

The shareholder, during the Ordinary General Meeting of the Bank Polska Kasa Opieki S.A. ("**Bank**"), held on 22 of May 2020 asked the following questions, to which the Bank provides the answers as follows.

Question 1: Why did the 2019 Management Board report, the financial statement and the non-financial information report not include information on the systematic risk to the Polish financial market related to climate change as well as how does Bank Pekao manage this risk and which entities of the loan portfolio of the Bank are exposed to such risk and how Pekao S.A. intends to face challenges that would arise, for example, from taxonomy and the definition of what is clean financing?

The Bank as well as the capital group of the Bank included in its reports all relevant and legally required information. As part of its business and credit operations, the Bank monitors its involvement in individual business segments on an ongoing basis, while taking into account risk factors that affect the achievement of the objectives of the business strategy. The Bank identifies, analyzes and mitigates risks, including environmental risk, during individual analysis of each perspective transaction.

The Bank is aware of social and economic consequences associated with climate change and important role of corporations, including banking sector, in counteracting and reducing negative consequences of climate change. Therefore, as part of financing of energy projects, the Bank attaches high importance to and increases its exposure to financing of low-emission projects as well as projects aimed at transforming of the existing activities of energy sector into more sustainable activities i.e. those activities providing a significant contributions to:

- mitigation of climate change;
- adaptation to climate change;
- protection and sustainable use of water and marine resources;
- transition to a self-sufficient economy;
- pollution prevention and control;
- protection and restoration of biodiversity systems.

Question 2: Bank Pekao S.A. did not publish in its 2019 report its emissions financed from Scope 3, meaning not emissions generated by the Bank but those emissions of the entities that the Bank finances or facilitates the arrangement of bonds. And the question is: is the Management Board aware that the Bank does not report this, but it is an obligation and when does it intends to report? Why did the Supervisory Board and the Management Board allow for no Scope 3 emissions reporting, i.e. financed by the Bank in 2019¹, and does it believe that this is a violation and a lack of management of this type of risk for the Bank?

The implementation of reporting by the Bank of the "Scope 3" emissions is a long-term process that requires the definition of appropriate reporting procedures and reporting systems and requires not only involvement of the Bank, but also its clients. Although the guidelines of European Commission on "Scope 3" emission reporting are currently not legally binding, The Bank is aware that in the future banking sector will be heading into this direction and will be reporting Scope 3 emissions.

Question 3: The Management Board report and financial statement for 2019 includes no public criteria forbidding financing of high-emission companies and entities with policy not complying

¹ The shareholder in the question asked during the Ordinary General Meeting referred to 2015, however, the context of the statement indicated that the question is related to 2019. Therefore, a correction has been introduced in the published content of the question.

with the Paris Agreement. Is the auditor or the Supervisory Board reviewing these reports aware that there is no such information and why it was not explained in the Supervisory Board report, why there is no such information provided?

The transformation of the energy sector in terms of environmental factors is a complex and long-term process. From the Bank's perspective, it is important that changes in the energy transformation take place as soon as practically possible, however those are long-term processes, as demonstrated by examples of other countries in Europe that carried out processes of energy transformation earlier than Poland.

The Bank continues and consequently increases its participation in the energy transformation of corporations and supports its clients in introducing changes aimed at improving the environmental impact of their activities, including the reduction of high-emission energy sources. In 2019, both the Bank and the Bank's capital group participated in many financing projects aimed at improving the energy efficiency of clients and financing Renewable Energy Sources ("RES") as well as providing support for the implementation of ecological projects with a total value of over PLN 5 billion.

The Bank conducts its operations in a responsible manner and attaches great deal of importance to ESG ("Environmental, Social and Governance") matters and not only with respect to environmental factors, but also those related to social and corporate governance aspects. Activities of the Bank that have been undertaken in the ESG area were recognized and are reflected in ESG ratings assigned to the Bank. It is worth noting that the Bank received in May 2020 for the fourth time in a row an ESG 'A' rating assigned by MSCI, one of the global leading market index providers. The MSCI ESG "A" rating assigned to the Bank is current one of the highest in the Polish banking sector. Additionally, the Bank, as the only company in Poland, is included in 2020 in the prestigious index of 500 global companies, the Bloomberg Gender Equality index, which recognizes listed companies actively working for equality in workplace and actively supporting professional development of women.

Question 4: Pekao S.A. does not have criteria that exclude financing of entities, new high-emission projects, for example new mines or brown coal power plants, as well as entities heavily dependent on energy production based on coal combustion. Here again a question to the Management Board: why this type of risk, this type of sector analysis is not presented? There is an information on financing of small and medium-sized enterprises, financing of corporate sectors, information about exposure to sector risks, even information about arranging issuance of bonds for large players from coal sector, while there is no analysis regarding sector exposure to high-emission industry and this is quite a serious risk that is increasing at the moment.

The Bank presents in widely accessible materials its loan portfolio profile by sector in accordance with the Polish Classification of Activities.

The Bank aims participating in the energy transformation of its clients. The Bank approaches investment financing in a selective and restrictive manner taking into account regulations that are in force. The Bank monitors and adheres to the established criteria of sector limits, which support the implementation of the Bank's credit policy, assessment of risk appetite and compliance with law.

Question 5: Because the Bank does not present the way it manages climate change, and how does it understand such management, what are the tools to manage, and statements of the Management Board imply that the Bank is not prepared to deal with this subject. Why there was no description in the previous year on how would the Bank manage climate risks, how it would change the policy and strategy, and the approach to financing the Polish economy, and when would it be done?

The Bank, along with an assessment of the creditworthiness and credit risk, carefully assesses the risk specific for each transaction, including environmental and climate risk, and the risk of client not complying with the principles of corporate social responsibility.

The Bank's Credit Policy being currently updated takes into account climate risks, which it characterizes as threats arising from the physical risk of climate change and those resulting from the transition to a low-emission and "climate-resistant" economy. The Bank carries out an analysis of climate risk as part of the risk assessment of financing for a given project or entity.

In addition to the above questions, during the Ordinary General Meeting of the Bank on 22 May, 2020, the Shareholder delivered written questions in the wording below. In the Bank's opinion, these questions were not justified for the assessment of matters of the agenda of the above Ordinary General Meeting (they referred to future events, not to 2019). Therefore, the Bank does not answer these questions.

Question No. 1: When will Bank Pekao S.A. announce its policy consistent with the necessary reduction of greenhouse gas emissions and full climate neutrality of the entire Polish economy by 2050?

Question No. 2: When will Bank Pekao S.A. start publishing its financed emissions - SCOPE 3 as opposed to the Bank's own issues (SCOPE 2)?

Question No. 3: When will Bank Pekao S.A. introduce and announce publicly the criteria prohibiting financing of any company or supporting the issue of corporate bonds of a company whose strategy is not in line with the international climate agreement negotiated in Paris and ratified by the European Union and Poland?

Question No. 4: In particular, companies that should be immediately excluded from financing are companies that produce over 30% of their energy based on brown and / or hard coal combustion and those that plan to build new coal mines or coal power plants. Therefore, when will Bank Pekao S.A. announce a policy that will ban financing or any other optional financial services for companies that plan to build new coal mines or coal power plants like e.g. Credit Agricole did?