

# Non-Financial Statements 2018





**Non-Financial Statements of  
Bank Handlowy w Warszawie S.A. and the  
Capital Group of Bank Handlowy w Warszawie S.A.  
for the year ended 31 December 2018**

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**” Enabling growth and progress of our clients and local communities is part of our organization’s DNA. (...) Today, as part of Citigroup – one of the largest financial institutions with a global reach – and as the oldest commercial bank in Poland, we continue this legacy, helping to change the world for the better. While doing great things as a Bank, we also recognize the needs of local communities, enabling progress and providing help to those in need. ”**

- Sławomir S. Sikora, President of the Management Board of Citi Handlowy

## About the Report

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

In previous years, the information concerning aspects related to the Group’s corporate social responsibility (CSR) was presented in the Report on the activity of the Capital Group of Bank Handlowy w Warszawie S.A., reports on the activity of the Banking Foundation named after Leopold Kronenberg (The Kronenberg Foundation at Citi Handlowy, the Kronenberg Foundation or the Foundation) and on the Bank’s websites.

Works on the Statements were conducted in a formalized way by a working group which gathered at cyclical meetings. The working group was directed by the Vice President of the Management Board responsible for Finance Division (CFO), and was composed of the representatives of: Finance Division, Strategy and Investor Relations Department, Corporate Communications and Marketing Department, Support and Services Division, Human Resources Division, the Kronenberg Foundation and the Client Advocate.

The Non-Financial Statements of the Capital Group present its operations for the period from 1 January 2018 to 31 December 2018, unless indicated otherwise herein.

These Non-Financial Statements of the Capital Group of Bank Handlowy w Warszawie S.A. were prepared on the basis of the requirements set out in the Accounting Act of 29 September 1994, which imposes the reporting obligation on the Group. The Statements are attached to the Report on the activities of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. and is available on the website of Citi Handlowy ([www.citihandlowy.pl](http://www.citihandlowy.pl)) in the „Financial Information” tab.

In case of any questions, please contact us:

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# Letter of the President of the Management Board

Dear Shareholders,

Enabling growth and progress of our clients and local communities is part of our organization's DNA. Bank Handlowy w Warszawie S.A. draws from its 150-year history, whose direction was set by its creator and founder, Leopold Kronenberg. This outstanding financier and industrialist was one of the greatest community worker and philanthropists of his time. Today, as part of Citigroup - one of the largest financial institutions with a global reach - and as the oldest commercial bank in Poland, we continue this legacy, helping to change the world for the better. While doing great things as a Bank, we also recognize the needs of local communities, enabling progress and providing help to those in need.

As an institution of public trust, **we place great emphasis on carrying out our activities in compliance with applicable laws, best business practices and the highest ethical standards.** Social responsibility of Citi Handlowy is reflected in all the key areas of our business: relationships with clients, vendors and business partners, environmental protection, support for our employees and care for community development.

**Citi Handlowy adheres to the highest ethical standards.** Professional ethics is the foundation of our actions toward ourselves, our clients and vendors. Our achievements in this area have been appreciated by the jury of the Ethical Company contest organized by "Puls Biznesu", awarding this honorific title to us for the third time in a row. Thus, **Citi Handlowy, as the only bank, has found itself within a special category, receiving the title of Super Ethical Company.** Also, in the *Responsible Company Ranking 2018* organized by "Dziennik Gazeta Prawna", Citi Handlowy was ranked "crystal", the level which encompasses mature companies which are active in the area of CSR.



Sławomir S. Sikora  
*President of the Management Board*

A major challenge of the past year in the business environment were regulatory issues related to the new standards of **customer data protection**. Citi Handlowy regularly undergoes relevant audits and trains its employees, believing that personal data of its customers are a good that must be strictly protected; for that reason, the strict rules in this regard also apply to our vendors.

As a financial institution caring for public trust, **we take seriously the issue of counteracting money laundering and terrorism financing.** Regular training sessions in that respect are mandatory for all our employees, as is training on economic sanctions or counteracting and detection of corruption.

**We offer financial solutions in a responsible way,** and we share our experience and knowledge with clients. It is for their benefit that we co-design and implement latest solutions and technologies. We are the first financial institution in Poland that enabled third entities to use the regulatory sandbox compliant with the PSD2 directive. In 2018, Citi Handlowy organized a **PSD2 Challenge**, a competition which was to identify the best solutions in the area of *open banking* prepared with the use of Citi API. **Ideas submitted to the PSD2 Challenge involve solutions which are fully developed, ready for implementation, and present an innovative approach to banking services.**

Last year, we have completed many important pro-environmental projects. Citi Handlowy has analyzed and identified the main areas of environmental impact. One of them is energy consumption: for that reason, in 2018, we undertook a number of efforts to mitigate that impact. Those included upgrades of heat distribution centers, heating, ventilation, air conditioning equipment, thermal insulation and light fixtures. Thanks to those investments, **in 2016-2018, we cut our electricity consumption by over 2,000 MWh and heat energy use by 5,000 GJ.** We also expect our vendors to care for the environment. Citi Handlowy clients received 2019 calendars made from apple remains, which are 100% recyclable.

We demonstrate our commitment to environmental protection also by combating smog in Polish cities. **For the second year in a row, we supported city bike networks in nine largest Polish cities.** In addition, Warsaw cyclists could conveniently rent bikes using a Citi Handlowy application, Bikes, and find out, by doing so, how cycling has contributed to better air quality in the city by reducing CO<sub>2</sub> emissions.

**At Citi Handlowy, we strive to be the organization of choice for the best people, where workers are recruited and promoted based on achievements, and where development opportunities are available to all on equal terms.** We promote an organizational culture in which employees treat each other with mutual respect and which allows them to reconcile their professional life with daily obligations and personal interests.

**Half of the Citi Handlowy Management Board members in 2018 were women.** Women are at the helm of three key areas of the Bank's business: Risk, Finance, Operations and Technology. Throughout the Bank, women hold over half of all managerial positions. This stems from our philosophy of Citi Diversity, which promotes diversity and social inclusion. **At Citi Handlowy, remuneration, promotion, and development are genderless.** We strive to offer equal pay to both women and men who hold equal positions, according to their competencies. At the same time, they should have the same opportunities for development.

An expression of appreciation for my team for building diversity and supporting women is the **title "Male Champion of Change"**, which was conferred on me, as President of the Management Board of Citi Handlowy and Citi Country Officer, in the Businesswoman of the Year competition organized by the *Sukces Pisany Szminką (Success Written with Lipstick)* Foundation.

I am also a member of the Male Champion of Change club, which was established to support activities in

the field of education, awareness building and sharing good practices contributing to better use of women's and men's talents and to building diversity in business. In line with the objectives that we set for ourselves for the first 12 months of its operations, **I pledged not to participate in any panels and discussions in which at least one woman does not take part, and to undertake intensive efforts to introduce flexible working hours and to build a career path at the company taking into account maternity and paternity leaves, as well as efforts aimed at closing the pay gap at Citi Handlowy.**

We encourage Citi Handlowy employees and clients to follow a healthy lifestyle as part of the global Live Well at Citi initiative. In Poland, we implement it using a unique formula that incorporates the social aspect. Hence, by engaging in sports events, our team members support a selected charitable purpose. In this way, **in 2018, we helped the Warsaw Special Support Center for Victims of Domestic Abuse, operated by the Women's Rights Center.** Citi Handlowy volunteers refurbished the center's new headquarters and the Bank paid for fitting it out. The project received the *White Ribbon Award* in the Employer-Sponsor category. By participating in another event, the Warsaw edition of the run organized by the Poland Business Run Foundation, we helped young people after amputations.

We pursue efforts in the area of financial education, employee volunteering, but also initiatives promoting Polish business and supporting the protection of cultural heritage through the Kronenberg Foundation at Citi Handlowy and with the support of the Citi Foundation. **In 2018, over 90,000 students and 1,600 teachers took part in Poland's largest program of financial education of the youth, My Finances.** Other educational initiatives include: the *Savings Week*, a program combining financial education and promotion of entrepreneurship; *Be Entrepreneurial*, a program aimed at providing students with knowledge of broadly understood entrepreneurship and developing skills and competences in that area by setting up and running a company in the form of a general partnership; **Business in Women's Hands** program addressed to women who want to start their own business; as well as the **Microentrepreneur of the Year** competition aimed at supporting entrepreneurship, encouraging formation of own businesses and recognizing and promoting the best of them as examples of effective economic activities.

Last year, **for the 5<sup>th</sup> time, we awarded the Emerging Market Champions prize** in a competition promoting Polish enterprises successfully expanding abroad and companies from emerging markets investing in Poland,



thus creating new jobs and supporting the Polish economy. In the anniversary edition, we recognized for **the first time a winner in the third category, an e-commerce champion.**

**The employee volunteering program at Citi Handlowy is one of the biggest such undertakings in Poland.** In 2018, our volunteers representing Citi in Poland, i.e. Citi Handlowy, and the shared services center, Citi Service Center Poland, together with Bank customers, families and friends, carried out **251 volunteer projects for 40,500 beneficiaries. Citi volunteers got involved 4,480 times.** A final initiative was the 13<sup>th</sup> edition of the Citi Global Community Day, in which one-third of our workforce took part.

I am convinced that in the coming years, the satisfaction of Citi Handlowy employees and the strength with which they identify with our organization will continue

to grow. We wish to achieve this, among others, by implementing *People Strategy*, a series of initiatives resulting in far-reaching changes in the organizational culture at the Bank. I also believe that those changes will further support the development and growth of our customers, business partners and communities in which we operate.

Sincerely,



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

# About Citi Handlowy

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Founded in 1870, Bank Handlowy w Warszawie S.A. is the oldest commercial bank in Poland today and one of the oldest continuously operating banks in Europe. Since 2001, the Bank has been a part of Citigroup, a global financial institution, and today it operates in Poland under the Citi Handlowy brand.

The history of Citi Handlowy is available on the website:

[www.citihandlowy.pl](http://www.citihandlowy.pl)

## Structure of Shareholding

Citibank Overseas Investment Corporation (COIC) is Citi Handlowy's major and strategic shareholder. COIC is the Bank's sole shareholder with at least 5% of shares in the Bank's share capital and at the Bank's General Shareholders Meeting. The remaining shares, which represent 25% of the share capital are the Bank's free float with the lion's share of capital belonging to financial investors (Polish and foreign pension funds and investment funds).

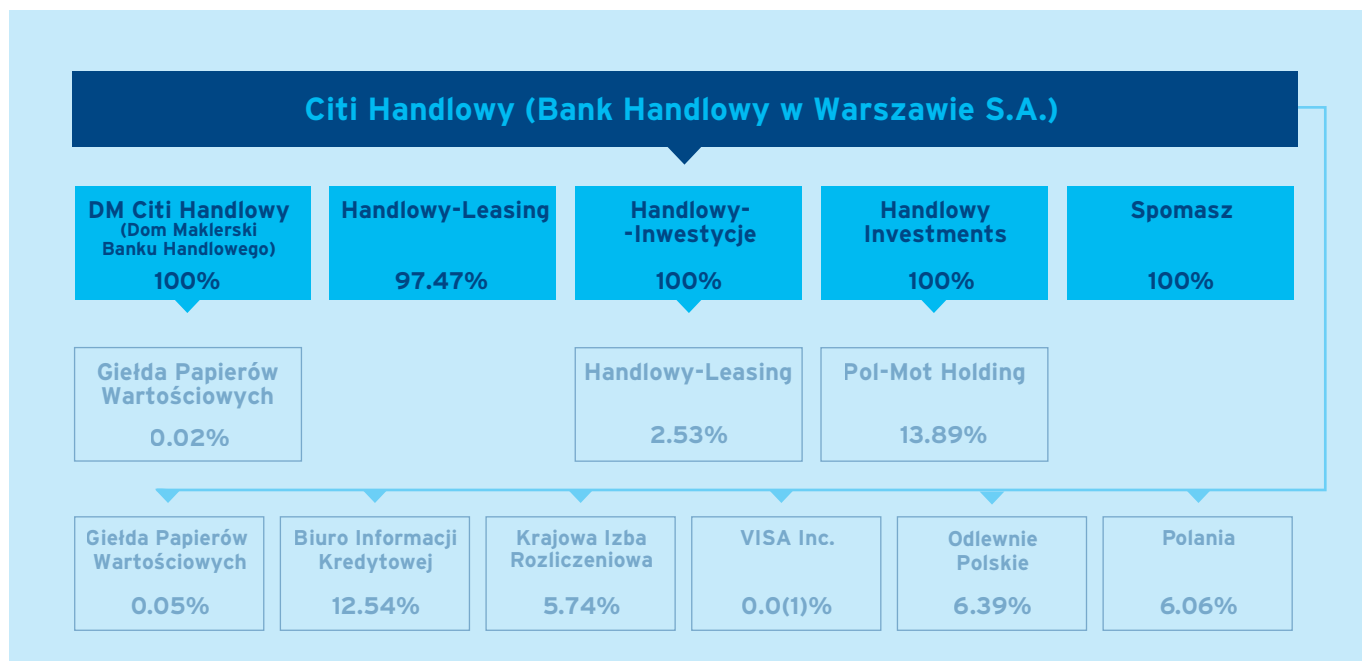
As part of a global financial institution, Citi Handlowy provides customers with access to financial services in more than 160 countries and jurisdictions.

## Capital Group of Citi Handlowy

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

Citi Handlowy is the Group's dominant company with Dom Maklerski Banku Handlowego S.A. acting under the brand name of Dom Maklerski of Citi Handlowy brand - Brokerage House of Citi Handlowy (DM Citi Handlowy), as Citi Handlowy's most important subsidiary whose activities are complementary to the Bank's product offer and give the Bank a competitive edge on the Polish financial services market. The remaining entities do not conduct an activity which would be significant from the Capital Group's perspective. For these reasons, it was decided that in addition to the information concerning the Bank, these statements would refer to DM Citi Handlowy only.



## STRUCTURE OF SHAREHOLDING OF CITI HANDLOWY



# Citi Handlowy - At a Glance

**Providing financial services in a responsible way** ..... **A trustworthy partner enabling clients' growth** ..... **Creating economic value**

 <p><b>Global Reach</b> - part of Citigroup operating in more than 160 countries and jurisdictions around the world</p>	 <p><b>Safety and Stability</b> - strong capitalisation and liquidity</p>
 <p><b>Diverse Team</b> - 3.4 K (employees) supporting our institutional clients and consumers</p>	 <p><b>Unique Offer</b> for clients with international business who travel and invest on global markets</p>

 <h2>Institutional Clients Group</h2> <hr/> <p><b>Bank of First Choice</b> for companies with plans of international expansion and those investing in Poland</p> <p><b>#1 among Dealers of Treasury Securities</b></p> <p>Leader in clients' <b>FX transactions</b></p> <p><b>Leader in cash management</b></p>	 <h2>Consumer Banking</h2> <hr/> <p>Light banking model based on <b>state-of-the-art digital channels</b></p> <p>A friendly bank with smart <b>customer experience</b> management</p> <p>Strong position in <b>Wealth Management</b></p> <p><b>#1 in credit cards</b> in terms of credit and transaction volumes</p>
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## Socially Responsible Bank

 <p>A business model that adds value to society</p>	 <p>Ethics-driven decision-making and doing business in a responsible way</p>
 <p>Taking a stand on issues that are important for society and economy</p>	 <p>Focus on transparency of processes and decision-making</p>

# Mission

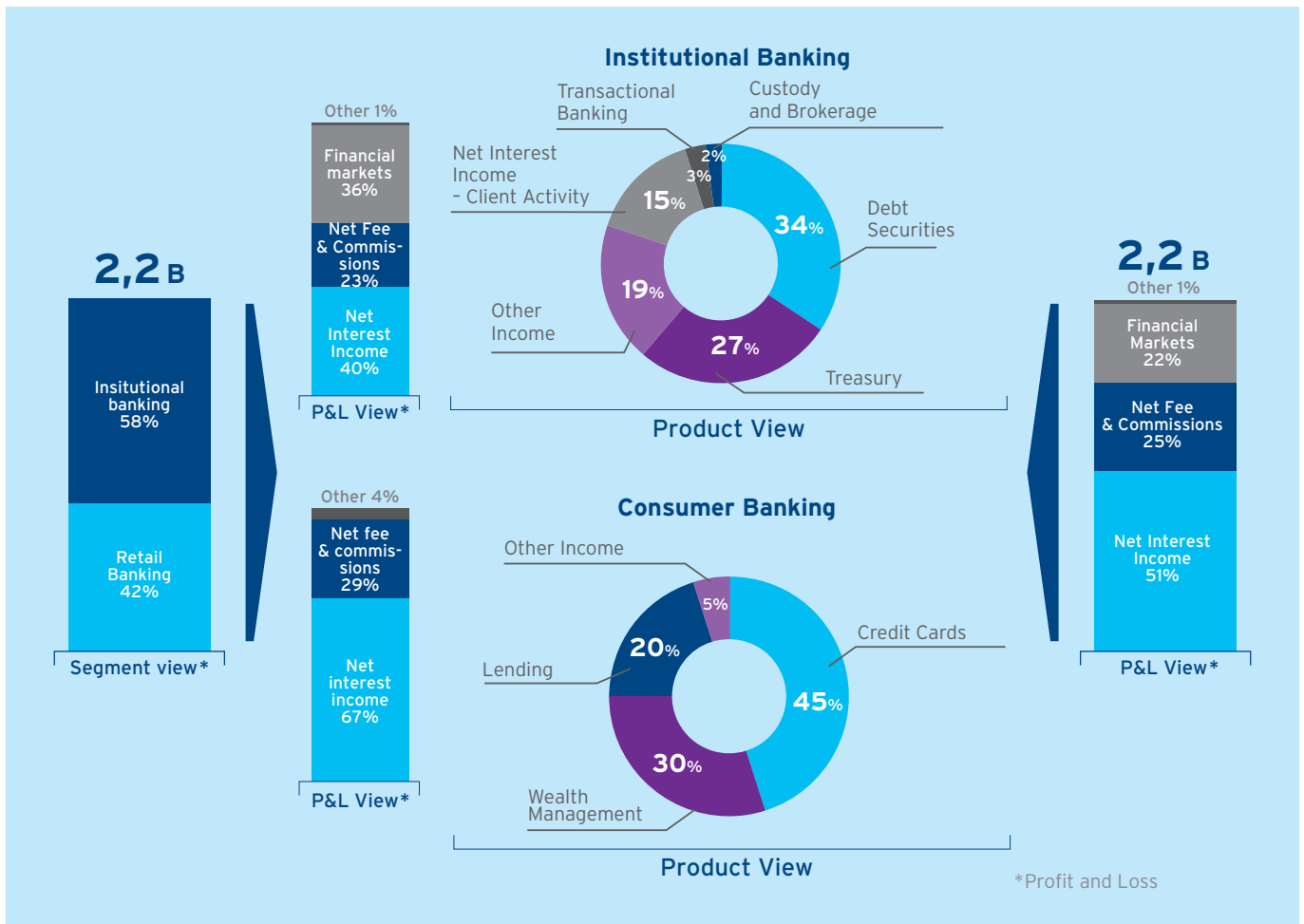
Citi Handlowy's mission is to be a trusted partner for its clients, to enable growth and to offer them responsibly financial services. The Bank's goal is to ensure that all those activities lead to economic growth and progress. To accomplish this, the Bank draws from expertise and market knowledge of Citi's global network, building its

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

# Business Model

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

## 2018 REVENUE STRUCTURE



## IN 2018, CITI HANDLOWY CONTRIBUTED TO THE POLISH BUDGET:



# Citi Handlowy's Strategy

In 2018, Citi Handlowy prepared a strategy for 2019-2021 („Strategy”). The new Strategy of the Capital Group is a continuation of its 2016-2018 strategy with respect to the fundamentals of Citi Handlowy operations. The Bank remains organized into two main segments (Institutional Banking - ICG, and Consumer Banking), maintaining its focus on those areas of the market where it enjoys a major competitive advantage (such as Wealth Management services for wealthy clients, credit cards, FX products and cash management products, offer for corporate and private clients seeking a global financial partner). The safety of clients invariably remains the Bank's priority, both in terms of maintaining the high liquidity, safe equity level and cyber-security that will be the area of the Bank's special focus considering the rapid development and implementation of new technologies. Another constant is its commitment to creating value for shareholders both by paying attractive dividend and by improving its financial performance.

In the Institutional Banking segment, Citi Handlowy is a leading provider of services to international corporations and the largest local companies. The Strategy contemplates initiatives to boost revenue from its client activities; the major initiative in that respect is changing the approach to services for fast-growing new economy companies that are considering non-organic growth of their businesses and seek more sophisticated banking solutions. Citi Handlowy offers multi-product solutions that meet clients' expectations (for example in the area of capital markets, debt instruments or international cash management) and is ready to provide appropriate financing. In addition, the Bank discerns a significant potential to increase its revenues by participating in transformational transactions carried out by the largest corporate clients, also with involvement of private equity funds (e.g. LBO, IPO or M&A transactions). Furthermore, Citi Handlowy plans to maintain its leading position in the segment of global companies.

In order to increase revenue in the Consumer Bank segment, the main focus will be placed on building the scale of business by pursuing strategic partnerships that will allow for both growing the customer base and building additional credit volumes through access to new, yet untapped groups of customers. The digitalization and simplification of new customer acquisition process will be of special importance for the building of scale, i.e. the use of state-of-the-art technological solutions (such as biometrics and AI). On the other hand, the key to Wealth Management services will be growing the wealthy customer base (Citigold, Citi Private Client) thanks to continuous enlargement of product offer, launch of extended advisory services and regular updates of our offer of structured products and investment funds.

Citi Handlowy will continue its effectiveness initiatives in all business areas and will invest any savings therefrom in the development of digital technologies.

## Corporate Governance

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

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

[www.knf.gov.pl](http://www.knf.gov.pl)

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

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

With regard to three Principles, the decision not to apply them was made:

- 1) Article 11.2 (transactions with related parties) - this principle shall not be used with respect to contracts tied to day-to-day operations, in particular to contracts tied to liquidity, due to the nature of transactions and the number of contracts being concluded.
- 2) Article 8.4 (electronic General Meeting) - currently

available IT solutions do not guarantee a secure and efficient electronic form of holding a General Meeting. However, the Management Board does see the importance of such form of shareholders' participation in the Bank's General Meeting, and therefore a separate decision on that matter shall be made before each General Meeting.

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

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

[www.zbp.pl](http://www.zbp.pl)

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

## CITI HANDLOWY WITH RESPECT INDEX



RESPECT Index project was initiated by the Warsaw Stock Exchange with an aim to recognize companies which were managed in a responsible and sustainable manner. The Index looks at companies' investment attractiveness demonstrated by, among other features, high reporting standards, investor relations or corporate governance. As the eligibility criteria also include a liquidity factor, the RESPECT Index is a real reference for professional investors, similarly to other stock market indices. The Index is composed of only those WSE listed companies which act in accordance with the best management standards in corporate governance, information governance and investor relations, taking into consideration ecological, social and employment factors.

In 2018, Citi Handlowy was ranked in RESPECT Index for the twelfth time. Thus it fulfilled the assumptions of the Strategy of Corporate Social Responsibility of Bank Handlowy w Warszawie S.A. for the years 2016-2018 (the Strategy). The Bank has continuously been amongst the most socially responsible WSE-listed companies since 2009, namely since the inception of the RESPECT Index.

# Risk Management

## RISK MANAGEMENT

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



# Stakeholders

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

## STAKEHOLDERS

### STAKEHOLDERS

### HOW THE BANK IS INVOLVED?

### 2018 EXAMPLES

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

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

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

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

- Intranet
- Emails
- Town Halls
- Citi Collaborate social platform
- Voice of Employee (VoE) survey

- 3 Town-Hall meetings with the President of the Management Board
- Newsletters "Puls Citi Handlowy"
- 81% of employees took part in VoE survey

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

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

- On the average, clients submitted 500 queries via social media per month
- 205 cases received by the Client Spokesperson
- Entrepreneurship Development Program, which gathered about 200 participants
- Split Payment workshops, which gathered 500 participants and 1 400 participants of webinars
- E-Commerce Journey conference
- European Financial Congress
- E-commerce Standard conference
- EMEA Digital Leaders Summit, attended by 70 participants from 20 countries
- Digital Champion Conference

## Membership in Organizations

Citi Handlowy is an active member of industrial organizations which act regionally, nationally and internationally. In 2018, Citi Handlowy belonged to the following associations, chambers of commerce and foundations:

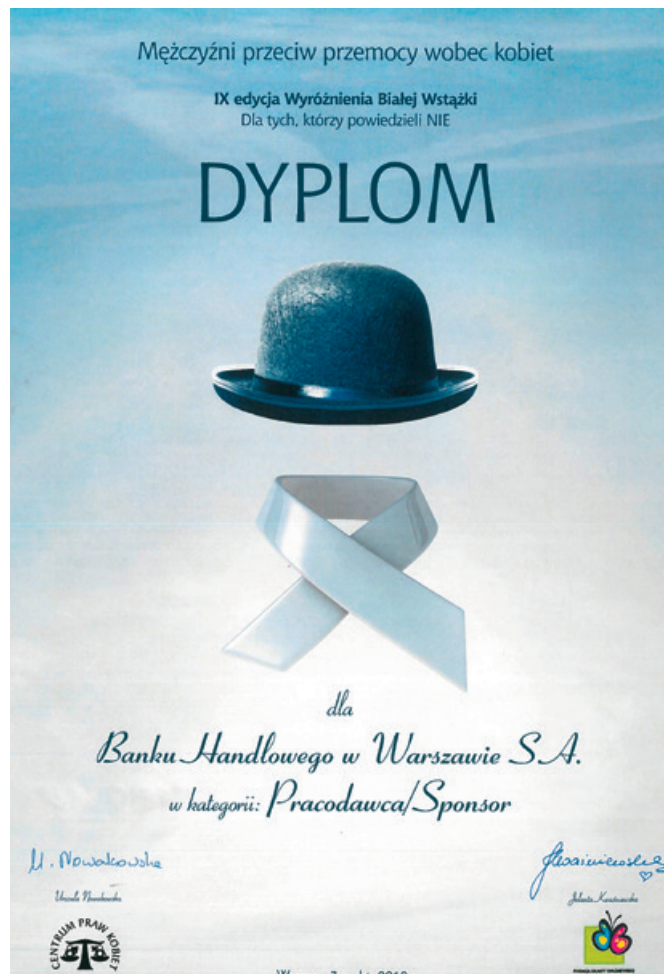
- American Chamber of Commerce (AmCham)
- Polish Donors Forum
- Responsible Business Forum (FOB)
- French Chamber of Industry and Commerce in Poland (CCIFP)
- Warsaw Institute of Banking Foundation
- Institute of International Finance
- Lewiatan Confederation
- Małopolski Employers' Association LEWIATAN
- Podkarpacki Business Club
- Polish Business Roundtable - the Club
- Polski Komitet Narodowy Międzynarodowej Izby Handlowej (Polish National Committee of the International Chamber of Commerce)
- Polish Committee for Standardization, Technical Committee no. 273 for Mechanical Protection Device
- Polish Factors Association
- Polish Association of Private Employers and Financial Institutions
- Polish and Chinese Chamber of Commerce
- Polish-German Chamber of Commerce (AHK)
- Scandinavian-Polish Chamber of Commerce (SPCC)
- Institute of Internal Auditors (IIA) Poland
- Information Systems Audit and Control Association ISACA
- Polish Association of Listed Companies (SEG)
- ACI Polish Financial Markets Association
- Polish Bank Association (ZBP)

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

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

In 2018, DM Citi Handlowy was a member of the following organizations:

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



„White Ribbon Award” for Citi Handlowy in the Employer-Sponsor category for enabling progress of Warsaw’s Specialist Support Center for Victims of Domestic Abuse.

## Awards and Accolades

In 2018, the Bank, DM Citi handlowy and the Kronenberg Foundation at Citi Handlowy were awarded prestigious titles and rewards:



- For the third consecutive year, Citi Handlowy was rewarded with the **"Ethical Company" title from Puls Biznesu** and, as a result, became a **"Super Ethical Company"** as the only bank in that special category. The contest is to reward brands for which ethical conduct is a key and indispensable element of their presence in the market. From the first edition of the contest, Citi Handlowy has been ranked among its winners, i.e. companies that are most proactive in building and reinforcing an organizational culture founded on ethics and values using the most comprehensive and systemic approach in the process.
- For the twelfth time, Citi Handlowy was included in the **RESPECT Index**, the first index of socially responsible companies in Central and Eastern Europe, initiated by the Warsaw Stock Exchange. The Bank is one of the few listed companies awarded continuously since the inception of the index in 2009. Assessment is focused here on activities in the area of sustainable growth carried out within the framework of a long-term business strategy.
- **This year's 16<sup>th</sup> edition of the report** prepared by the **Responsible Business Forum (FOB) features 15 CSR initiatives of Citi in Poland**. The „Responsible Business in Poland. Good Practices” publication is the only elaboration of this kind which sums up the most important CSR initiatives in Poland. As regards longstanding practices, the Report featured such initiatives as: Citi Employee Volunteering Program, the survey „Poles' Attitudes Towards Saving”, and Aleksander Gieysztor Award.
- In **the Responsible Company Ranking 2018** organized by Gazeta Prawna, Citi Handlowy was ranked at the crystal level which involves CSR mature and active companies.
- The President of Citi Handlowy's Management Board was honored in the first Polish edition of the competition **Male Champion of Change**. This title is granted to individuals with outstanding achievements in building diversity and supporting

women. The Male Champion of Change statuettes were granted during the 9<sup>th</sup> edition of the Businesswoman of the Year gala, organized by the Success Written with a Lipstick (Sukces Pisany Szminką) Foundation.

- Citi Handlowy was awarded in the 9<sup>th</sup> Edition of the **White Ribbon Awards** organized under the theme “Don't be indifferent - Stop violence against women” in the Employer-Sponsor category, for its support in re-adaptation of the Specialist Support Center for Victims of Domestic Abuse operated by the Women's Rights Centre Foundation - it was commended for its smart employee volunteering program and long-term support for the Foundation. In addition, a Citi Handlowy employee was awarded in the Private Person category for the regular aid to the Centre and for coordination of volunteering actions that comprised collections of food, clothing, sanitary products and household cleaning products, workshops for the Centre's residents, re-adaptation of the backyard, day-room, kitchen, bedrooms and workshop areas.



- Citi Handlowy has been honored with the title “Best Digital Bank in Poland” in the **"World's Best Consumer Digital Banks In Central & Eastern Europe 2018"** ranking prepared by the renowned American “Global Finance” magazine. This honorable distinction has been granted to Citi Handlowy for top quality electronic banking services for retail clients. This achievement is confirmed by the number of Citi Handlowy's clients who use its mobile banking services, which increased by 32% in the first quarter of 2018.
- The innovative acquisition strategy for the Citi Handlowy credit card, developed in cooperation with top actors in the e-commerce market, was granted the main prize in the **Innovation Award** contest, organized by the SAR Marketing Communication Association, in the “Business Model” category. This award confirms the effectiveness of the Bank's strategy implemented in 2017, the main pillars of which include meeting the needs of clients and progressing towards process automation. Cooperation with the largest e-commerce portals brought an increase in the sales of the credit card in digital channels by 26% year over year.

# How We Do Business

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

## Code of Conduct

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

### ALL CITI HANDLOWY EMPLOYEES SHOULD ENSURE THAT THEIR DECISIONS:

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**are in our clients' interests**



**create economic value**



**are always systemically responsible**

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

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

"The Code of Conduct for Employees of the Bank" ("Code of Conduct") is a compilation of the best practices which help to ensure that actions towards clients and colleagues are ethical, legal, compliant with the rules of social co-existence and Citi Handlowy values.

They also provide an overview of Citi Handlowy's most important internal regulations, which define the standards of ethics and professional behaviors of the employees.

Citi Handlowy binds all its employees to abide by the standards and values set out in the Code of Conduct. This can be demonstrated by our commitment to maintaining the highest ethical standards and the professional fulfillment of duties. Guided by ethics in all their activities, Citi Handlowy's employees create a valuable organization. Hence the Bank can provide better services to the clients, Counterparties and Communities with whom Bank has established business relations. This makes Citi Handlowy a better place for work for existing and potential employees.

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

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

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

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



## ETHICS DAY

In 2018, Citi Handlowy held the Ethics Day for employees to address the issues of employee code of conduct and ethical standards, and to highlight actions that should be taken to successfully eliminate all unethical conduct, and to demonstrate how such conduct should be reported.

## Counteracting Discrimination

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

It is prohibited at Citi Handlowy to use any form of discrimination, regardless of whether committed by line managers, colleagues, customers or suppliers. Discrimination of people because of their race, gender, skin color, denomination, religion, national origin, nationality, citizenship, age, disability, marital status (including civil unions), sexual orientation, membership in a particular cultural group, social origin, military rank, veteran status, socio-economic status or joblessness is prohibited. It is inconsistent with Citi Handlowy's organizational culture where employment relations are based on mutual respect, professionalism and respect for others. Citi Handlowy's policy prohibits retaliation against persons reporting cases of discrimination and harassment or against persons participating in investigations or explanatory proceedings conducted in accordance with the "Procedure for handling complaints submitted by employees of Bank Handlowy w Warszawie S.A. (Employee Complaints)".

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

As part of secondary prevention, the Bank provides a possibility to submit complaints regarding undesired behaviors by developing respective procedures:

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

## Reporting Infringements and Unethical Behavior

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

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

The Bank's Employees can anonymously report any violations of the law and the ethical procedures and standards applicable at the Bank through the Ethics Line of Member of the Management Board. It is a special, independent and autonomous communication channel operating as a dedicated helpline served by a Member of the Management Board and his or her mail and email address.

Anonymous reports are passed to the appropriate Member of the Management Board - Head of the Risk Management Sector, via the Ethics Line - by telephone or by mail. If a report covers a Member of the Management Board, the report may be passed to the Chairperson of the Supervisory Board by mail or via electronic channels.

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

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

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

- e-mail,
- mail.

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

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

## Responsibility in the Supply Chain

Citi Handlowy cooperates with many local and global vendors. Bank attaches huge importance to ethical, social and environmental standards, and the involvement in social activities constitutes a permanent part of our history and values of Bank. Objective of Citi Handlowy is to observe those principles also in cooperation with partners, including Bank vendors.

### The Procurement Policy

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

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

- Principles of selection of vendors of goods and services and of procurement,
- Principles of management of cooperation with Vendors of goods and services,
- Ethical Business Practice of the Bank.

### Selection Criteria of Vendors

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

The main vendor selection criteria at Citi Handlowy are as follows: favorable relation of quality to cost of supplying service/goods, as well as procurement lead time and payment terms. The results of due diligence

carried out by the Bank are also taken into account, as it is supposed to confirm the technical and financial credibility of offerors as well as other parameters specific for a given tender. The environmental and social factors are also taken into account by Citi Handlowy.

### Ethical and Environmental Standards

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

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

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

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

Citi Handlowy strongly emphasizes the inclusion of the Ethical Business Practices in its contracts with vendors.

Each organizational unit being the vendor contract owner must provide for the ongoing subject-matter monitoring of the proper fulfilment of contract deliverable. In addition, for outsourcing contracts and vendors with the annual turnover above the limit defined in the procurement policy, the contract owner must carry out the Annual Review of Agreements and Coopera-

tion with the Vendor on the annual basis. During 2018, 362 contracts were subject to the Annual Review of Agreements and Cooperation with the Vendor.

## Communication with Business Partners

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

## Timely Payments

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

## Employment of Disabled Persons

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

Employment of disabled persons at a sample vendor cooperating with Citi Handlowy in 2016-2018 was as follows:

- In 2016: total number of disabled persons employed by the vendor - 290, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 41,
- In 2017: total number of disabled persons employed by the vendor - 262, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 35,
- In 2018: total number of disabled persons employed by the vendor - 202, number of disabled persons working on contracts at Citi Handlowy - contracts with the Bank - 39 persons.

### EMPLOYMENT OF DISABLED PERSONS AT A SAMPLE VENDOR OF CITI HANDLOWY IN 2018



## Managing Compliance Risk

Citi Handlowy is exposed to the non-compliance risk caused by the failure to comply with laws, supervisory regulations and internal normative acts as well as market standards. The Bank's pro-compliance efforts include the adoption of its Compliance Policy that was accepted by the Bank's Management and Supervisory Boards. The Policy lays down the fundamental principles to ensure compliance by all Citi Handlowy employees, as well as the key elements of the non-compliance risk management process, including the role of the Compliance Department.

## Compliance Department

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

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

In 2018, the CD followed the Plan for Compliance Assurance at the Bank and its Subsidiaries in 2018 that was adopted by the Bank's Management and Supervisory Boards.

## Responsible Governance DM Citi Handlowy

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



## Clients Review

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

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

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

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

All employees of Citi Handlowy must make every effort not to allow the use of Bank products and services for money laundering or terrorism financing and to ensure that all suspicious activities are immediately reported to the Anti-Money Laundering ICG Unit at the Compliance Department.

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

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

In 2018, 2,774 the Bank's employees completed the training in “Counteracting money laundering and financing of terrorism” which amounts to 99% of the target.

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

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

In 2018, 106 employees of DM Citi Handlowy completed the training in “Counteracting money laundering and financing of terrorism”, which amounts to 99% of the target.

## Sanctions and Embargos

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

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

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

## TRAINING ON "ECONOMIC SANCTIONS"



## Corruption Prevention

Citi Handlowy has adopted a zero tolerance policy towards corruption with respect to all aspects of business activities. That zero tolerance policy is binding on all of us, and on business Partners acting on our behalf.

All employees of Citi Handlowy and partners acting on behalf of the Bank must comply with the rules, determined by the Bank, that regulate gift granting and receiving, participation in events and prevention of corrupt practices.

## CITI HANDLOWY HAS ADOPTED AN ANTI-CORRUPTION PROGRAM THAT IS BASED ON:

- the procedures for giving and receiving gifts, participation in events and prevention of corrupt practices as well as the code of conduct for employees of the Bank,
- training programs,
- information campaigns,
- formalized process for acceptance of gifts and invitations,
- registration of received and granted gifts and invitations to events,
- first and second-level controls, in accordance with the internal control system of the Bank,
- assessment of compliance risk with respect to anti-corruption activities by the Compliance unit.

Each employee of Citi Handlowy undergoes a cyclical training in prevention of corrupt practices.

Each employee of the Bank is obliged to prevent, detect and report any forms of corruption. This obligation is also imposed on any entities that provide services on behalf of the Bank. All employees must avoid any activities that may violate the principle of zero tolerance for corruption.

In 2018, 2,831 employees completed the training in "The procedures for giving and receiving gifts, participation in events and prevention of corrupt practices at Bank Handlowy w Warszawie S.A.", which amounts to 99% of the target.

## Responsibly Managing Customer Relations

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

### Customer Satisfaction Surveys

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

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

When offering ongoing support in the areas invoked by our clients the Bank strive to actively participate in the client's education as regards cybercrimes and secure electronic payments by showing them real mechanisms of fraud and risk mitigating measures.

Thanks to its disciplined approach, Citi Handlowy received excellent marks in 2018 in each of the key NPS indicators and, in particular, the Bank retained its leading position in the credit card segment.

### CITI HANDLOWY ADDRESSES CLIENTS' NEEDS

The Bank's sound position in providing customized solutions for clients was confirmed by many awards and recognitions won in 2018. One of them is the award granted in the 9th edition of the ranking prepared by Bankier.pl and Puls Biznesu for the Citi Simplicity credit card, which won the Golden Banker award for the third time in a row in the product category: "best credit card".

Citi Handlowy also won an award for the Cash Loan as the best product in terms of price parameters of product functionality depending on the client's profile.



Other awards were granted also by **Euromoney** for the best private banking offer and by the **SAR Marketing Communication Association** for an innovative sales strategy conceived for credit cards.



Citi Handlowy promotes the idea of high level of customer satisfaction not only via its NPS surveys. In 2018, it adopted a structured approach to seek, register and modify Customers' experiences in their relations with the Bank. The designated units not only analyses complaints lodged by Customers but also search for information about Customer satisfaction on NPS forms, in comments posted on social media or among the Bank's employees who are also Customers. The initiative engages the senior management of the Bank that regularly contacts Customers via telephone and in person to discuss their experiences with Citi Handlowy and subsequently improve our processes and procedures, and continuously improve the Customer satisfaction. The growth of Customer satisfaction level is among the Bank's key goals for 2019.

## Communication with Customers

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

## CITI HANDLOWY PODCASTS

In 2018, Citi Handlowy launched its series of podcasts "Listen to the Market" - as a convenient and easily understandable source of information about international and local markets for the Bank's Customers.



In regular episodes, Citi Handlowy's experts comment on the stock exchange situation and analyses the importance of global economic developments. In 2018, Citi Handlowy's profile on the Soundcloud portal was used to publish four initial podcasts that were listened to almost 1,500 times.

Podcasts are published :



on Facebook,



on Twitter,



and texted as links to customers.

Reach  
(Facebook & Twitter)

**72,362**

hits

All episodes are available at:

[www.soundcloud.com](http://www.soundcloud.com)



## From Theory to Practice - We Support Our Clients



# Split Payment Workshops for Citi Handlowy Clients

Nearly two months prior to the entry into force of the Act introducing the Split Payment Mechanism, Citi Handlowy invited Corporate Banking customers to workshops, which were another opportunity to support them in preparing for the entry into force of the new regulations.

The form and scope of the workshops allowed to make a significant number of customers aware of the challenge they will face in business relations star-

ting from July 2018, as well as the important role of the Bank and the solutions it will provide in this process, in particular those automating the cooperation.

The popularity of the meetings and very positive comments of the Bank's customers confirmed that the topic is of interest to them and that the workshops are necessary.

  
**500**  
Participants of  
Training Sessions

  
**1,400**  
Participants of  
Webinars

For years, Bank Handlowy S.A. in Warsaw („the Bank”) has been actively accompanying you in the implementation of changes related to new regulations in the field of banking and finance. We are committed to both supporting you in dynamically developing banking environment and providing you with the knowledge of finance in an accessible and transparent way. This also applies to the new provisions of the Act of 15 December 2017 amending the act on the value added tax and certain other acts regarding the Split Payment mechanism. We make every effort to ensure that the Bank supports the implementation of the Split Payment mechanism in your company.

### Split Payment – (✓) voluntary or (✗) mandatory?

- ! The Bank opens a VAT account for you (mandatory).
- ! Your counterparties may pay you for the VAT invoices, using a Split Payment transfer (your approval is not required).
- ! If the Bank receives the Split Payment transfer directed to your settlement account in PLN, the amount of VAT indicated in this transfer will be automatically credited to the VAT account – this means three records on your statement and new types of transactions (mandatory).
- ! The VAT payment to the Tax Office will be booked on your account according to the new rules, i.e. using the funds in a VAT account: if the balance of the VAT account is positive, then the tax payment means three bookings on your statement and new types of transactions (mandatory).
- ! The funds accumulating on the VAT account can be used only for VAT purposes (e.g. payment of VAT amount resulting from an invoice issued by your counterparty, VAT payment to the Tax Office) – you can not use these funds e.g. to pay salaries to your employees or a tax other than VAT (mandatory).
- ! You cannot transfer funds on your own from the VAT account to your current account – the Bank makes the relevant bookings, after receiving the information about the decision of the head of the Tax Office, which you have to apply for in advance (mandatory).
- ✓ The payment to the contractor for a VAT invoice – the decision whether to pay by Split Payment or a traditional transfer belongs to you (voluntarily).

### Split Payment, VAT account – selected aspects

#### Tax aspect

- ✓ If you pay your counterparty with Split Payment, you are not subject to the VAT sanctions or the rules of joint liability (up to the amount of tax resulting from the invoice paid by means of the Split Payment mechanism).
- ✓ If you have accumulated a sufficient balance on the VAT invoice to cover the whole VAT amount paid to the Tax Office, VAT amount paid to the Tax Office before the deadline may be lower than it results from the VAT declaration (discount).
- ✓ If, during a given period, 95% of your input tax results from Split Payment, no increased interest on arrears of VAT is applied to this period.

## Managing Complaints at Citi Handlowy

### Managing Complaints in the Institutional Clients Segment

Information on the submission of claims and complaints is made available on Citi Handlowy's website in the "Complaints" tab.

[www.citihandlowy.pl](http://www.citihandlowy.pl)

Institutional Clients of Citi Handlowy can submit complaints through a few forms of communication. It is possible to submit comments:

- by e-mail - to the address: [citIService.polska@citi.com](mailto:citIService.polska@citi.com);
- by telephone - in CitiService or by calling directly a CitiService Relationship Manager;
- in person - at any unit of the Bank that serves Clients of the Corporate and Commercial Bank Sector;
- in writing - to the address indicated on: [www.citihandlowy.pl](http://www.citihandlowy.pl), in section: Important addresses or by mail.

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

[www.rf.gov.pl](http://www.rf.gov.pl)

An important quality-related element, is the time taken to respond. The key indicators applicable to customer claims and complaints are presented on a monthly basis to Operational Risk, Control and Compliance Committee for Corporate Banking Sector. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank.

### TIME TAKEN TO RESPOND TO INSTITUTIONAL CLIENTS' COMPLAINTS (WORKING DAYS)



### Managing Complaints in the Consumer Banking Clients Segment

Information on the possible forms of submitting claims, complaints and grievance is easily accessible on Citi Handlowy's website. To facilitate the process of submitting complaints, a few forms of communication are made available to the client. It is possible to submit comments by:

- sending a message after logging in to the electronic banking system - Citibank Online on [www.citibankonline.pl](http://www.citibankonline.pl),
- sending a letter to the Bank's address,
- in person at Citi Handlowy 's unit,

- sending an e-mail to the address: [listybh@citi.com](mailto:listybh@citi.com) or, in the case of escalation, to Client Spokesperson: [rzecznik.klienta@citi.com](mailto:rzecznik.klienta@citi.com),
- contact with CitiPhone.

Citi Handlowy notifies of a possibility to resolve amicably disputes in relations with clients and this information is made public on the Internet. An important quality-related element, monitored in the complaint handling process is the time taken to respond. The standard time for consideration of the complaints filed by Citigold and Citigold Private Clients is one working day, whereas for clients from other segments is 4 working days.

## STANDARD RESPONSE TIME TO CONSUMER CLIENTS' COMPLAINTS (WORKING DAYS)



The Bank logs each dissatisfaction and each lack of consistency identified by Customers as complaints. 73 % cases involved queries, explanations or complaints where the root of error was outside the Bank. Analyses of complaints and clients' comments, manners of handling them and drawing conclusions for the needs of the Bank's operations, are presented at the Consumer Banking's Client Experience Board meetings held on a monthly basis. Based on the prepared analyses, corrective action plans are specified to reduce errors on the part of the Bank in the future.

In 2018, Citi Handlowy made another step towards digitalization of its processes in line with Customer expectations. Bank continued the development of the social media (Messenger) as its communication channel. About 500 queries submitted through this channel are handled monthly. In addition to standard queries how its products and services work, the Bank offers the use of a chat bot function - automated and customized information about rebates in the Citi Specials program. The chat bot can answer the Customers' queries about Citi Specials in a few seconds without involvement of the Banks' human staff.

As a means of contacting the Bank, the Chat is also available on the official website of Citi Handlowy. A specialised group of Consultants reply online to queries posted by the Bank's Customers. In our satisfaction survey, as much as 84% of Customers confirmed their true satisfaction with the degree of commitment demonstrated by Consultants to solve their problem; 87% Customers claim that their issue was resolved fully or in part.

### Clients of DM Citi Handlowy

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

[www.dmbh.pl](http://www.dmbh.pl)

DM Citi Handlowy clients can submit comments:

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

If a complaint is not submitted by letter, DM Citi Handlowy provides by the client's order, confirmation of the submission of complaint, in a form agreed with the client. Complaints submitted to DM Citi Handlowy are considered without delay and not later than within 30 days of their receipt.

## Customer Advocate

### ➤ Institutional Clients Advocate

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

[www.citihandlowy.pl](http://www.citihandlowy.pl)

Clients may also send their opinions and comments to the Corporate Client Advocate, which will help us to improve our products and services. By the end of 2018, the Corporate Client Advocate did not receive any direct notification from a corporate client.

## Consumer Banking Client Advocate

The function of Client Spokesperson was created in 2009 to both strengthen the cooperation between the Bank and the clients and increase client satisfaction as far as the products and services offered by Citi Handlowy are concerned. The Bank invites its Clients to dialogue, through contact with the Client Spokesperson. Customers are able to share their opinions, comments and suggestions about functioning of the Bank, and are provided with another opportunity to have their unsuccessful complaint examined again. Customers can contact the Client Spokesperson by sending an enquiry to the Client Spokesperson. In 2018, the Client Spokesperson received 205 issues for consideration.

## Client Education

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

Through the Kronenberg Foundation at Citi Handlowy the Bank pursues programs designed with the aim to raise Poles' financial awareness leading to more reasonable and aware credit and investment decisions, as well as to preclude financial exclusion of specified social groups. The activities of the Kronenberg Foundation focus on the activity in the area of financial education, within which a particular emphasis is put on building competences in personal finance. The support for entrepreneurship by preparing young people to launch their own businesses and enhancing the potential of existing companies - this is our contribution to the development of the Polish economy. Citi Handlowy pays particular attention to startups, with regard to their innovativeness.

Citi Handlowy supplements these activities with competitions for micro-entrepreneurs and Polish companies conquering international markets, as well as entities from emerging markets investing in Poland (Emerging Market Champions Initiative).

The Kronenberg Foundation implements its tasks also through a program of surveys, under which it investigates, inter alia, Poles' attitudes towards saving and various aspects of activity of Polish companies abroad.

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

Gaining assurance that clients understand the mechanism of a product and that they know how to use it in the most suitable way, is also of importance to the Bank. For this purpose Citi Handlowy created on its sites Most Frequently Asked Questions section.

[www.online.citibank.pl](http://www.online.citibank.pl)

Educational materials are also prepared for Citi Handlowy clients, from which they can learn how to manage their credit and credit history, observe current credit repayment dates and why it is important.



# The Emerging Market Champions Initiative

The format initiated by the President of Citi Handlowy's Management Board in 2014 distinguishes positive examples of investments made both by foreign companies on the Polish market and local enterprises, which successfully grow their business also abroad.

Citi Handlowy's objective is to play the role of strategic partner to Polish enterprises, who actively supports the expansion of the Polish industry. This is tangibly reflected in the Bank's product offer with foreign exchange transactions and products associated with trade finance and secure trade transactions being its important and inextricable part.



## Emerging Market Champions Award

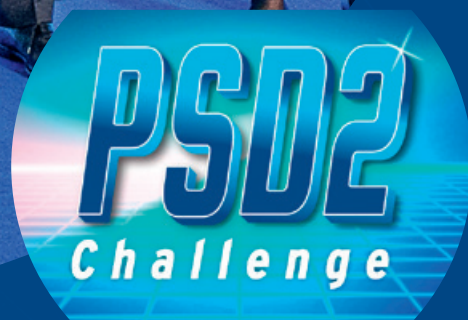
citi handlowy

The Emerging Market Champions Award is granted by the Kronenberg Foundation at Citi Handlowy in three categories: "Polish foreign investments", "Foreign investments in Poland", and „Company from the e-commerce sector". The first category promotes Polish companies which extend their business activities abroad, whereas the second one is addressed at foreign enterprises deriving from emerging markets which carry out significant investments projects in Poland, thus creating new jobs and stimulating the development of our economy. In 2018, for the first time an award in a new category was granted - promoting companies applying new technologies.

**„ Our annual Emerging Market Champions Awards Gala perfectly complements an on-going debate on the idea of free market. We promote leaders, for whom geopolitical borders are not an obstacle to grow their business. With the benefit to local communities and clients, enabling dynamic growth of their businesses. ”**

- Sławomir S. Sikora, President of the Management Board of Citi Handlowy





## PSD2 Challenge

Citi Handlowy was the first bank in Poland to organize a competition promoting integration with external entities through API as part of the PSD2 regulation;

The event was attended by developers, start-ups, fintechs and e-commerce companies;

The aim of PSD2 Challenge was to select and support the most interesting solutions and business models.

” *Ideas submitted to the PSD2 Challenge involve fully developed, market-ready solutions that present an innovative approach to banking solutions.*

*They offer optimization of processes in corporate banking and modern solutions for retail clients - thanks to the PSD2 Challenge we could feel how creative will be the approach to banking after the effective date of the PSD2 directive.*

”  
- Łukasz Krystman, Remote Products and New Technologies Unit at Citi Handlowy.

## Secure Banking

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

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

Transactions using debit and credit cards are secured by the „Confirm your transaction“ sms service. Using this service, clients are informed by sms of a transaction which may be suspicious from the point of view of the Bank.

The Internet and new technologies, which simplified our lives to a significant extent, can pose certain threats. As a bank, the Bank wants their clients to be aware of existing threats and to be able to eliminate on their own some of such threats, hence the Bank educates the Clients on our internet sites in warnings and recommended actions, which can increase security when using electronic banking services.

The Citi Mobile application does not record any financial data or any information on the Client's products. It is updated and tested in respect of security on an ongoing basis. The Bank recommends to always use the newest version of the application and the newest available versions of the operating system (Android or iOS) for the phone.

## Client Data Protection

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

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

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

That Citi Handlowy fulfills its task to ensure protection of clients' personal data at the highest level, is proven by the fact that no penalties were imposed on the Bank related to the infringement of client's data protection in 2016-2018.

# Care for Environment

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

## Environment Protection Management Systems

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

As early as 2007 Citi Handlowy introduced the complex Environment Management Plan. In 2015 Bank adopted Environmental and Energy Management System (SZŚiE). Every year, the system is subject to regulatory audits by an independent certification bureau. In 2018, Citi Handlowy was subject to another supervisory audit within compliance with ISO 50001 in energy management and obtained a positive audit opinion regarding the adaptation of the Bank to the requirements of new ISO 14001: 2015 in environmental management.

As part of the introduced policies, Citi Handlowy defined the following objectives:

- effective waste segregation, (increased level of waste segregation and their recycling),
- reduced greenhouse gas emissions,
- seek the most efficient utilities management, in particular energy,
- minimize consumption of natural resources,
- support the purchase of energy saving products and services,
- ensuring improved energy-related result.

## Reducing the Direct Environmental Footprint

As part of integrated Environmental and Energy Management System (SZŚiE), the impact of Citi Handlowy's locations on the environment is monitored on an ongoing basis to constantly improve results (reduction of consumption of electric power, water, gas, thermal energy, amount and type of waste and greenhouse emissions).

For Citi Handlowy, consumption of energy is the top priority environmental aspect. At the same time, it is the impact which can be reduced the most by Citi Handlowy.

## IN 2018, CITI HANDLOWY COMPLETED THE FOLLOWING ENVIRONMENT-FRIENDLY PROJECTS:

- Total alteration of the building in ul. Traugutta 7/9 in Warsaw. The utilization of office space in that location was altered from separate rooms into open space which necessitated a change in the heating and cooling system and installation of new mechanical ventilation systems. The hardware which takes care of heat comfort and proper sanitary conditions of air (chiller-produced ice water based cooling systems and climaconvactor-based heating systems) necessitated the installation of HVAC automation and building the infrastructure dedicated to the BMS (building management) system. In the location in Warsaw at ul. Goleszowska 6, the BMS parameters monitoring centre was set up. From that centre, a duty technician can monitor and control the operation of major parameters in the Warsaw buildings. The integration of BMS systems of Warsaw buildings has contributed to the reduction of costs of utilities consumption.
- Upgrade of the ventilation system by means of adding the condensation unit at the location in Olsztyn, ul. 5 Wielkiej Brygady AK 16. The ventilation centre installed in 2015 was expanded by the modern inverter energy-saving cooling unit that has reduced the workload of the main air-conditioning unit and contributed towards energy savings.
- Replacement of two passenger elevators at the location in Łódź, ul. Piotrkowska 74. In order to improve the safety and comfort of employees moving between floors, old oil elevators were replaced with new electrical elevators.
- Replacement of the ice water unit in the building at ul. Goleszowska 6 in Warsaw. The new unit is equipped with the freecooling function and allows for the cost-free cooling during winter periods (thanks to the use of outdoors temperatures, compressors remain idle). The new unit is very efficient and its energy efficiency parameters are very good.
- Modernization of ice water installation in the building at ul. Goleszowska 6 in Warsaw. The tired ice water circulating pumps were replaced with modern and very efficient inverter-controlled pumps. Thus, the equipment works when cooling is needed, which translates into reduced consumption of electricity.
- Upgrade of LED lighting in the building at ul. Senatorska 16 in Warsaw. The upgrade affected staircases, communication passages, open space in selected parts of the building as well as outdoor lights. LED fittings generate savings in electricity consumption and their extended life means less frequent replacement of light sources and sub-assemblies.
- A new bicycle shelter was erected in Olsztyn at ul. Pstrowskiego 16 - to satisfy needs of those employees who use bicycles as their means of transport.

Utilities consumption analyses confirm the effects of investments made.



*In 2018, Citi Handlowy's historical building at 7/9 Traugutta street in Warsaw was revitalised.*

# Proecological Projects

In 2018, Citi Handlowy implemented the following Proecological projects

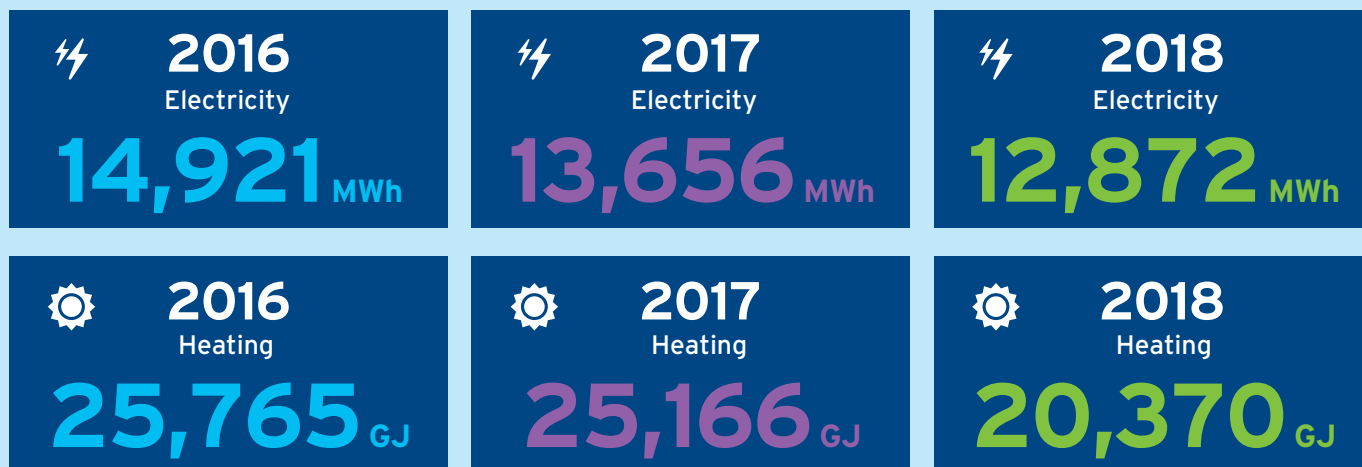
- **Earth Week** - participant of this global action since 2009; the Bank promotes proecological actions and conduct among employees, such as eco-advice and eco-recipes for healthy eating, correct waste segregation education, safe driving education, hybrid cars testing, collections of electrowaste and used batteries among the Bank's employees, promotion of habits that stimulate the reduced consumption of natural resources by means of internal communication on the in-house intranet.
- **WWF Earth Hour** - active participant since 2011, switching off lights in the Bank's selected facilities and encouraging employees to take part in actions organized by WWF „Godzina dla Wisły” (Vistula Hour), „Godzina dla Wilka” (Wolf Hour), „Godzina dla Morświna” (Porpoise Hour). It is the largest ecological action which connects people irrespectively of their nationality, religion or political views. This year, over 187 countries on 7 continents participated in the action. Lights were switched off for an hour in Bydgoszcz, Katowice, Łódź, Olsztyn, Poznań and Warsaw.
- **My city free of electro waste** - participant, collection of electro waste in the Bank's buildings and exchange for educational aids for elementary schools.
- **Apple calendars** - in 2018 Citi Handlowy ordered more than 5,000 calendars made of apple remains for its employees and customers. Those calendars were produced from fruit remains and therefore are 100% recyclable.
- **Citi Handlowy Bikes** - Citi Handlowy encourages an ecological and active lifestyle by making available the “Citi Handlowy Bikes” app. It makes it possible, among others, to rent city bikes and plan bike trips, and supports the function of calculating CO<sub>2</sub> emissions which has been saved when riding a bike instead of a car.
- **Employee volunteering** on biodiversity protection. Bird and bat boxes and hotels for insects were hanged in the park in Powsin. The intranet contains announcements concerning energy-saving projects, waste segregation, use of natural resources and the climate conference in Katowice (COP 24).



*DID YOU KNOW THAT  
OUR 2019 CALENDARS  
WERE MADE OF APPLES?*

With a patented, pioneering method of paper manufacturing, Citi Handlowy's calendars were made of those remains of apples that had not been used in any way before. We gave a new life to less valued parts of fruit.

## ENERGY CONSUMPTION AT CITI HANDLOWY IN YEARS 2016-2018

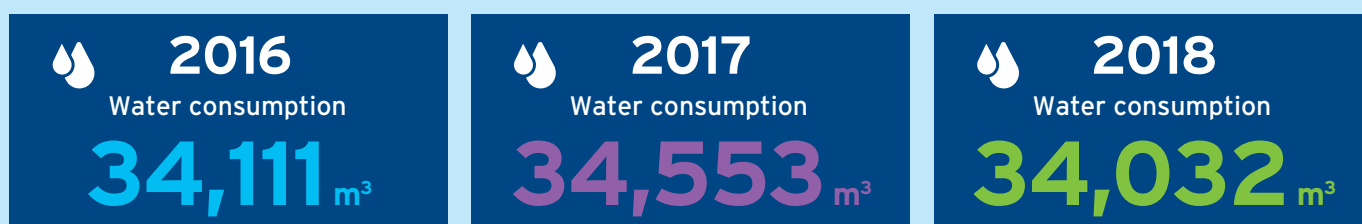


\* Figures as of 04.02.2019 (partial figures for 2018).

\*\* The change in heat energy consumption in 2017 compared to the data published in the report for 2017 results from corrections made after the reporting date.

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

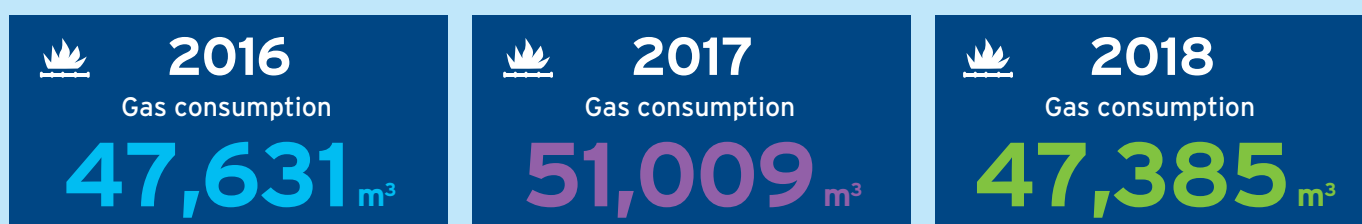
## WATER CONSUMPTION AT CITI HANDLOWY IN YEARS 2016-2018



\* Figures as of 04.02.2019 (partial data for 2018).

\*\* The change in water consumption in 2016 and 2017 compared to the data published in the report for 2017 results from corrections made after the reporting date.

## GAS CONSUMPTION AT CITI HANDLOWY IN YEARS 2016-2018



\* Figures as of 04.02.2019 (partial figures for 2018).

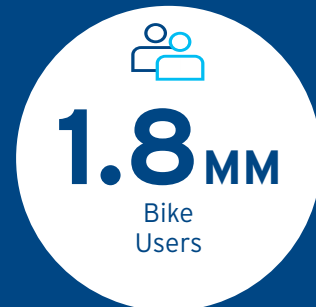
\*\* The change in heat energy consumption in 2017 compared to the data published in the report for 2017 results from corrections made after the reporting date.



# Eco-Friendly with Citi Handlowy Bikes

2018 is the second year when Citi Handlowy was present with its logo on city bikes in Poland's largest cities, and bike users in Warsaw could rent them using the Citi Handlowy Bikes app.

## 2018 HIGHLIGHTS:



### Bikes with the Citi Handlowy branding



### 9 cities

Białystok, Katowice, Lublin, Łódź,  
Opole, Poznań, Szczecin, Warszawa, Wrocław.

### Record month - May 2018



### "Win an iPhone with Citi Handlowy Bikes" Contest





## DIGITALIZATION

In its real estate, the Bank uses a system for economic use of office paper for printing and economic use of paper towels. The Bank has digitalized its document flow processes (electronic confirmations of receipt, electronic order to issue sale invoice, electronic invoices in CTE application, electronic travel order, "Your invoices in Citibank Online", electronic account statements, electronic processes relating to bank guarantee).



### NUMBER OF LETTERS AND ACCOUNT STATEMENTS SENT TO CITI HANDLOWY CLIENTS (PCS.)

	2016	2017	2018
Number of letters and account statements sent	2 963 372	2 531 143	1 960 019

### PAPER CONSUMPTION IN SHEETS/REAMS UNDER THE CONTRACT WITH THE SERVICE PROVIDER (PCS.)

	2016	2017	2018
Delivered / used cards	7 276 000	6 243 663	4 863 459
Delivered / used reams	14 552	12 487	9 727

## Vehicles

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

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

### AMOUNT OF FUEL PURCHASED WITH BUSINESS FUEL CARDS (LITERS)

	2016	2017	2018
Fuel from fuel cards	546 700	520 425	452 385

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

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

### Amount of utilized hazardous waste (pcs.)

Technical equipment	978 registered equipment and approx. 150 small household appliances/RTVs		
Toners	1 200		

### PAPER DELIVERED BY CITI HANDLOWY FOR DESTRUCTION AND RECYCLING (KILOGRAMS)

	2016	2017	2018
Paper delivered for destruction and recycling	287 545	212 072	394 490

# Concern for People

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

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

## Commitment to Defending Human Rights

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

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

## Supporting Employee Initiative

### Live Well at Citi

Citi Handlowy has successfully continued the Live Well at Citi program, a global initiative promoting widely understood health culture among employees. The Bank also encourages its corporate customers to follow a healthy and active way of living. During sports competitions, Citi Handlowy employees and clients form one team; each such project supports the chosen charitable cause. Those three integral elements - employee participation, involvement of clients and social cause - create this unique business model. Both Bank's employees and clients were eager to take part in all events by showing that sporting challenges and emotions are as important for them as helping those in need.

In this way, through its last year's Live Well at Citi initiatives, the Bank helped the Support centre for Victims of Domestic Abuse in Warsaw that is operated by the Women's Rights Centre. Citi Handlowy volunteers renovated the new premises of that centre and the Bank financed the interior furnishing of rooms where the centre's residents live. The entire project was recognized and awarded with the "White Ribbon Award" where the Bank was awarded in the Employer-Sponsor category. On the other hand, the Live Well at Citi teams that took part in the Warsaw edition of the business run organized in September by the Poland Business Run Foundation, helped young people after amputations.

The Live Well at Citi initiatives pursued in 2018 included, without limitation:

- Citi Handlowy **Lexus Business Cup** - tennis tournament organized in six major cities in Poland from May to September,
- Weekly **functional workouts** for runners and amateur athletes in other sports disciplines,
- Golf tournaments organized by the **Polish Golf Association** (Citi Handlowy is the Strategic Partner of that association) to promote the development of this sport in Poland,
- Educational **diet workshops** in two Citi Handlowy locations in Warsaw.

The running projects are the most popular events in Citi Handlowy. Triathlon was a discipline approached by Citi Handlowy for the first time last year; its triathlon relay was widely praised for its formula as conducive to team building and integrating amateur athletes in three different disciplines: running, swimming and cycling.

The major sports events in 2018 with the participation of Citi Handlowy employees and clients include:

- **Citi Charity Challenge 2018** - training program to prepare for a 10 km run during the Orlen Warsaw Marathon,
- **Enea Ironman 5150 Warsaw** - triathlon relay and triathlon race on the 5150 distance (1.5 km swim, 40 km bike and 10 km run);
- **Enea Ironman 70.3 Gdynia** - triathlon sprint race (750 m swim, 20,6 km bike and 5 km run) and triathlon race on the distance of 70.3 (1.9 km swim, 90 km bike and 21.1 km run);
- **Warszawa Business Run** - relay race during the Warsaw edition of the event organized by the Poland Business Run Foundation,
- **30. Warsaw Independence Run** - 10 km run organized by the Office of the Capital City of Warsaw to commemorate the 100 anniversary of regaining independence by Poland.



Team Live Well at Citi 2 ranked 3<sup>rd</sup> in Warszawa Business Run, a charity relay race.



A team of 100 runners representing Citi in Poland took part in the 30<sup>th</sup> Independence Run in Warsaw.

**LIVE WELL AT CITI INITIATIVES IN 2018**



## CitiClub

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

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

CitiClub was established 14 years ago with an aim to give a chance to employees from different units and locations in Poland to integrate and build communities around different themes, such as leisure activities: running, photography, board games, chess, biking, driving, fishing, sailing or skiing.

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

CitiClub fosters wide employees integration, boosts work satisfaction, and in the opinion of the members, is one of the factors which motivate and foster ties with the company. Hence a place of work is not only associated with hard work but it is also associated with an environment in which employees can get to know each other, inspire others and develop themselves, as well as pursue their passions by sharing them with colleagues, exchanging experience and learning from each other.

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



*Citi Handlowy team ranked 4<sup>th</sup> in the open-deck yacht class during Lewiatan Sailing Regatta (foto: Organisers's archives).*

CitiClub's initiatives are a precious platform for exchanging experience, views, skills or emotions, a consequence of which are strong ties which are precious also from the point of view of day-to-day business duties.

Every year, three main cyclical events take place and are booked in CitiClub's calendar: skiing and snowboarding competitions, Yacht Race for the Cup of the President of Citi Handlowy, and canoeing. In 2018, 511 persons took part in these three events



*The Bank's Employees and clients took part in a ski and snowboard competition for the Cup of the President of the Management Board of Citi Handlowy (photo: M. Szypliński).*

## CITI WOMEN'S NETWORK

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

### Citi Women's Network mission:

- creation of encouraging professional development conditions for women and support in overcoming barriers,
- provision of conditions which enable the fulfillment of own ambitions while keeping balance between professional work and private life.

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

## Citi Pride Network Poland

In mid-2018, another community joined the Citi Women's Network community already active in Citi Handlowy - Citi Pride Network Poland. Its establishment is rooted in the conviction that, as a member of the Citi Group, Citi Handlowy should be a place where each employee is respected by others and is able to talk openly about himself or herself, become a part of the team, both in and outside work - without fearing discrimination or lack of acceptance. The mission of that community is supporting diversity in Citi Handlowy by means of mentoring, networking, education as well as supporting people from the LGBT+ community. All employees contribute to the activities of Citi Pride Network Poland as they believe that the mutual respect and being open to different beliefs and ideas are the important elements of building the culture of diversity and social inclusion in Citi.

The establishment of the Citi Pride Network Poland community in Citi Handlowy marks another important step on the way towards building a friendly workplace where employees are passionate about their tasks, eager to work with others and are able to make the full use of their potential.

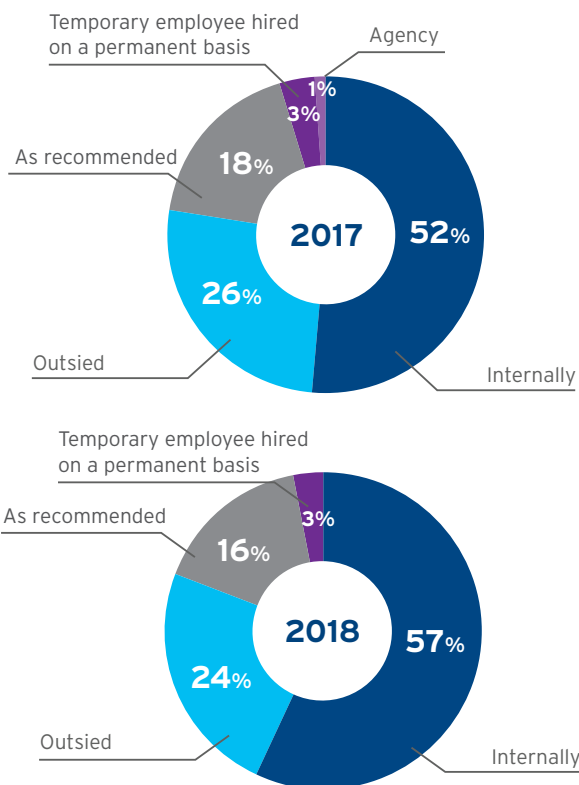
# Employment Policy

## Recruitment

Organization's success is created by people. Being aware of these values, for years Citi Handlowy has consistently been in the group of the best employers on the market. Its coherent policy of acquiring external talents alongside the promotion of internal talents, allowed the Bank to maintain a satisfactory level of employment of internal candidates.

Employees supported by the Bank may plan and pursue their development paths in Citi Handlowy itself as well as in Citigroup world-wide. They often take developmental challenges by getting involved in multidisciplinary projects. The growing number of successful recruitments with internal candidates can evidence the promotion of internal development path and the opportunities to build career within the Bank's structures and within the global structures of Citigroup.

### NEW EMPLOYEES AT CITI HANDLOWY IN 2017-2018 PER SOURCE:



The key program that has been continuously developed and supported by Citi Handlowy, is the candidate referral program showing the stable percentage of candidates employed based on recommendations from Citi Handlowy's employees both in 2017 and 2018. The attainment of such a result would not have been possible without trust and commitment on the part of our employees who believed in our organization. It is them who organically

build human capital and create a work environment in which they can and want to develop.

In 2018, women already accounted for **50%** of the six-member Management Board of Citi Handlowy

## Diversity and Culture of Social Inclusion at Citi Handlowy

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

The promotion of diversity within teams, ideas and opportunities at Citi Handlowy is conducive to supporting growth and development being quintessential of who we are and how we prosper.

**FOR EMPLOYEES**  
- The inclusion culture means that employees can feel good by committing to tasks assigned to them, and that they can be themselves at work.

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**FOR OUR ORGANIZATION [CITI HANDLOWY]**  
- An affiliation with a global financial institution gives us the unique strength generated by the global reach and multitude of beliefs.

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**FOR CLIENTS AND COMMUNITIES**  
- Diversity of views encourages innovations and strengthens ethical business conduct.

In addition, in Citi Handlowy every second manager is a woman; 51.75 percent of several thousand of Citi employees in Poland are women. The diversity is in the DNA of Citi; it surfaces as the team diversity in terms of sex, age, origin and beliefs of employees.

## „Male Champion of Change” for Supporting Diversity at Citi in Poland

The outstanding achievements in building diversity and supporting women by Citi in Poland were recognized by the first Male Champion of Change statuette awarded to the President of Citi Handlowy and its Citi Country Officer. Sławomir S. Sikora was awarded in that category during the Businesswoman of the Year competition organized by the Success Written with a Lipstick Foundation. In that competition, they also awarded Ms Barbara Sobala, Vice-President of the Management Board of Citi Handlowy and the head of the Risk Division, in the Corporation's Female Leader category.

The Male Champion of Change statuette is granted to individuals who actively support the process of building diversity and supporting women. As the effect of their efforts, the share of women in key jobs tends to grow and the pay gap is being bridged over. The President of Citi Handlowy who is responsible for Citi's operations in Poland which also include the Citi Service Center Poland (shared services) was awarded, among others, for his persistent implementation of initiatives to support the diversity-based organizational culture in order to strengthen women in the pursuit of their professional

goals and to help them in combining successfully work with private commitments.

As a result, Citi Handlowy had the following in 2018:

- Share of female managers exceeded 50 %,
- Share of women on the Bank's management Board grew up to 50%,
- More than 72% managers reporting to the management board picked women as their successors,
- Women and men holding the same jobs receive the same pay based on their competencies,
- Three key areas of the bank's business, namely Risk, Finance and Operations & Technology, are led by female members of the Management Board of Citi Handlowy,
- The average length of service at Citi Handlowy oscillates around 8 years; it is longer for women and tended to exceed 9 years during the last two years.

**„ At Citi Handlowy, remuneration, promotion, and development are genderless. The Bank strives to offer equal pay to both women and men holding equal positions, according to their competencies. At the same time, they should have the same opportunities for development. Today, women occupy more than one half of managerial positions at Citi in Poland. ”**

- Sławomir S. Sikora, President of the Management Board of Citi Handlowy



## Employment Structure at Citi Handlowy

### General number of employees of Citi Handlowy (No., %)

CITI HANDLOWY					
Year	Female		Male		Total
	(No.)	(%)	(No.)	(%)	
2016	2 406	64%	1 365	36%	3 771
2017	2 249	63%	1 321	37%	3 570
2018	<b>2 139</b>	<b>63%</b>	<b>1 260</b>	<b>37%</b>	<b>3 399</b>

DM CITI HANDLOWY					
Year	Female		Male		Total
	(No.)	(%)	(No.)	(%)	
2016	38	45%	46	55%	84
2017	46	52%	42	48%	88
2018	<b>49</b>	<b>51%</b>	<b>47</b>	<b>49%</b>	<b>96</b>

**MOST OF THE MANAGERS EMPLOYED AT CITI HANDLOWY ARE WOMEN.**

### Managerial positions at Citi Handlowy: (No., %)

CITI HANDLOWY					
Rok	Female		Male		Total
	(No.)	(%)	(No.)	(%)	
2016	266	51%	255	49%	521
2017	258	51%	249	49%	507
2018	<b>251</b>	<b>51%</b>	<b>244</b>	<b>49%</b>	<b>495</b>

DM CITI HANDLOWY					
Rok	Female		Male		Total
	(No.)	(%)	(No.)	(%)	
2016	9	41%	13	59%	22
2017	10	43%	13	57%	23
2018	<b>15</b>	<b>54%</b>	<b>13</b>	<b>46%</b>	<b>28</b>



**AT CITI HANDLOWY, 100 PERCENT OF EMPLOYEES ARE EMPLOYED ON THE BASIS OF A CONTRACT OF EMPLOYMENT.**

**Types of work contracts at Citi Handlowy: (%)**

**CITI HANDLOWY**

Year	Contract type	Female	Male	Total
2016	for a definite period	53%	47%	10%
	for an indefinite period	65%	35%	89%
	substitute	52%	48%	1%
	<b>Total</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>
2017	for a definite period	52%	48%	8%
	for an indefinite period	64%	36%	91%
	substitute	59%	41%	1%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>
2018	for a definite period	53%	47%	6%
	for an indefinite period	64%	36%	92%
	substitute	70%	30%	1%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>

**DM CITI HANDLOWY**

Year	Contract type	Female	Male	Total
2016	for a definite period	0%	100%	4%
	for an indefinite period	48%	53%	95%
	substitute	0%	100%	1%
	<b>Total</b>	<b>45%</b>	<b>55%</b>	<b>100%</b>
2017	for a definite period	57%	43%	8%
	for an indefinite period	53%	48%	91%
	substitute	0%	100%	1%
	<b>Total</b>	<b>52%</b>	<b>48%</b>	<b>100%</b>
2018	for a definite period	56%	44%	9%
	for an indefinite period	51%	49%	90%
	substitute	0%	100%	1%
	<b>Total</b>	<b>51%</b>	<b>49%</b>	<b>100%</b>

Average length of service at Citi Handlowy over the last years is growing and in 2018 it exceeded 9 years, however in women the average length of service is above 10 years.

Average length of service in Citi Handlowy: (years)			
CITI HANDLOWY			
Year	Female	Male	Total
2016	9	7	8
2017	10	8	9
2018	10	8	9
DM CITI HANDLOWY			
Rok	Female	Male	Total
2016	9	8	9
2017	9	8	8
2018	9	7	8

## Working Time

As our data show, most of Citi Handlowy's employees work on a full time basis. Women more often use shortened working time.

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

Working time in Citi Handlowy: (%)				
CITI HANDLOWY				
Year	Working time	Female	Male	Total
2016	full time	63%	37%	96%
	part time	80%	20%	4%
	<b>Total</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>
2017	full time	62%	38%	96%
	part time	79%	21%	4%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>
2018	full time	62%	38%	96%
	part time	77%	23%	4%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>
DM CITI HANDLOWY				
Year	Working time	Female	Male	Total
2016	full time	36%	64%	52%
	part time	55%	45%	48%
	<b>Total</b>	<b>45%</b>	<b>55%</b>	<b>100%</b>
2017	full time	41%	59%	50%
	part time	64%	36%	50%
	<b>Total</b>	<b>52%</b>	<b>48%</b>	<b>100%</b>
2018	full time	43%	57%	48%
	part time	58%	42%	52%
	<b>Total</b>	<b>51%</b>	<b>49%</b>	<b>100%</b>

## Work-Life Balance

Citi Handlowy provides flexible work conditions to its employees. This is a business strategy, which allows for using the most efficient work conditions taking into consideration work time and place. Citi Handlowy employees and their supervisors can work out Flexible Work Conditions Schemes, namely different approaches to how, where and when work can be performed. Thus,

the Bank enables its employees to work more efficiently for the Bank and for themselves.

Our data show that over the last years more and more employees in Citi Handlowy have used such flexible forms of employment. This number is notably growing among women.

Flexible work conditions at Citi Handlowy: (%)				
CITI HANDLOWY				
Year	Work conditions	Female	Male	Total
2016	flexible	62%	38%	14%
	standard	64%	36%	86%
	<b>Total</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>
2017	flexible	62%	38%	16%
	standard	63%	37%	84%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>
2018	flexible	62%	38%	18%
	standard	63%	37%	82%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100</b>
DM CITI HANDLOWY				
Year	Work conditions	Female	Male	Total
2016	flexible	0%	100%	2%
	standard	46%	54%	98%
	<b>Total</b>	<b>45%</b>	<b>55%</b>	<b>100%</b>
2017	flexible	0%	100%	2%
	standard	53%	47%	98%
	<b>Total</b>	<b>52%</b>	<b>48%</b>	<b>100%</b>
2018	flexible	0%	100%	4%
	standard	53%	47%	96%
	<b>Total</b>	<b>51%</b>	<b>49%</b>	<b>100%</b>

**MOST OF CITI HANDLOWY EMPLOYEES ARE PERSONS AGED 31-50.**

**Employee's age groups by sex: (%)**

**CITI HANDLOWY**

Year	Age	Female	Male	Total
2016	<= 30 lat	61%	39%	26%
	31 - 50 lat	64%	36%	67%
	> 50 lat	75%	25%	6%
	<b>Total</b>	<b>64%</b>	<b>36%</b>	<b>100%</b>
2017	<= 30 lat	58%	42%	22%
	31 - 50 lat	64%	36%	71%
	> 50 lat	71%	29%	7%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>
2018	<= 30 lat	57%	43%	20%
	31 - 50 lat	64%	36%	73%
	> 50 lat	71%	29%	7%
	<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>

**DM CITI HANDLOWY**

Year	Age	Female	Male	Total
2016	<= 30 lat	25%	75%	10%
	31 - 50 lat	41%	59%	75%
	> 50 lat	77%	23%	15%
	<b>Total</b>	<b>45%</b>	<b>55%</b>	<b>100%</b>
2017	<= 30 lat	63%	38%	9%
	31 - 50 lat	46%	54%	74%
	> 50 lat	73%	27%	17%
	<b>Total</b>	<b>52%</b>	<b>48%</b>	<b>100%</b>
2018	<= 30 lat	17%	83%	6%
	31 - 50 lat	51%	49%	74%
	> 50 lat	63%	37%	20%
	<b>Total</b>	<b>51%</b>	<b>49%</b>	<b>100%</b>

# Employee Development

Citi Handlowy takes leadership standards as a foundation for building its values and vision. One of such six standards is employee development. The Bank supports development in a partnership model among an employee, the manager and the organization which provides opportunities and stimulates ongoing professional and personal growth, through, among other methods, the 70:20:10 model for learning and development.

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

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

## Mentoring Program for Women

Citi Handlowy supports women and reinforces their development efforts by offering dedicated development programs and strengthening the corporate culture open to diversity. The Mentoring Program can serve as an example of Citi Handlowy's development program dedicated to women since 2018; eleven women named in the succession plans for the Bank's top executive positions have enhanced their competencies under the auspices of Citi Handlowy's Board Members who are personally involved in the Program.

## Employee Rotation Program at Citi Handlowy

The CCO Client Excellence Rotation Program is a program launched in 2018 for short-term employee rotation between different units of Citi Handlowy. The areas subject to rotation comprise front office and back office functions.

The initiative is intended to add the Customer perspective to processes that are pursued on a daily basis in order to help us better understand better is happening in the organization and to be able to focus fully on the needs of customers and implement necessary changes and promote cooperation.

Thanks to the fresh perspective and exchange of experiences, employees have the opportunity to create new solutions or improve processes while on rotation or after returning to their home unit. Thanks to the participation in that program, participants gain new knowledge, learn new business areas and improve their professional qualifications. In 2018, six employees of the Bank joined the Rotation Program.

## CitiLearning - from Training to Continuous Learning

Contemplating on changing work environment vibes and particular changes in the global financial sector, in 2014 Citi Handlowy decided to change the manner in which it encourages and supports employee development in the organization.

So far, the process has brought about positive results in internal and external terms. Citi Handlowy was able to implement new attitudes which helped transfer the way of thinking of development from „training” to „campaigns”, from thinking of development at the moment of participating in training conducted by a tutor to thinking of broadly understood development, including the acquisition of a „learning habit” which would be embedded in the organization's and employees' DNA. In the whole HR and education industry, Citi Handlowy became a recognized leader in innovative approaches to learning. Transition to the approach based on campaigns with the basic principle 70:20:10, opened access to indispensable resources required by employees of Citi Handlowy always when they require them, as well as improved their work and personal development. Development in the new dimension was defined a bit different, as an individual creation of own development path by supporting both business and personal goals in a friendly and innovative work environment.

Over the last three years Citi Handlowy has strived to support the creation of a sound attitude and designed a suite of practices in learning and development (L & D), which are to support human capital in Citi Handlowy in the future. The new suites of skills are to prepare employees for facing needs of changing markets and challenges in the financial sector, so to be more open to the client by using modern technologies. This undoubtedly requires new skills from employees and at the same

time embeds the organization and employees firmly in leadership standards, which guide us and provide values according to which Citi Handlowy acts and pursue our vision. One of them is employee development, hence such serious and holistic approach to a change and the value it can offer.

Clearly, employees more often use online resources as the variety of topics, formats and levels makes it possible for everybody to find the right path depending

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

Therefore, Citi Handlowy puts great emphasis on using new technologies in its training strategy. This allows for the implementation of trainings available on a dedicated e-learning platform.

**Training performed in 2018 in class vs. via e-learning platforms**

Form of training	2016	2017	2018
class room	9%	5%	5%
e-Learning	91%	95%	95%

The Bank's business variety and specific needs determine directions and requirements concerning professional knowledge necessary to preserve best quality services for, be it, internal partners or external clients. Therefore, Citi Handlowy preserved the obligatory specialist training package for specialists and experts in a given area as part of their professional development path (e.g. compliance). Every employee who undergoes an onboarding process also undergoes „orientation" training, during which he or she gets familiar with the organization, its values, culture, leaders as well as ethical and developmental aspects. This gives an employee better understanding of the Bank, its structure, management approaches and attitudes, and the dynamics of the employee lifecycle. An all day long meeting on the first day allows the employee to familiarize himself or herself with many uncertainties, concerns or issues. In 2018, ca. 310 persons joined Citi Handlowy and underwent such a training.

Development at Citi Handlowy underwent a certain transformation. These are no longer training hours, these are development paths, individual development plans, limitless resources of knowledge every employee can use: applications, platforms, online training, multimedia articles and materials. This requires a decision to be made by an employee that he or she is the owner of his or her development, and his or her manager and the organization are his or her partners in attaining the highest business and individual results.

**Learning Supporting Campaign #BeMore**

The Bank launched the campaign #BeMore for the first time in 2016. #BeMore was designed to support the development of behaviors required for the creation of a learning culture at a work place in a highly complex,

multinational and multicultural organization such as Citi Handlowy.

Activities within the campaign #BeMore consisted in:

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

The #BeMore campaign pushed for simplified access to the global set of tools and resources available at Citi-group. #BeMore campaign's overriding principle was to align its aims with business aims, thus become a supporting tool in raising employees' awareness in the field of individual development and at the same for the benefit of the organization. #BeMore provided an integrated place for employees which supported navigation in Citi Handlowy's resources of knowledge. Various formats of communication were used: commitment-building films were screened, outside guests were invited to relay their inspiring experiences and history that match the new philosophy of development that creates value, but not only for the organization - also for each employee.

## EXAMPLE HOW ONE CAN LEARN IN A NEW CITI WAY - A 30-DAY DEVELOPMENT CHALLENGE

A 30-day development challenge required employees' engagement throughout 30 days. Every day, they received 30 micro tasks. Every task was to last not longer than 10 minutes and required from the employee different actions in order to do every day activities in a different way. Micro activities are anything that can be done at home or at a work place. To ensure maximum engagement, such daily challenges were reinforced by gamification produced in many languages and supported by original marketing actions.

At Citi Handlowy this initiative has been rolled out four times to date, always with strong involvement on the part of employees. The campaign was global in 2018, which allowed for employee networking within Citigroup to share their experience and comments. In order to encourage participation by Citi Handlowy's employees, our employees were able to use virtual goggles (VR) in September 2018 to temporarily relocate to a rollercoaster, rock climbing or high-rise bungee jumping. Such experiences were intended to stimulate their curiosity and to encourage a change in perspective and going beyond the comfort zone.

## Managers as an Integral Part of Employee Development Partnership

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

In 2015-2018, the training for managers offered under the Leadership programs arranged by Citi Handlowy was attended by 232 managers.

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

## Dialogue with Employees on Matters Related to Development

Citi Handlowy involves our employees in co-designing educational tools and solutions. With this in mind, the Bank organized meetings with employees at which ideas presented by the employees themselves were collected. During a Jam session - highly vibrant dynamic sessions organized for employees, the Bank worked in a focus method in a modern form - social cafe.

During that session different questions were asked which allowed the organization to collect opinions from employees as to how they see their development and learning in the organization, what they need to be better for himself or herself and for the company, how, in their opinion, working and learning methods change.

## Managing Talents Development

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

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

## Assessment Process at Citi Handlowy

Employee development is supported by the Bank by such activities as: training, involvement in challenging projects as well as an assessment process when employees gain information on their strong points and areas which need to be developed.

As part of employee development supporting efforts, the following processes are conducted in Citi Handlowy: definition and presentation of goals, annual assessment, semi-annual assessment, 360 degree assessment (Multi-Perspective Feedback) for all managers.

In the assessment process the Bank refers to the attainment of goals, asking „WHAT” and „HOW”. The Bank applies Leadership Standards (Leadership Standards) designed for all employees, which are a catalogue of expected attitudes and behaviors which employers are expected to demonstrate and promote in our day-to-day duties.



## Employment Conditions

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

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

Bank understands the market as data from our consul-

ting company's reports on positions in other peer organizations that are similar in terms of scope of duties, skills and accountability.

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

Remuneration of women employed by Citi Handlowy is comparable to the base remuneration of men. In December 2018, it corresponded to 97% of men's pay.

### AVERAGE REMUNERATION AT CITI HANBDLOWY (PLN)

Gross Average Monthly Remuneration			
Employees	Total (with variable remuneration)	Base (without variable remuneration)	
<b>2016</b>			
Employee on a bonus scheme	7 598	5 264	
Employee NOT on a bonus scheme	9 866	8 835	
<b>Total</b>	<b>8 952</b>	<b>7 395</b>	
<b>2017</b>			
Employee on a bonus scheme	7 923	5 187	
Employee NOT on a bonus scheme	10 292	9 123	
<b>Total</b>	<b>9 455</b>	<b>7 733</b>	
<b>2018</b>			
Employee on a bonus scheme	8 533	6 004	
Employee NOT on a bonus scheme	10 655	9 435	
<b>Total</b>	<b>9 949</b>	<b>8 293</b>	

\* The above data are inclusive of all employees excluding the Management Board, for Citi Handlowy. Gross base remuneration as of 31 December.

## Awards and Recognition

Citi Handlowy is an institution focused on supporting the innovativeness of its employees. The Bank wishes that all initiatives and activities which are conducive to innovation and efficiency are appreciated, while those particularly important rewarded with, among others, recognition awards.

An example of such a prize is the „Instant Recognition“ granted to individual employees or teams for their achievements and contribution which significantly exceed indicated goals and tasks. Special initiatives of our employees

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

## Benefits

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

Employees may enjoy private medical care with costs of such care covered in total by the Bank. In addition, they may pay packages for the closest members of their families (partner, children, parents and parents in law),

at prices significantly lower than rates for individual clients. Employee's package, in addition to doctor's visits and examinations, also includes ad hoc aid, home visits and rehabilitation. Doctor's visits and examinations are guaranteed in terms of the availability of dates and hours. An important element of prophylaxis is physical activity, therefore every employee in at Citi Handlowy may purchase a sporting card for himself or herself, or an accompanying person.

Showing concern for security, Citi Handlowy provides two types of life insurance. The first type is sponsored by the Employer and in addition to death and accidents it also covers serious illness and an inability to work due to illness. The employee is protected regardless of the current country of his or her stay, 24/7.

The second type is group insurance with costs covered by the employee. In this case, the employee may also insure members of his or her family. This is additional protection for the employee and extends the scope of events on account of which the employee receives indemnities - e.g. delivering a child, child's or spouse's illness, stay at hospital.

Every quarter, Citi Handlowy's employees also receive credits on the cafeteria platform, where they can exchange collected scores to vouchers, both electronic and paper vouchers. In this way Citi Handlowy co-finances, among other things, meals, procurements, travel to work, holidays, participation in cultural events.

3,208 employees logged in on the platform in November 2018.

In order to provide employees with money for their retirement, Citi Handlowy decided to set up its own employee pension plan in 2002. At present the contribution is at the maximum statutorily acceptable level equal to 7 percent of the employee's aggregate remuneration.

Costs of contributions are financed in whole by the Bank, the employee pays only a tax on their amounts.

## Friendly Work Space

Citi Handlowy provides its employees with more comfortable work conditions by arranging new office space and refreshing internal common areas. In the Bank's buildings a few projects have been implemented as a result of which work places are not personalized. Every employee can choose his or her work space which fits tasks being performed. Employees may use different meeting points, areas for team work, areas for individual work, in a larger or smaller group of people, or for brainstorming needs. There are zones where employees may express themselves - for example by writing on the walls, relaxation zones or green zones.

## Social Activity

Citi Handlowy fulfils the statutory requirement and conducts the Company Social Fund (CSF). The basic contribution to the CSF is higher than the statutory requirement.

Citi Handlowy, together with DM Citi Handlowy conducts a common social activity and makes an annual contribution to CSF in the amount of 50% of the average monthly salary in the national economy in the previous year or in the second half of the previous year, if the average salary in that second half was higher.

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

### Base contribution in 2018

#### Statutory

**PLN 5,167,236.70** - 37.50% of the monthly average salary in the national economy in 2012

#### At the Group of Citi Handlowy

**PLN 8,370,621.88** - 50% of the average monthly salary in the national economy in 2018

Citi Handlowy is involved in social activities in many forms provided for in the law, i.e. by co-financing different forms of leisure activity, cultural and educational events, sporting and recreation events, crèches and nursery schools, granting non-refundable material assistance and also refundable aid for housing needs on terms and conditions defined in a loan agreement. Bank also co-finances individual and group recreation and sporting activities.

## Social Activity for Pensioners

Citi Handlowy takes seriously the issue of pensioners care. Benefits under CSF are allocated not only to pensioners (as envisaged in the CSF act) but also to persons who take early retirement benefits, in respect of whom the Bank is their last employer.

Such persons may benefit from co-financing for leisure activities, non-refundable material assistance (non-refundable allowances or financial aid, an annual social benefit) and refundable aid for housing needs on terms and conditions defined in a loan agreement, however

loans from CSF for such entitled persons are zero interest. In addition to CSF-funded benefits, pensioners may also purchase a private medical care package on preferential terms.

**Number of pensioners and persons who use early retirement benefits, who used CSF**

2016	2017	2018
939	864	947

Citi Handlowy provides severance grants on conditions which are more favorable compared to the rules defined in the labor code:

- Single severance grant not only for employees in case of the termination of employment relationship in connection with gaining the right to retirement or pension due to inability to work but also for former employees of the Bank, when employment relationship was terminated for reasons not related to the employees and until they gained the right to pension, they had not taken up a job. The right to apply for a severance grant in this case expires only 6 years after the termination of work relationship for reasons not related to the employee.
- Citi Handlowy is distinguished by amounts of severance grants:
  - ▶ less than 5 years of service - 100 percent of the employee's monthly salary calculated as in the case of a leave equivalent;
  - ▶ after 5 years of service - 300 percent;
  - ▶ after 10 years of service - 500 percent;
  - ▶ after 15 years of service - 800 percent;
  - ▶ after 20 years of service and more - 1100 percent;

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

**Higher Severance Grants When Contracts Are Terminated for Reasons on The Part of The Company**

If an employment contract is terminated for reasons not related to the employees, Citi Handlowy provides a severance grant to the employees in a double amount of the amount referred to in the act of 13 March 2003 on special principles for terminating employment with employees for reasons not related to employees. The above rules were reflected in the Corporate Collective Labor Agreement in the Bank.

**Additional Day Off for Job Seeking**

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

# Community Development

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With an exceptional team of employees and partners and with its market expertise, Citi Handlowy impacts development of Poland's society. The Bank engages in issues that matter for its employees, clients and environment, by expressing its support for equality, respect and environmental care, and by opposing to discrimination and repressions. Citi Handlowy is proud to present a selection of CSR activities enabling economic growth and progress of local communities.

## Social Responsibility

The Bank pursues the Strategy through the Kronenberg Foundation at Citi Handlowy, which supports on the Bank's behalf activities for a public good.

The Kronenberg Foundation has been acting for entrepreneurship and financial education, cultural legacy and employee volunteering for years, at the same time being committed to the development of local communities. It was established in 1996 on the occasion of the 125<sup>th</sup> anniversary of Bank Handlowy w Warszawie S.A. Over 2.3 million direct users from different age groups: children, young people, adults and seniors benefited from its financial education programs. The Foundation awarded 1,350 grants to over 1,000 non-government organizations.

The Foundation coordinates one of the largest and oldest (introduced in 2005) employee volunteering programs in Poland. Since the beginning of the program, Citi employees of Citi in Poland have been involved in volunteering almost 27,400 times, working in aggregate as many as 147,000 hours helping over 325,000 beneficiaries. Every year the Program extends to almost 250 facilities and about 23 percent of the Citi's employees are volunteers.

One of the areas of the Foundation operation is cultural heritage protection. As a result of the Foundation's efforts made under its program of recovering works of art, 42 graphics and lithographs of the greatest Polish painters (Juliusz Kossak, Leon Wyczółkowski) and 2 paintings (by Anna Bilińska-Bohdanowiczowa and Wojciech Gerson) returned to Poland. Also 172 items from the silver collection were recovered. The Professor Aleksander Gieysztor Award was granted to 19 persons and institutions for their outstanding achievements in the protection of Polish cultural heritage.

## Programs Organized by The Kronenberg Foundation at Citi Handlowy

The Kronenberg Foundation at Citi Handlowy implements an array of educational activities in personal finance and entrepreneurship, each time supported by a campaign in the media, aimed at promoting savings, rational personal finance management and entrepreneurial attitudes. The Bank accesses directly over 100,000 beneficiaries from different age groups: pupils, students, young professionals, entrepreneurs. Indirectly, on the other hand, through media campaigns in the traditional press, radio and television programs as well as in the Internet and social media, educational activities and activities aimed at raising Poles' awareness of the above areas, reach 2 million persons.

In 2018, the Kronenberg Foundation at Citi Handlowy held the following programs:

- **The Emerging Market Champions Citi Handlowy Award** - the purpose of the competition is to promote enterprises which are successful in rolling out their activity abroad. The project includes surveys which are a tool to diagnose the conditions of conducting business in Poland and global potential of our domestic companies. On 28 September 2018, during the plenary session "New division of the world: European Union - USA - China. Will digitization stop deglobalization?", organized as part of the European Forum for New Ideas in Sopot, an award ceremony was organized to honor the winners of the 5<sup>th</sup> edition of the contest. The „Emerging Market Champion" title in the category „Polish foreign investments" was granted to Wielton Group and the winner in the category „Foreign investments in Poland" was CEZ Poland sp. z o.o. In the new e-commerce category, the winner was CCC S.A. In the course of the project, the 5<sup>th</sup> edition of survey was carried out - this time it was focused on e-commerce trends in the market.



Winners of the 5<sup>th</sup> edition of the Emerging Market Champions Award.

- **The Professor Aleksander Gieysztor Award** - the most prestigious award granted by the Foundation to institutions and individuals for 19 years for attempts and efforts made for the benefit of the Polish cultural heritage. The winner of the 19<sup>th</sup> edition of the Award was Leon Tarasewicz rewarded for the many years of conscious efforts in building bridges between different ethnic, language and religious groups in the borderland of Poland, Belarus and Lithuania during many editions of the annual "Trialog" festival in Krynki (Podlaskie Voivodeship).
- **IT for SHE** - the program which helps talented female students of IT faculties to enter the labor market. The program is implemented in a broad coalition with technological companies which, apart from the Kronenberg Foundation, include Cisco, Ericsson, Goldman Sachs, Google, Intel and P&G.

The second edition of IT for SHE was implemented in 2018 and consisted of the following elements:

- ▶ the mentoring program for 35 girls with the participation of experts from top technology companies present in Poland, including eight Citi Mentors (four from Citi Handlowy and four from Citi Service Center);
  - ▶ the largest bootcamp for IT girls in Europe where, for four days, 120 girls took part in workshops in IT skills and soft skills;
  - ▶ the volunteering campaign carried out across villages and small towns to encourage children and young adults to learn programming and develop their interests in the area of digital technologies;
  - ▶ the international conference "Women in Tech Summit" in November 2018 attracted over 2,600 participants.
- **Recovery of Polish Art** - the program which is aimed at recovering works of art lost by Poland during and as a result of WWII. In May 2016, the Kronenberg Foundation at Citi Handlowy launched ArtSherlock application. It is an original project of the Communi Hereditate Foundation implemented in cooperation with the Ministry of Culture and National Heritage and the Kronenberg Foundation at Citi Handlowy. This is the first solution of this kind, which will totally revolutionize identification of works of art stolen during the war. Thanks to the application, it is possible to automatically recognize the object solely on the basis of a photograph taken by means of a mobile phone.

## CONFERENCE "PERSPEKTYWY. WOMEN IN TECH SUMMIT"

Citi Handlowy and Citi Service Center Poland was the strategic partner of that very first conference on women in the IT and TECH industry in the CEE region and Middle Asia. The Conference "Prospects for Women in Tech Summit 2018" became the meeting place for the best female talent from the industry. The Warsaw Summit was the forum for discussions about the technological and social future of the world and the contribution made by women into its development. It was addressed to IT students, professionals from tech companies, scientists and innovators. The congress was attended by 100 speakers from 20 countries

and included over 40 workshops and seminars; sessions were held by 100 mentors and the unique Career Showroom was created by 40 companies. The conference partners included international tech companies active in Poland such as Citi, Facebook, Intel, Samsung and Ericsson.

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

- **Roots** - a program under which the Foundation promotes the history of the Bank, as well as the lives and achievements of its founders - the Kronenberg family. In 2018 activities commenced in the previous years were continued. Beginning from 2014, one can use, for internal purposes of the Foundation and the Bank, digital archives under the program „Korzenie” („The Roots”), which contains over 31 thousand pages of scanned documents and iconographic materials concerning Citi Handlowy and the Kronenberg family’s activity. The materials are used for promotional actions, on occasions related to the Bank and Leopold Kronenberg’s anniversaries.
- **The Employee Volunteering Program in Citi Handlowy** - a program aimed at developing social commitment of the Bank’s existing and former

employees. In 2018, the 13th edition of Citi Global Community Day was held. Under that initiative, 207 projects were implemented. Citi volunteers and their acquaintances and friends participated in activities for the benefit of over 38,000 people in a predicament almost 3,454 times.

- **Donations Program** - grant-based competition by means of which the Kronenberg Foundation at Citi Handlowy supports the most valuable projects implemented by non-profit institutions in the area of education and local development. 2 grants were awarded in 2018: to the Museum of the History of Polish Jews for implementation of the project Virtual Sztetl - extension of the Historiographic Data Base and to the Foundation for Economy and Public Administration to pursue the project OPEN EYES MEETING POINT.

## Programs Implemented with Citi Foundation’s Support

In 2018, the following projects were held in Poland with the support of the Citi Foundation:

- **My Finances** - the largest financial education program in Poland addressed to the youth. In 2018, the program was co-funded also by the National Bank of Poland and implemented in schools by the Junior Achievement Foundation. In 2018 the program was addressed to 90,000 pupils. The program was delivered by 1,600 teachers.
- **Savings Week** - the program combines financial education and the development of entrepreneurial attitudes. It is aimed at promoting saving and rational finance management among Poles and encouraging young people who enter the labor market to take their chances in business. The project is implemented together with the THINK! Foundation. The goal of the program is to work out

systemic changes in the area of personal finance management and entrepreneurship education. The project consists of surveys „Poles’ attitudes toward finance” (11<sup>th</sup> edition), Entrepreneurship Development Program and competitions at universities and high schools as part of the game „First Million”.

- **Poles’ Attitudes Towards Saving** - survey prepared by the Kronenberg Foundation at Citi Handlowy and the THINK! Foundation in October 2018.
- **Be Entrepreneurial** - an economic education program addressed to students of high schools. It is being carried out in cooperation with the Junior Achievement Foundation. The aim of the project is to impart knowledge regarding the broadly understood entrepreneurship to students and help them develop skills and competences in that area through incorporation and management of an enterprise in

the form of a general partnership. In 2018, more than 2,000 students from 220 schools participated in the program.

- **Business in Women's Hands** - it is the program implemented together with the Foundation for Female Entrepreneurship addressed to 50 women who want to start their own company. Thanks to lectures, training and individual work with female mentors, each of the female participants has a chance to commence a business. The goal of the program is to establish a female company cluster operating in the territory of the Warsaw agglomeration. In 2018 the fifth edition of the cluster of female companies was launched and will end in the half of 2019.
- **Microentrepreneur of the Year** - competition organized in 2018 by the Association Inicjatywa Firm Rodzinnych (Family Business Initiative) with support of Koalicja na rzecz mikroprzedsiębiorczości (Coalition for microentrepreneurship). The aim of the competition consists in supporting entrepreneurship, encouraging people to set up their own companies and promoting the best of them as examples of effective economic actions. The contest participants may win the main prize - the title Microentrepreneur of the Year - and category awards, depending on the age of a company. The youngest businesses are eligible to compete in the Start category, middle-aged companies in the Progress category and the mature ones in the Senior category.

Following editions of all the above programs financed by Citi Foundation grants commenced in the second half of 2018 and will end in the first half of 2019.

## Cultural Patronage and Sponsoring

In 2018, the Bank and the Foundation supported numerous nation-wide and international conferences and events. One of them was the **8th European Financial Congress in Sopot**, an annual meeting of representatives of the European financial sector, the world of politics and economic experts. The leitmotiv of the 8th edition of the Congress was "For the centenary - innovative and secure future of the financial sector".

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

### DISCUSSING AMERICAN-CHINESE RIVALRY

Citi Handlowy was a sponsor of the Polish edition of Graham Allison's *Destined for War: Can America and China Escape Thucydides's Trap?*. This book, written by a renowned historian from Harvard University and a practitioner in the field of international relations, is an insightful analysis of possible scenarios of future competition between the United States and China.



A discussion panel "A New Division of the World among the European Union, USA and China" at the EFNI conference.

## Employee Volunteering Program

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

In 2018, volunteers of Citi in Poland implemented 251 volunteering projects for nearly 40,500 beneficiaries. Volunteers (also those from outside of the organization) took part in volunteering actions 4,480 times. They supported, among others, local communities, educational care centers, social organizations, self-government facilities and shelters for animals.

In 2018, also key projects were continued, such as Christmas action „Become Santa's Helper”, integration trips for students combined with volunteering. In addition, as part of the all year activation, volunteers were invited to get involved in Senior Volunteering as well as in social actions in connection with the activity consisting in sending on a regular basis individual volunteering offers.

The diversity and number of delivered projects show that social commitment on the part of the Bank's employees is being fostered and developed, for the benefit of a growing number of beneficiaries - which is also confirmed in statistics.

Since 2015, effects of Citi volunteers' work within the largest Citi social action - Citi Global Community Day, can be measured by means of a questionnaire disseminated among partner organizations. Surveys conducted in 2018 showed that all partners were satisfied with cooperation with Citi volunteers and they declared their intention of further cooperation. As many as 99% of the surveyed persons were satisfied with the way in which the project was implemented. The same number of persons confirmed the attainment of the goal. All the surveyed partners recorded lower organizational costs and 25% of them noticed that cooperation with qualified Citi employees significantly improved their organization management processes (e.g. in IT, HR or finance). All the surveyed persons would definitely recommend cooperation with Citi volunteers to other organizations.



### CITI GLOBAL COMMUNITY DAY

The most important initiative in the previous year was another, already 13<sup>th</sup> edition of Citi Global Community Day. Every year, under that project, the Bank's employees together with their families and friends try to identify precisely the needs of their closest communities and address them. In 2018, Citi volunteers conducted 207 social projects for over 38,000 beneficiaries, as part of efforts made in connection with Citi Global Community Day.

Furthermore, the Kronenberg Foundation at Citi Handlowy together with Narodowe Centrum Kultury (National Centre for Culture) organized the 3<sup>rd</sup> Nationwide Conference „Volunteering in Culture”, which took place on 26 November 2018 in the National Museum in Warsaw. Over 150 participants took part in the Conference - experts, volunteers and guests, representing cultural institutions from all over Poland. For the first time, the event included a presentation of 8 good practices. Representatives of cultural associations and institutions shared their proven ways to build trust in relationships with volunteers and to keep them committed. After presentations, the participants took part in a study visit to the National Museum, discussion panels and workshops about volunteering for heritage, youth volunteering and volunteering as a tool for education of HR resources for culture.



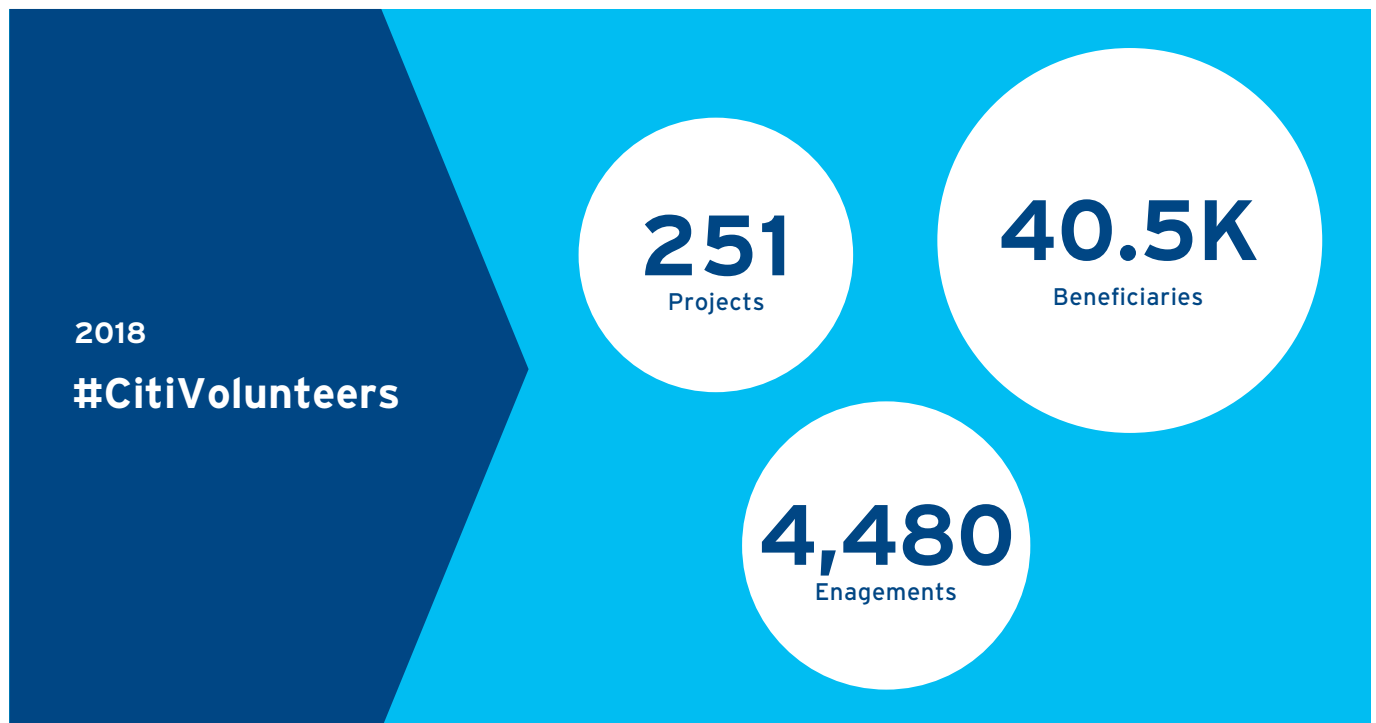
**THE BANK ENCOURAGES AND SUPPORTS EMPLOYEES TO SOCIAL ACTIVITIES BY, AMONG OTHER INCENTIVES, GRANTING AN ADDITIONAL DAY OFF FOR VOLUNTEERING PURPOSES.**

In 2018, the 6<sup>th</sup> edition of the Employee Volunteering Program survey was carried out. It covered Citi employees in Poland involved in volunteering (also outside the Employee Volunteering Program) and persons who have not had any contact with volunteering yet. The goal was to identify the satisfaction of volunteers with their social activities to date and also to learn their expectations toward the Program and benefits from participation in employee volunteering (both for employees and employer). The anonymous questionnaire was filled in by 267 respondents. The results show that Citi volunteers are mainly interested in repair and cleaning activities (this form of aid was chosen by as

many as 80% of respondents). Employee volunteering affects the perception of Citi as their employer in the case of 83% of respondents. For 96% of them the influence is positive or definitely positive. It is also worth noting that it is mainly volunteers who better assess their employer from the angle of employee volunteering. Volunteers also better assess the general climate of social responsibility at Citi.

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

**EMPLOYEE VOLUNTEERING PROGRAM AT CITI HANDLOWY**





## Non-Financial Statements of Bank Handlowy w Warszawie S.A. and the Capital Group of Bank Handlowy w Warszawie S.A. for the year ended 31 December 2018

### Signatures of Management Board Members

21.03.2019	Sławomir S. Sikora	President of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	Natalia Bożek	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	Maciej Kropidłowski	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	David Mouillé	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	Barbara Sobala	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	James Foley	Member of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature
21.03.2019	Katarzyna Majewska	Member of the Management Board	
.....	.....	.....	.....
Date	Name	Position/function	Signature

[www.citihandlowy.pl](http://www.citihandlowy.pl)  
**Bank Handlowy w Warszawie S.A.**

The logo for Citi Handlowy, featuring the word "citi" in a lowercase, sans-serif font with a red arc above the "i", followed by the word "handlowy" in a lowercase, sans-serif font, and a registered trademark symbol (®) to the right.

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