

**Questions to the Management Board of mBank asked by a minority shareholder, during the Annual General Meeting of mBank held in Warsaw on 24 March 2021**

1) In September 2015 mBank together with a consortium of other banks signed a long-term credit agreement with PGE. The corporate loan granted in 2015 should be repaid by the end of September 2023. PGE's investments to continue lignite mining in Turów have been heavily criticised and widely commented on, especially in the Czech Republic and Germany. Does mBank not fear losing its young clients in the Czech Republic due to its involvement in providing funding to a client whose perception among young Czechs sensitive to environmental concerns is rather negative? How does mBank manage this reputational risk? What does mBank's majority shareholder, Commerzbank, think of its participation in the credit agreement with PGE?

*Cezary Stypułkowski, President of the Management Board:* I do not see any direct connection between the characteristics of mBank's customer base and the risk you have mentioned. With our exposure decreasing systematically, I think that we are well on the way towards withdrawing from this sort of financing. I want to stress firmly that the bank's role is to warn clients in advance about potential consequences of failing to observe ESG standards and not to pull the rug from under their feet. The bank granted this financing in the past and it was meant to last a few years.

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:* I want to stress our great commitment to ESG issues in the organisation. We have done a lot in the area of coal financing and policy. We have significantly reduced our exposure to clients participating in lignite energy projects. This financing was originated prior to the adoption of our coal policy. The overall exposure to lignite energy projects (we do not comment on exposures to specific clients due to banking secrecy) has decreased significantly. At the same time, we have substantially increased mBank's involvement in financing renewable energy. mBank increased the green financing limit three times. It is now worth four billion zlotys. We have also been evaluated by external ESG rating agencies, for example, in January 2020, Sustainalytics awarded mBank a low ESG risk rating. Details are available from our website [mbank.pl](http://mbank.pl). As the CEO and the Chairwoman of the Supervisory Board have already said, we are working on a new strategy. The ESG strategy will be part of it. We want to become an ESG leader in the Polish banking sector.

2) The Management Board Report on the Performance of mBank S.A. Group in 2020 reads: *The functioning of the bank has no material direct impact on the climate. The bank's industry does not generate significant greenhouse gas emissions. In the opinion of the bank, its impact is mainly indirect through financing provided to clients. The bank's impact on the climate derives from decisions to grant financing to clients in different industries.*

We can reduce the impact mainly by reducing financing for clients in industries relevant to the EU climate policy. At the same time, mBank reports on greenhouse gas emissions only for scopes 1 and 2 without scope 3, which is the most important as it covers financed emissions. Santander Bank Polska has been reporting on scope 3 emissions since 2019 and its CEO, answering questions from a shareholder during the Annual General Meeting on Monday 22 March 2021, confirmed that scope 3 GHG emissions had decreased by 3% year on year in the period 2018-2019 (for a base comprising 80% of the bank's clients). In addition, Santander Bank Polska will start to report on total scope 3 emissions from 2022 (including data for 2021). What are mBank's estimates of scope 3 emissions in 2019 and 2020? Does mBank set itself a goal to reduce its financed emissions (scope 3) year on year? What goals in this respect does mBank's management board set for itself?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:* Scope 3 disclosures mentioned in the question go beyond the scope required under EU regulations. We are now in the process of expanding our disclosures in line with the effective dates of EU regulations and guidelines of the European Banking Authority. When it comes to specific, quantitative reduction targets, like we have already said, we are now working on the strategy, a part of which will be the ESG strategy. When we communicate the strategy, we will inform you about specific emission targets.

3) In December 2020 mBank appointed the Sustainability Committee of mBank Group. On which areas will the committee focus in 2021?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:* The committee will focus on the two main areas: (1) classification of assets for the purpose of issuing green bonds and (2) coordination of activities related to the implementation of the ESG strategy.

4) In November 2019 mBank updated the April 2019 policy. According to the policy, the bank does not finance the construction of lignite and hard coal mines and extension of production capacity of existing mines. The bank does not finance the following projects in the energy and heating sector:

- construction of new hard coal or lignite-fired power boilers and units,
- projects related to the construction and development of nuclear power plants,
- shale gas exploration and extraction,
- providing financing to new clients where more than 50% of power production is hard coal or lignite-based (measured based on power generation capacity).

How many credit applications did mBank reject in 2020 due to a conflict with the abovementioned policy of November 2019?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
The essence of this policy is that it does not make it possible to apply for financing for projects from the prohibited segments. Such applications are not accepted by the bank at all.

Does the policy also apply to participating in issuing corporate bonds of new clients where more than 50% of power production is hard coal or lignite-based (measured based on power generation capacity)?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
Yes, the policy also applies to participating in issuing corporate bonds of clients where more than 50% of power production is hard coal or lignite-based.

5) How does mBank ensure compliance of its credit portfolio, especially new corporate loans for general purposes, and support in issuing corporate bonds with the goals of the Paris Agreement until 2030 and 2050?

Does mBank have an ambition to achieve climate neutrality of its portfolio until 2050?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
As I said before, we are working on a new ESG strategy. Since it has not been approved yet, I cannot discuss the details. However, when it comes to the general level of mBank's ambitions in the ESG area, the Chairwoman of the Supervisory Board has quite firmly stressed that we want to be an ESG leader in Poland.

6) In late February 2020 mBank granted a loan to one of the world's largest manufactures of mining equipment.

Does mBank have any criteria for lending to companies whose profits to a large extent depend on high-emission sectors and the hard coal and lignite mining industry?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
Yes, our Climate Policy governs this issue. Projects involving suppliers of mining services and products are analysed on a case-by-case basis. We focus on supporting energy transition. We do not finance the construction of new hard coal or lignite-fired power boilers and units (including suppliers of relevant components, services and technologies).

7) The applicable policy of mBank does not prohibit financing companies which do not carry out mining business and do not produce electrical energy from coal, but do have a mining licence and plan to build new hard coal mines. An example is ECI Group, which plans to build a hard coal mine on the Brzezinka 3 field in Mysłowice.

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
As I said before, the banking law does not allow us to comment on the situation of individual clients. I want to reiterate that mBank's climate policy prohibits financing the construction of lignite and hard coal mines and extension of production capacity of existing mines.

mBank does not have any criteria for banning funding to corporate clients that did not adopt a strategy for achieving the Paris Agreement goals until 2050 and plans to implement this strategy? When will mBank finally adopt a policy addressing these shortcomings?

*Marek Lusztyn, Vice-President of the Management Board, Chief Risk Officer:*  
As I said before, we are working on the strategy, a part of which is the ESG strategy. We will tell you when the document is ready.