Users receive codes in an SMS message. The code is generated for one particular instruction and is valid for a pre-determined time. Along with the code, customers get transaction details to verify the instructions additionally.

- Strict daily limit – an ceiling up to which transfers can be made on a day in Internet banking.
- Encrypted Internet connections – access to banking systems is possible only with an ID and password. Communication between customers' computers and the Bank's servers is encrypted with a TLS protocol. The ingbank.pl portal and the Internet banking system are protected with highly confidential digital certificates to protect connection over the encrypted HTTPS protocol. These guarantees fully secure data transfer in encrypted form, protect the data against third-party modifications and authenticate the computers that communicate with each other.
- 3D Secure (a standard of card payments over the Internet) – when our customers pay with cards in an Internet store handling 3D Secure, the payment is additionally confirmed with a one-off SMS code. To use payments in 3D Secure with our Bank, nothing has to be activated – a card suffices that handles Internet payments.
- Masked password – logging to the Internet banking system is made without providing the entire password – automatically the system selects only certain characters.
- Automatic log-out as a result of user inactivity – after 5 minutes of user inactivity, the system logs out automatically.

In our mobile banking, we apply the following security solutions:

- Transaction authorisation in the mobile application – the method is available to customers who use the Internet banking system Moje ING, who make transfers from their computers and have the Moje ING mobile application installed; it is applied interchangeably with SMS codes.
- Fingerprint logging – the option is available for phones with fingerprint readers. This logging method may be activated after logging to the application.
- Strict daily limit – a ceiling up to which transfers can be made on a day via the mobile application.
- Automatic log-out as a result of user inactivity – after 60 seconds of user inactivity, the system logs out automatically.

In case of a justified suspicion of cybercrime hazards or fraud against customers, we block the services protecting customers against interception of their data or funds by unauthorised persons.

Cyber security

The year 2019 was full of events related to the publication of information about new vulnerabilities in the security of IT products of various suppliers and new methods of implementing intrusions, cybercrime and frauds that were carried out around the world. The visible trends that can be distinguished on this basis are as follows:

- Phishing campaigns, especially those distributed via SMS, are still popular, although customers react better and better to such scams and the Bank is better prepared,
- We have not recorded any significant changes compared to previous years in the context of abuses and advances in social engineering applied to individuals,
- the degree of technological advancement of malware attacks is higher, attacks of this type become more directional, or lead to theft of resources by means of an attack using social engineering, however, the number of attacks has definitely declined,
- The severity of attacks targeted at businesses and institutions (mainly financial) carried out by organised cybercrime groups is similar to previous years.

Attempts have been made to attack / compromise external suppliers in order to access the infrastructure of cooperating companies.

At the same time, the environment in which we live and operate is undergoing changes. Fast development is specific to:

- Internet of Things (IoT),
- smart cities,
- e-state / e-administration,
- cloud computing services,
- 5G networks,

which not only affects comfort, efficiency and performance, but also involves many risks.



Bearing this in mind, we are constantly strengthening and developing our own cyber security system at the local level and across the ING Group in order to prevent acts of cybercrime against clients, employees and our Bank's information and communication system.

We are constantly improving security solutions and systems used to protect our customers, as well as the Bank itself, constantly testing their real effectiveness through, among others, penetration tests of banking infrastructure and applications, advanced APT tests (Eng. Advanced Persistent Threat), tests of immunity to DDoS (Eng.. Distributed Denial of Service) and many others.

We have maintained and updated existing and implement new tools for early detection of all types of fraud and abuse, advanced targeted attacks, including preventing information leakage or execution of unauthorized transfer of large amounts of money from the banking system.

We are working to improve the prevention of cybercrime through Programmes undertaken within the ING Group. We actively cooperate with other financial institutions, governmental and law enforcement authorities and Internet service providers, especially after our Bank has been recognised as a key service provider under the National Cyber Security System Act.

Last year, our Bank carried out a number of activities aimed at raising the level of awareness of the Bank's employees of the threats of cyber security and implemented Programmes aimed at improving the skills of IT staff and teams responsible for ensuring an appropriate level of the Bank's cyber security. We have launched new communication campaigns for our Bank's customers warning about current threats.

Moreover, for several years now the Bank has been cooperating with the Polish Banks' Association by creating the "Documents Reserved" campaign. It is primarily intended to inform the general public, both those who are customers of the banks and those who are not yet, about an option of endorsing identity documents in case of their loss (loss, theft). The informational campaign is carried out through, among others, posters, leaflets, signs available in the outlets, mailing, banners, announcements and press materials.

Thanks to coordinated actions aimed at ensuring an optimal level of cyber security, in 2019 our Bank did not record any significant cyber security incidents or frauds that would result from the weakness of the banking security system. Counteracting cybercrime is one of our Bank's basic methods of building secure and attack resistant channels of interaction with customers. Due to the continuous development of new, advanced attack methods, the bank's security teams are constantly improving existing systems and building new, more effective detection and prevention mechanisms. An important element of our development strategy is the continuous improvement of the competence of security professionals and the testing of systems, processes and people in numerous APTs (Advanced Persistent

Threat) and DDoS (Distributed Denial of Service). All these activities are aimed at protecting the bank's resources from threats from inside and outside and thus protecting our clients and the funds entrusted to us.

In H2 2019, we implemented behavioural verification, i.e. a service consisting in analysing customer behaviour when using the transactional service. The created user profile allows to detect fraud in case an unauthorized person tries to perform a transaction.

Behavioural verification analyses the user's interaction with the computer or mobile device. During this verification we do not check what the user does, but how he does it. We collect and analyse, *inter alia*, information on how fast and often the user clicks on individual keys on the keyboard, how to scroll the screen, how fast and often the user clicks the computer mouse and how to hold the device. We build a user profile only after logging in to Moje ING and compare the behaviour after each login.

Thanks to this solution, we will soon be able to secure additionally our transactions and access internet banking. In this way we will prevent third parties from impersonating Moje ING user.

On current basis we keep our customers informed about existing threats through our websites, educate them and show them how to behave in order to use online and mobile banking safely. Such activities are visible in our e-banking system for each user, and up-to-date information is systematically placed on the basis of the currently detected threat targeting each electronic banking user.

We are constantly developing tools, algorithms and rules to detect various types of fraud and abuse, including preventing data leakage. We execute many of these tasks together with other ING Group member companies, as well as in cooperation with financial institutions, state bodies and law enforcement agencies. We establish cooperation with suppliers of modern technologies in order to introduce new authorisation factors based on e.g. biometrics or customer behaviour.

The year 2019 saw primarily the strengthening the security of many systems to the existing technical and legal requirements aimed at better protection of customer data processed in our systems and about starting the bank's operations within the national cyber security system.

Personal data security

Introduction



The stability of IT systems also includes protection of personal data of customers, business partners and employees. Apart from IT security, we also focus on physical security of data and information stored in our Bank. Our internal regulations strictly determine the presence of outsiders in our offices and prohibit the connection of unverified devices to our ITC network. We regularly test our physical security devices and conclusions from inspections inspire changes. Testing of physical security devices has become an integral part of APT tests verifying the Bank's cybersecurity resilience.

Management of personal data security

Last year we received no justified complaints concerning breaches of customer privacy.

We see to a high awareness level of our Bank's employees on protection of personal, financial and business data and the employees are obliged to attend mandatory training. We keep implementing programs to support regular enhancement of employee competencies in the sphere of data protection, indicating the importance of the privacy of customers, business partners and customers. For that purpose, we use meetings, workshops and periodic communication to employees.

Consistently to the changes, we have adapted our technical and procedural safeguards, required by law, internal regulations and good practices, in order to ensure better protection of our customers' data.

The security of using banking services is also up to our customers and therefore we share information with our customers on potential hazards and we recommend security solutions to devices with which customers access Internet banking. Each customer of our Bank has access to a set of rules how to use on-line banking correctly:

- we provide tips how to create a secure password,
- we keep informing about hazards in Internet banking,
- we remind of secure banking rules,
- we clarify how to safeguard against data theft in the Internet,
- we teach how to protect the devices used by our customers,

- we block access to services in justified instances thus protecting customers against interception of their data by unauthorised people,
- we make our customers aware of hazards during their meetings to our branches,
- we meet senior citizens so that being aware of hazards they can protect themselves more effectively,
- we attend academic workshops to enhance awareness.

We care about retail customers but we never forget about the security of our corporate customers. Similarly to previous years, we continue conferences for corporate and strategic customers at which we present hazards related to cybercrime and mechanisms of our applications and solutions to prevent abuse.

The Bank not only has implemented the requirements related to the Regulation of the European Union on personal data protection but the Bank also keeps analysing changes and implements them without delay into internal procedures and regulations. The most recent example of such ongoing analysis and updates of internal regulations is the implementation of the sectoral Act which – implementing GDPR to Poland's regulations – has amended the Banking Law thus providing easier access to information on automatic decisions relating to customers. Similarly to previous years, we cooperate with the Polish Bank Association, other banks in order to develop a common code of conduct and to develop common solutions related to personal data protection.

Environmental and social risk

As a bank, we have an influence on financing and lending projects that could have a significant negative impact on society and the environment. Respect for human rights, protection of the natural environment and sustainable development are an important element of the long-term strategy of building the value of our bank. We are aware of the dangers of irresponsible use of natural resources. We support clients in conducting business in a sustainable manner and encourage continuous improvement in this area. We require our clients to operate in accordance with the regulations governing social and environmental issues and to have all the permits and licenses required by law. Therefore, in order to avoid the risks associated with financing projects that have a negative impact on the environment, we use environmental and social risk assessment as well as the Policy of Exclusion. The most important social and-environmental risks include:

- violation of human rights as a result of forced labour, child labour, inadequate working conditions, and violence. The risk occurs primarily in forestry, agrocommodities and manufacturing,

- zagrożenie threat to the health of employees and local communities as a result of environmental contamination, contact with harmful chemical materials, transmission of animal diseases to people, non-compliance with labour law. The risk is primarily associated with the chemical industry, energy, mining, metal production and animal husbandry,
- threat to the health and lives of consumers as a result of consuming products harmful to health. The risk is primarily in the tobacco industry,
- controversial trade policy consisting in contracting extremely low prices for products produced in economically underdeveloped countries. The risk is mainly related to manufacturing,
- inhumane treatment of animals in the process of husbandry, transporting, slaughtering or conducting medical experiments (animal welfare),
- loss of biodiversity and uncontrolled spread of invasive species, including those genetically modified; erosion and soil degradation. The risk is associated primarily with forestry and agrocommodities,
- pollution of soils and waters with heavy metals, waste, sewage and increase of water consumption in areas poor in water resources. The risk is associated primarily with animal husbandry, forestry and agrocommodities, manufacturing, chemical industry, energy, mining and metal production.

Environmental and social risk management

The environmental and social risk assessment covers the client and the transaction. We make the assessments to the best of our knowledge. At the client's level, we assess whether the activity is conducted with respect for human rights, environmental protection principles and whether it is not covered by the policy of exclusion. At the transaction level, we assess whether it is consistent with the requirements of sector policies.

Exclusion policy refers to activities with a particularly high risk of violation of human rights and the risk of negative impact on the natural environment and the principles of sustainable development. We do not establish relationships with clients whose core business is covered by the exclusion policy. We identify and properly manage relationships with clients who operate in areas more susceptible to social or environmental threats. We apply detailed policies that are designed to support environmental protection and minimize risks in vulnerable areas.

The ESR Sector Policies cover the following sectors:

- Animal Husbandry,
- Forestry and Agrocommodities,
- Manufacturing,
- Chemical industry and the use of chemicals,
- Defense and the arms industry,
- Coal mining, coal and related activities,
- Other mining and energy, petrochemistry and metal production.

In order to better manage risk, we have created an Environmental and Social Risk Manual for our employees. It supports the identification and proper management of customer relationships that operate in areas that significantly affect the environment in which we live.

Signatures of the Management Board members of ING Bank Śląski S.A.:

*The original Polish document is signed with
a qualified electronic signature*

Brunon Bartkiewicz

President of the Bank's Management Board

*The original Polish document is signed with
a qualified electronic signature*

Michał Bolesławski

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Joanna Erdman

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Marcin Giżycki

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Bożena Graczyk

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Patrick Roesink

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Lorenzo Tassan-Bassut

Vice-President of the Bank Management Board

*The original Polish document is signed with
a qualified electronic signature*

Sławomir Soszyński

Vice-President of the Bank Management Board

5 March 2020