

# **SANTANDER BANK POLSKA**

## **GENERAL POLICY**

### **SUSTAINABILITY**

**Reference framework in Corporate Social Responsibility (CSR) and social and environmental risk management**

## **I. Introduction**

The world and society today, constantly evolving and changing, present risks and opportunities. This document defines Santander Bank Polska sustainability approach, oriented toward creating long-term value and managing social and environmental risks.

Recurring profitability is necessary, but not enough for business to be sustainable in the long run. Santander Bank Polska understands that sustainability is based on creating value for all stakeholders: employees, customers, shareholders and communities.

Thus, convinced that a socially responsible management approach contributes to long-term sustainable business, Santander Bank Polska has voluntarily taken on certain ethical, social and environmental commitments that go beyond its legal obligations toward its stakeholders.

## **II. Mission, vision and values**

Our mission at Santander Bank Polska is to help people and businesses prosper.

Our aim is to become the world's best retail and commercial bank that earns the lasting loyalty of our people, customers, shareholders and communities. The only way to achieve this is by having the best possible relationships with them based on trust and loyalty:

- If employees feel motivated, engaged and rewarded, they will provide customers with quality service.
- If our customers receive excellent service and can see we are addressing their needs, their loyalty to the Bank will grow.
- If this happens, benefits and profitability increase, thus assuring the loyalty of our shareholders and allowing us to serve our communities more and generate trust in Santander Bank Polska, thus making our employees even prouder to be part of this company.

Our corporate culture is based on the belief that everything Santander Bank Polska does and the way in which we interact with our various stakeholders should be simple, personal and fair.

## **III. Reference framework and relationship with other policies**

This policy, which defines the general guiding principles of Santander Bank Polska regarding sustainability, is based on the best practices included in international conventions and protocols, codes of conduct and internationally relevant guides on this particular subject (see Appendix). Among them, special attention will be given to the United Nations Sustainable Development Goals (SDG).

Conformance with this policy and the abovementioned documents shall not prejudice strict compliance with the relevant legislation in force in Poland..

This policy is complemented by other policies of Santander Bank Polska, including:

- the Climate Change Policy
- the Human Rights Policy
- the Corporate Volunteering Policy
- sectoral risk management policies for sensitive sectors

These policies will be reviewed by the Sustainability Committee, in order for all of the areas represented in this committee to be aware and take the necessary decisions to enforce them. The Sustainability Committee, presided by the Chief Executive Officer and comprising the Senior Executive Vice Presidents of the various divisions and/or areas involved in sustainability matters, proposes the strategy and monitors the Bank's sustainability initiatives.

The Sustainability Report, which is part of the Group's Annual Report, describes Santander Bank Polska strategy, management and objectives with regard to sustainability.

## **IV. Corporate Social Responsibility Principles**

### **1. Relationships with stakeholders**

Under this policy, Santander Bank Polska sets out a number of principles and commitments, designed to create long-term value for its main stakeholders.

#### Employees:

Above all else, Santander Bank Polska continued success depends on our employees. Therefore, Santander Bank Polska works to attract, retain and develop our talent to have the best professionals, always making sure they provide customers with the best service.

With regard to its employees, Santander Bank Polska will observe the following principles:

- Respect for diversity, and non-discrimination because of gender, race, age or any other condition.

- Promotion of employment stability, work flexibility and work-life balance, as well as a safe and healthy workplace for employees.
- Encourage equal opportunities among its employees, aspiring to have a balanced representation between men and women in all functions and responsibilities.
- Santander Bank Polska will make sure employees behave in accordance with certain ethical and responsible conduct principles and rules by implementing the *General Code of Conduct*.
- Santander Bank Polska will encourage corporate volunteering to help the communities it serves prosper and increase our employees pride in belonging to this company. The *Corporate Volunteering Policy* sets out the principles and scopes of action for volunteering activities.

### Customers

The sustainability of Santander Bank Polska business model depends on long-term relationships of trust being established with customers, earning their loyalty, adapting to their needs and enhancing their satisfaction.

- Santander Bank Polska aims to offer products and services that are simple, personalised and adapted to the needs and risk profile of its customers and provide them with accurate, sufficient and appropriate information.
- It will give customers access to the various products and services the Bank offers through a multi-channel offering so customers may use them however, whenever, and wherever they wish based on their needs.
- The Bank will also design social and environmental products and services in order to promote financial inclusion and help protect the environment and mitigate climate change.
- It will monitor exceptional situations or settings that may have an effect on certain customers in order to offer them alternative solutions, in particular, among those groups in risk of or in a situation of social exclusion.
- It will make decisions taking into account ethical, social and environmental matters and financial and risk criteria pursuant to this sustainability policy and the other *sectoral policies for sensitive sectors*.
- It will be particularly diligent to prevent and avoid the funding of illegal activity in compliance with the Anti-Money Laundering and Terrorist Financing rules and by taking any additional measures deemed necessary.

### Shareholders

Long-term value creation and maximum information transparency are fundamental in Santander Bank Polska relationship with its shareholders.

To this end:

- Santander Bank Polska will ensure equal treatment between shareholders, based on the general principle of “one share, one vote”.
- It will offer thorough, clear and accurate information to all shareholders through various communication channels made available to them by the Bank.

## Communities

Santander Bank Polska also helps the communities it serves prosper socially and economically through its social investment, with education being a main point of interest. Santander Bank Polska understands as well the support to education as an empowering lever that contributes to alleviate many of the major problems faced by humanity, such as poverty and hunger.

- The Bank holds higher education to be the driver of growth, progress and future well-being. It is the main social investment the Bank makes and is the hallmark of its commitment towards society. Through agreements with universities in different countries, the Bank will promote the improvement and excellence of universities, international mobility of university groups (teachers, students and researchers), research, innovation and entrepreneurship.
- Santander Bank Polska will encourage financial literacy in order to enhance people's familiarity with the world of finance and give them the tools and knowledge to help them make decisions.
- It will also pay close attention to childhood education, entrepreneurship and job creation, as well as social welfare.
- It will consider within its social investment decisions to contribute towards the eradication of poverty and support the most disadvantaged groups aiming to further social inclusion.
- It will encourage employees to participate in this area through volunteering initiatives.

## Suppliers

Santander Bank Polska has ethical and transparent relationships with suppliers, and mandates that

- suppliers must undertake to comply with the ten principles of the United Nations Global Compact.
- it will promote mechanisms to identify possible environmental and social risks in the supply chain.

## **2. Human Rights**

Within its domain, Santander Bank Polska undertakes to respect and promote human rights with regard to its employees, customers, shareholders, suppliers and communities.

To this end, it has prepared a Human Rights policy containing commitments to prevent discrimination and such practices that infringe upon people's dignity, prohibit forced labour and child exploitation, respect the freedom of association and collective bargaining and help eradicate corruption within its scope of action. Furthermore, the Bank will establish appropriate measures to prevent, mitigate and correct any violation that may have occurred as a direct result of the Bank's activity.

## **3. Other general commitments**

### Tax responsibility

Santander Bank Polska contributes economically and socially to the countries in which it operates by paying all direct taxes and withholding indirect taxes from third parties resulting from its business activity. It

complies with all corporate governance requirements set out in the “Corporate Governance Principles for supervised Institutions issued by the Polish Financial Supervision Authority and in the “Best Practices of WSE Listed Companies 2016” and makes use of all good practices that make it possible to adequately prevent and reduce tax and reputational risks, to ensure greater legal and economic security for the company and for society.

In addition to strictly fulfilling its legal obligations, Santander Bank Polska is committed to establishing co-operative relationships with the various tax authorities in the countries where it operates, based on principles of transparency and mutual trust.

### Environment

Santander Bank Polska is extremely committed to protecting the environment, especially in relation to the fight against climate change. To this end, the Bank undertakes to:

- Minimise the environmental impact of its facilities and internal operations.
- Promote products and services that respect the environment.
- Consider and assess the impact financing projects have on climate change.

The Bank’s guiding principles regarding the environment are found in this *Sustainability policy, the sectoral policies for sensitive sectors and the Climate Change policy*.

## **V. Finance-related social and environmental risks**

Santander Bank Polska lends great importance to the social and environmental risks stemming from its customers’ activities in sensitive sectors.

Accordingly, Santander Bank Polska respects international best practices regarding social welfare and the environment, particularly the Equator Principles (EP). These principles address such matters as:

- Biodiversity protection and sustainable natural resource management.
- Employment rights.
- Prevention of pollution and toxic waste emissions.
- Climate change.
- Community health and safety.
- Land acquisition and voluntary resettlement.
- Indigenous peoples.
- Cultural heritage.
- Human rights.

Furthermore, the Bank has set out specific sectoral policies that contain the criteria for analysing social and environmental risks in customers' activities in sensitive sectors, such as defence, energy and soft commodities or other policies carried out in this respect.

Each sectoral policy describes the scope of application, prohibited or restricted activities applied by the Santander Group in each particular sector, ownership or revision process of each policy. To illustrate:

- Some activities expressly prohibited under the sectoral policies include manufacturing, marketing and distributing weapons of mass destruction, as regards the defence sector, or clearing woodlands officially declared to be of high ecological value in relation to the soft commodities sector.
- Furthermore, Santander Bank Polska has decided to limit its involvement in certain activities (subject to their social and environmental impacts being previously analysed in detail), such as activities at carbon-intensive facilities that do not show improved thermal efficiency or pollutant emissions, or the activities related to paper pulp and paper, palm oil or soy production.

In addition to the prohibited and restricted activities described in each sectoral policy, the Santander Group lays out the following general prohibited and restricted activities applicable to these sector policies.

#### Prohibited Activities:

The Bank will not participate in any transaction related to lending, financial consulting services, equity, asset management or insurance with customers who take part in any of the following activities:

1. Activities carried out in or affecting areas included on the United Nations List of Protected Areas.
2. Activities concerning species included under Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or on national lists (unless the activities are meant to protect such species).
3. Activities about which customers refuse to provide information and/or required documentation.

#### Restricted activities:

In global corporate banking, special attention will be given to social and environmental risks related to:

1. Activities concerning species included under Appendices II and III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or on national lists (unless the activities are meant to protect such species).
2. Activities in woodlands declared to be of high ecological value, particularly those on the UNESCO World Heritage Sites list and on the List of Wetlands of International Importance (RAMSAR).

## VI. Dialogue with stakeholders

In order to receive all important feedback, Santander Bank Polska will maintain dialogue and consultation channels with its main stakeholders, employees, customers, shareholders, investors, suppliers, authorities, regulators, supervisors and NGOs.

## VII. Policy ownership and updates

The Management Board of Santander Bank Polska owns this policy. Any future material amendment must be approved by the Management Board.

This policy's content is constantly being improved, which is reflected by the annual revisions of this document.

This policy was implemented in June 2016.

## APPENDIX

Main conventions, protocols, codes of conduct and international guidelines on which this sustainability policy is based:

- Equator Principles (International Finance Corporation guidelines).
- United Nations: Universal Declaration of Human Rights.
- UN Global Compact: United National Global Compact.
- UNEPFI: United Nations Environmental Programme for Financial Institutions
- United Nation Sustainable Development Goals.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- List of Wetlands of International Importance (RAMSAR).
- The International Union for Conservation of Nature (IUCN) list of critical natural habitats
- The 2014 United Nations list of protected areas.
- UNESCO World Heritage list.
- The European Commission Code of Conduct for European enterprises operating in developing countries.
- The United Nations Guiding Principles on Business and Human Rights.
- OECD guidelines for multinational companies.
- The International Labour Organization's (ILO) Fundamental Conventions.
- Agreements reached at the 2015 COP21 summit on climate change in Paris.
- The Spanish National Securities Market Commission's (CNMV) Code of Good Governance.

Selected important national laws and regulations:

- the Environmental Protection Act,
- the Act on Preventing and Remediating Environmental Damage,

- the Environmental Protection Act,
- the Plant Protection Act,
- the Animal Protection Act,
- the Water Law,
- the Waste Law,
- the Forest Law,
- the Act on Protection of Agricultural and Forest Grounds,
- the Geological and Mining Law,
- the Act on the Trading of Greenhouse Gas Emissions and Other Emissions
- the Act on Substances Depleting the Ozone Layer
- the Act on Prevention of Marine Pollution by Ships,
- the Act on Substances Depleting the Ozone Layer,
- the Act on Cleanliness and Order in Municipalities,
- the Land Planning and Management Act,
- the Construction Law,
- the Act on Prohibited Use of Asbestos Containing Products,
- the Code of Administrative Proceedings,
- "Best Practices of WSE Listed Companies 2016"
- "Corporate Governance Principles for supervised Institutions issued by the Polish Financial Supervision Authority