

Millennium

bank

CORPORATE RESPONSIBILITY 2012

CR12



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CORPORATE RESPONSIBILITY 2012



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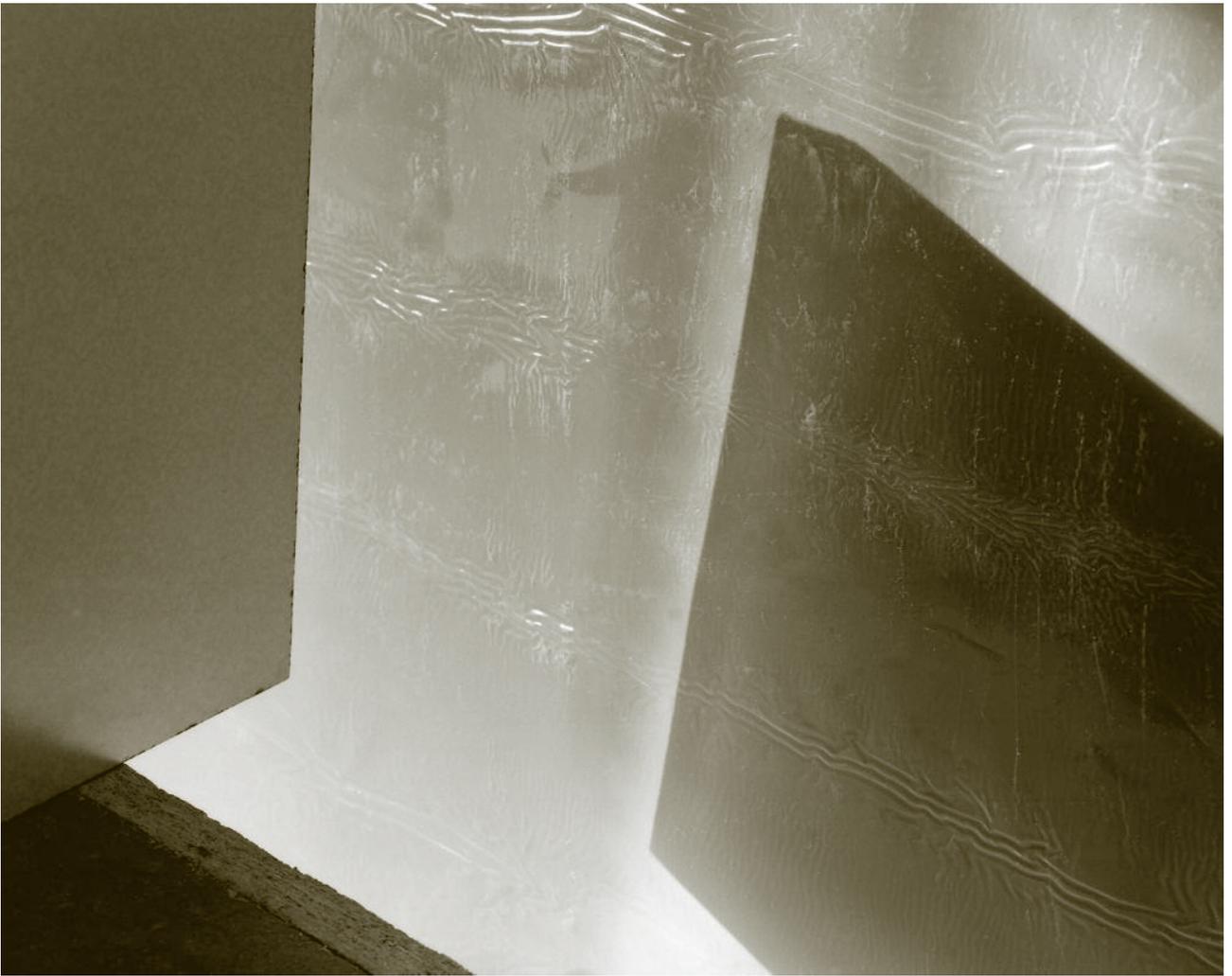
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Introduction

The “2012 Corporate Social Responsibility” report is the seventh consecutive publication portraying how the Bank Millennium Group implements corporate social responsibility principles. The scope of information it presents and the report’s structure fulfil the GRI G3.1 reporting criteria at Application Level B. The compliance of presented data with reporting criteria was confirmed by Global Reporting Initiative.

The declarations set forth in the Bank Millennium Group’s mission statement and its brand values are a source of inspiration for its corporate social responsibility. They have been incorporated in the revised medium-term growth strategy for 2013-2015, which was published in 2012, and in the process of construing the operational plans for the Bank’s various operating areas. In this aspect the Bank recognises ongoing sustainable development, co-operation with customers based on trust, respect and ethical principles as well as open dialogue with all stakeholder groups to be of particular significance.

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CORPORATE RESPONSIBILITY 2012

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Letter from the Chairman of the Management Board

Dear Stakeholders,

the "2012 Corporate Social Responsibility" report is the seventh consecutive publication portraying how the Bank Millennium Group pursues the implementation of corporate social responsibility principles. This year's report complies with the GRI G3.1 reporting standard at Application Level B.

Even though 2012 was a period of economic slowdown, Bank Millennium, by steadfastly pursuing its plans, attained the bulk of its business objectives. The Bank attached particular importance to operating in a safe and effective manner while mitigating the threats posed by the period of economic slowdown. Availing itself of the experience gained in past years the Bank recognised that active contacts with all customer groups foster enhanced quality of co-operation and form a useful element in the process of building long-term business relations. The high scores the Bank received in last year's rankings of quality based on customer assessments confirm this conviction.

In 2012 the Bank adopted a revised medium-term strategy for 2013-2015. Based on macroeconomic analyses, banking sector trends and analysis of its market position, the Bank intends to continue its sustainable development while enhancing its results and creating shareholder value. All the strategic initiatives set forth in this plan must meet the conditions for ensuring the Bank's stability entailing a strong capital base, a safe level of liquidity, efficient risk management, ongoing cost control and optimised processes. More information on the Bank's performance in 2012 and its plans for the upcoming years is available in Bank Millennium's "2012 Annual Report".

Last year the Bank drafted and approved the Bank Millennium Group's "Code of Conduct" constituting a set of principles of ethical conduct in the course of discharging professional duties applicable to all its employees. It is slated for implementation in 2013. The Bank also conducted a corporate revitalisation process for the Life Inspires Us Foundation, whose operational objectives have been modified and aligned to the intended areas of the Bank's social activity. We hope that in the next report we will be able to announce that the Bank has adopted and implemented an environmental policy and adopted a strategy for expanding its CSR activity.

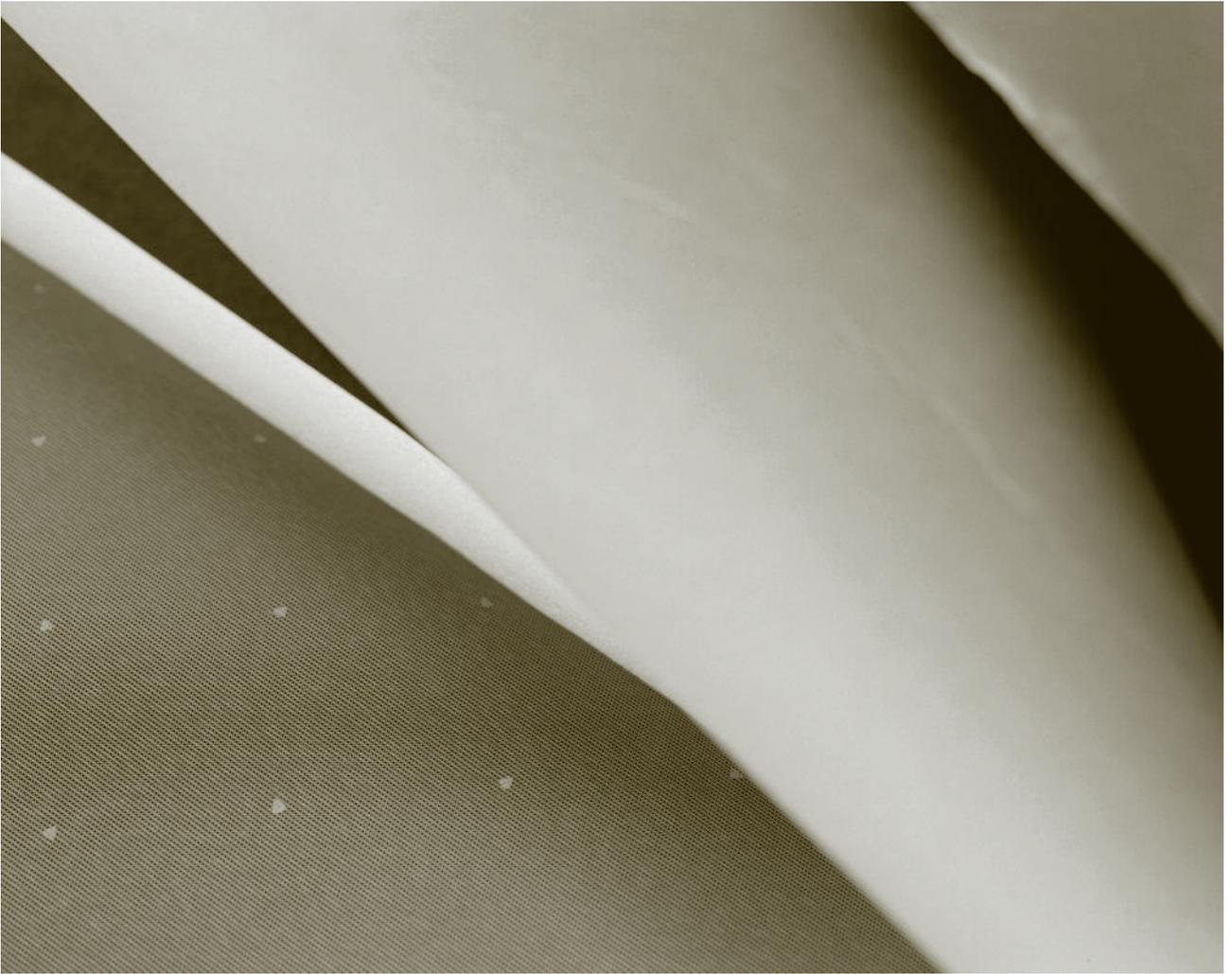
Just as in previous years, in 2012, subsequent to two semi-annual reviews, the Bank is a member of the RESPECT Index published by the Warsaw Stock Exchange, which is the first index of companies adhering to corporate social responsibility in Central and Eastern Europe. The Bank also received a distinction in the 6th Ranking of Socially Responsible Companies in 2012, which selected the best firms from among the top 500 Polish enterprises with respect to socially responsible governance, stakeholder dialogue and commitment as well as social innovation.

We anticipate that 2013 will produce numerous new challenges. As a result of having steadily built its potential over the last several years to support business growth the Bank is ready to pursue its business objectives in volatile business conditions. We will follow our plans in accordance with the applicable principles based on our brand values and the principles of ethics in force in the Bank Millennium Group.

Sincerely



Bogusław Kott *Chairman of Bank Millennium Management Board*



I. Standards applied by the Bank

I. Mission, vision and values

The Bank's commitment to its mission, vision and values is confirmed by the fact of including them in the updated medium-term development strategy for 2013-2015 published in 2012 as well as in the Bank's activities benefiting its stakeholders. It is the priority of the Bank to conduct its business in a sustainable way on the basis of trust, respect and observance of ethical principles and openness and dialogue with all stakeholder groups.

Vision

We are part of a financial group with a transnational identity whose actions are focused on value creation in core business areas in markets with distinct profiles based on excellent quality and innovation in the creation and distribution of financial products and services.

Mission

Our mission is to create value for customers by offering superior quality financial products and services, while complying with rigorous standards of conduct and corporate responsibility and facilitating stable and effective growth to provide shareholders with steady growth in the value of their capital.

Values

- **Trustworthiness** – the Bank must observe high ethical standards and take responsibility for its actions;
- **Openness to the customer** – learning and meeting customers' expectations and needs;
- **Ethics and Responsibility** in action;
- **Excellence** – high quality of services rendered;
- **Innovativeness** – striving and searching for new customer service and financial market solutions;
- **Respect for stakeholders.**

I. Standards applied by the Bank

2. Internal codes of conduct in the Bank

Internal codes of conducts are sets of guidelines for employees laying down the standards for professional and ethical conduct. Every employee must become familiar with and observe the rules prescribed by the Code of Ethics and the Book of Standards of Behaviour in day-to-day work.

The Bank Millennium Code of Ethics describes the values and general principles that should provide guidance to Bank employees in their daily work. It contains the requirements that should govern relations with the internal and external environment (including clients, vendors, the market) and the rules relating to the observance of human rights and to the running of business activity in a transparent and honest manner (including ethical lobbying, ban on corruption, definition of the rules for representing the Bank in contacts with public institutions and political parties). The Code also defines the procedure for reporting any unethical behaviour and for sharing that information with internal and external stakeholders.

Books of Standards for Bank Millennium Group employees include the following: the Book for the Bank's Head Office and Subsidiaries, the Book of Customer Service Standards for Outlets, Call Centre, Complaints, Macro Client Service Points and the Book of Electronic Messaging Standards. The books mentioned above are collections of good practices which, when observed, will ensure high quality of service for Bank Millennium Group clients. The Books contain the principles of co-operation between Bank Millennium Group employees with respect to mutual contact, co-operation, dress code and provide guidelines for the units that come in contact with the Bank's external clients.

Compliance Policy. The laws, principles and standards pertaining to compliance relate to matters such as observing appropriate market behaviour standards, managing conflicts of interest, ensuring fair treatment of clients and providing them with appropriate advice (see: page 71).

3. External regulations observed by the Bank

The Bank conducts its operations on a regulated market and observes the legal principles and regulations applicable to banks. From the vantage point of the subject of this report, the following regulations must be mentioned:

Code of Ethics in Advertising defined by the Advertising Council is a set of principles that should govern the behaviour of advertisers in Poland. The employees of Bank Millennium, when making decisions related to advertising, are formally obligated to observe the provisions of the Code.

Corporate Governance Principles is a collection of norms which together form the system of governance and control over a company, specifically with respect to the rights of a company's particular corporate bodies. The legal framework of the process of developing corporate governance principles for all public companies is provided by the Warsaw Stock Exchange regulations, in particular the **"Best Practices for WSE Listed Companies"** adopted by the Stock Exchange Supervisory Board (see: page 71).

Good Banking Practice Principles (a document issued by the Polish Bank Association). These principles contain a detailed description of the standards that should be observed by bank employees at all levels in their daily work with clients.

MIFID Directive – the Bank observes the requirements of the MiFID Directive (Markets in Financial Instruments Directive) whose aim is to protect clients' investments and increase competition between investment undertakings (see: page 45).

4. Membership in organisations

The Bank is a member of several industry organisations operating on a regional, national and international level. In the context of this report, the key organisations include:

Stock Exchange Issuers Association – as a representative of the companies listed on the Warsaw Stock Exchange, it serves the issuer community by sharing its knowledge and giving advice on the regulation of the stock market and the rights and duties of the participating companies. As an expert organisation it is committed to promoting and sharing knowledge that fosters development of the capital market and a modern market economy in Poland.

Polish Bank Association – its main statutory tasks include representation of the banking industry in the area of legal regulation of the banking industry, organising exchange of information between banks, interbank infrastructure, promoting the standardisation of banking products and services. Membership in the Polish Bank Association is voluntary and open to banks operating in the Republic of Poland, established and operating in accordance with the Polish law.

Responsible Investing Working Group – its goal is to develop recommendations for the Minister of Economy describing the recommended manner and scope of implementation of the corporate social responsibility principles in the area of capital investments ([see: page 48](#)).

Lewiatan Polish Confederation of Private Employers – an organisation representing the interests of Polish private entrepreneurs. Its activities include analyses of innovation in Polish companies, development trends in the Polish economy and barriers to doing business. It speaks in favour of balancing economic goals with social goals, promotes the development of social capital in Poland and actively promotes CSR and ethical business.



II. Approach to sustainable development

Being aware of its impact on sustainable economic, social and environmental development, the Bank has identified the key areas of its impact and the related risks, challenges and opportunities. The key aspects of the Bank's impact have been defined using a CSR matrix and pertain to the main groups of its stakeholders.

I. Impact of the Bank's activity on sustainable development and stakeholder rights

Impact of the Bank's activity on stakeholder rights

	Impact on:	Challenges	Benefits	Actions taken (report page)
Clients	Fair market practices, ensuring security of deposited funds, offering high quality products, services and support Access to services for disabled persons	Continuous monitoring of client opinions and correctness of processes in the Bank and introduction of improvements	Gaining competitive advantage as a Bank with a good reputation, offering high service quality	Introducing regulations to ensure product safety and protection of client's funds (45, 71-77) Continuous dialogue with clients to respond to their expectations (33-39) Obligating employees to observe the provisions of the Code of Ethics (10)
Employees	Employee's right to fair compensation, rewards, employment stability and development and opportunity to express opinions	Developing solutions that consider expectations of employees and also the company's financial capacity	Gaining dedicated and loyal employees and reputation of a good employer	Introducing formalised and sustainable human resources policy (50-61) Creating opportunities for dialogue with employees (61-63) Preference for employment for an indefinite term (52)
Investors	Transparent information policy enabling investors to make investment decisions	Creating modern platforms enabling rapid exchange of information between the company and investors	Increasing confidence in the company and consequently growth of brand value	Observing Best Practices for Listed Companies and reporting regularly Conducting ongoing communication with investors (47-48)

II. Approach to sustainable development

Impact of the Bank's activity on sustainable development

	Impact on:	Challenges	Benefits	Actions taken (report page)
Vendors	Supply chain management and promotion of CSR knowledge among vendors	Drawing up a cooperation policy with vendors that incorporates the monitoring of their observance of ethical and environmental clauses; educating vendors on CSR	Impact on the observance of sustainable development principles throughout the supply chain	Using ethical and environmental clauses in contracts, where applicable (49)
Society	Preventing social exclusion through the implementation of social and educational programs and providing access to products and services for the disabled persons	Participating in a comprehensive social involvement project	Impact on resolution of social problems (e.g. exclusion of the disabled or elderly, low financial literacy)	Introducing facilities for disabled persons (38-39) Social and educational programs to prevent the problem of exclusion (64, 69)
Environment	Monitoring the environmental impact and managing resources in a sustainable manner; environmental education of the stakeholders	Developing and implementing an environmental policy and a comprehensive tool for reporting and monitoring environmental data	Optimisation of processes in the company and the associated savings of e.g. energy, fuel and water; reducing fees for pollution	Monitoring the use of resources and implementation of reduction measures (79-83) Conducting environmental education programs (84)

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2. Risks resulting from non-compliance with the principles of sustainable business

The risks of failing to comply with the principles of conducting sustainable business as well as other typical risks in the Bank's operations are monitored regularly. According to the Bank's medium-term operational strategy (for 2013-2015), factors ensuring the Bank's stability are of fundamental importance for achieving the plans it has adopted: maintaining a strong capital base, a safe level of liquidity, effective risk management, constant cost control and optimised processes. Jointly they form the basis for attaining the Bank's business objectives. Having regard for volatile business conditions and the possibility of other types of risks (market and operational) occurring, if the results achieved deviate considerably, plans may be revised or they might not be achieved in part or in full.

3. Objectives relating to the implementation of CSR

Objectives for 2012	Implementation status
Review CSR activities and define CSR strategy	50%
Code of Ethics: development, approval and implementation	75%
Maintain presence in the RESPECT Index	100%
Communication on CSR policy – development of a website and an Intranet site	100%
“Corporate Social Responsibility 2011” report certified by GRI	100%
Co-operation with external organisations for the consideration of ESG (Environmental, Social, Governance) factors in the decisions made by investors	100%

Targets for 2013-2014

Develop, approve and implement a CSR strategy
Develop, approve and implement an environmental policy containing specific, measurable and monitored targets
Introduce tools for comprehensive monitoring of environmental impact
Include ethical and environmental clauses into all contracts with vendors and regularly monitor their observance
Modify the organisational structure in the CSR area and establish a Committee consisting of managers of the areas of key importance to CSR
Commit to the observance of CSR-related declarations, such as Global Compact
Maintain presence in the RESPECT Index
Improve dialogue with stakeholders by formally defining the frequency and form of consultation and by including all key stakeholder groups
Increase frequency and forms of communication with stakeholders on the implementation of the Bank’s CSR policy
Co-operate with external organisations to promote CSR among stakeholders
Participate in a social involvement project



III. Parameters of the report

The Bank Millennium Group's "Corporate Social Responsibility 2012" report has been prepared on the basis of the Global Reporting Initiative Sustainability Guidelines and has been certified by the GRI organisation at level B of compliance with GRI G3.1 reporting guidelines. The Bank Millennium Group's Corporate Social Responsibility Report has been published annually, starting from 2006. Information included in this report pertains to the year 2012, while the figures are stated as at 31 December 2012. The figures are presented on the basis of existing databases without relying on any estimates. Where the data pertain to a different period or the presentation methodology has changed, this fact is stated in the body of the report.

This report contains information on the Bank Millennium Group performing activities related to corporate social responsibility principles. The purpose of the report is to present information on all important areas of the Group's activity, with special emphasis on matters related to key stakeholders.

Both Bank employees and its other stakeholders were involved in preparing the body of this report; the stakeholders provided feedback about the Bank's operating activity.

Data included in the report cover the Bank Millennium Group, which is comprised of Bank Millennium, Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. The report does not cover any small infrastructure companies belonging to the group as their line of business is not material in respect of the issues discussed in this report.

Nor does this report contain information on the activity of Bank Millennium's corporate foundation called "Life Inspires Us". In 2012, the foundation focused on internal change. It amended its articles of association, changed its scope of activity and senior management and started to program its activity by conducting an in-house contest for Group employees for devising new programmes. They will be carried out in 2013.

The content of the 2012 report, as compared to the reports from previous years, was expanded to include information on the management of CSR issues, description of opportunities and risks related to the implementation of the social responsibility policy and previously unreported economic, environmental and social indicators.

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Process of defining report content

Both Bank employees and other stakeholders were involved in defining the content of this report; the stakeholders provided feedback about the Bank's activity. Based on the analysis of client and employee satisfaction surveys, inquiries addressed to the Bank by external auditors and research entities, scores received in CSR rankings, discussion with clients, investors, business and social partners, the key areas of the Bank's CSR activity and the scope of the report were identified. Moreover, the principle of control and significant influence on a given stakeholder group was applied when defining the scope of the report.

The next step was to prepare the significance matrix for the reported issues. The process was conducted in accordance with GRI's guidelines included in the "Guidance for Defining Report Content". As a result of the analysis, the report presents issues that were material to the company and stakeholders.

The quality of the report's content was evaluated by testing the following principles: reliability (the report has been audited by a third party), clarity (reported issues are presented in a comprehensible manner), balance of positive and negative information, comparability with previous editions of the report, accuracy (the accuracy of quantitative and qualitative data is sufficient to assess the organisation's performance) and timeliness (reporting occurs on a regular basis).



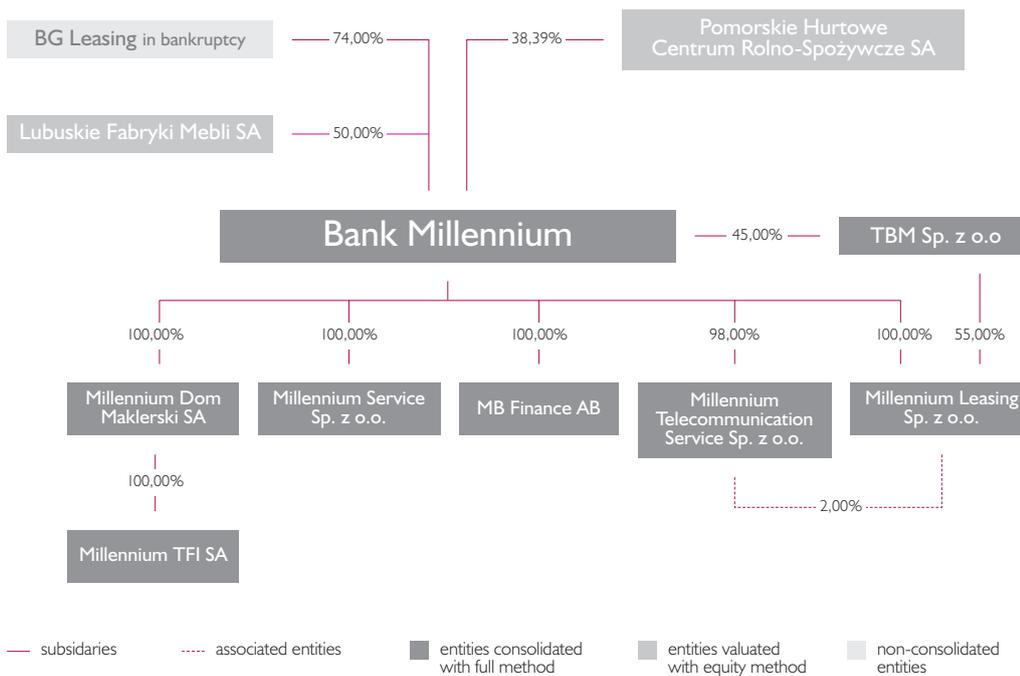
IV. Organisational profile

I. Bank Millennium Group

Bank Millennium is the main entity in the Bank Millennium Group. The Group also includes Millennium Leasing, Millennium Dom Maklerski, Millennium Towarzystwo Funduszy Inwestycyjnych and other companies. Through its subsidiaries and co-operating companies, the Bank transacts business on all the financial markets and has been able to provide comprehensive financial services to its customers through a single institution.

Scheme of Bank Millennium S.A. capital group

as on 31.12.2012



2. Scope of activity

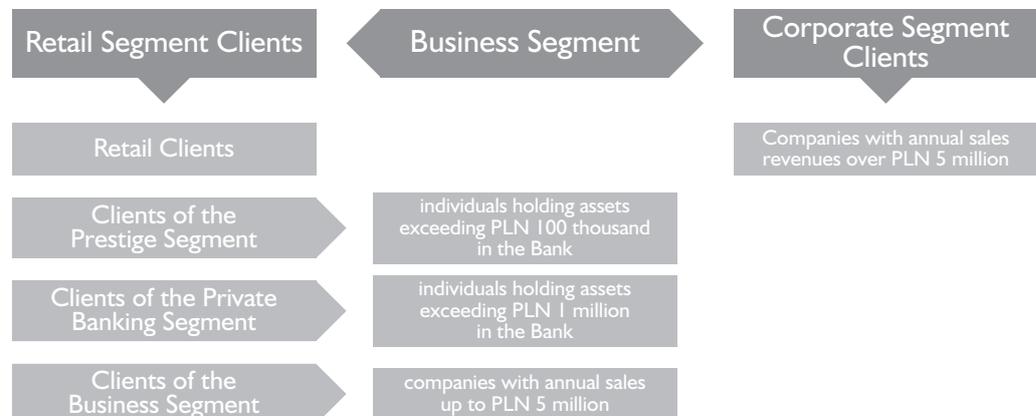
Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. The Bank operates in the Republic of Poland. The Bank's Head Office is located in Warsaw while some of its head office functions are also performed at the Bank's offices in Gdańsk.

The Bank operates throughout Poland and has no branches abroad. With a network of 447 outlets, the Bank's footprint covers all of Poland's largest cities. In addition to its branch network, the Bank also offers its services through the Millenet web banking system, the telephone banking channel and a chain of 566 proprietary ATMs. Through these alternative distribution channels, services are offered 24 hours a day, 7 days a week and access to the Bank's products and services is virtually unlimited.

2.1 Markets served and scale of business

Bank Millennium is a universal commercial bank providing services to diverse client groups. By the nature of products offered to them, they are grouped in the following business segments:

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The Bank's offering is supplemented by the activity of Bank Millennium Group companies:



Scale of Bank Millennium Group's business activity (in millions of PLN)

	2012	2011
Operating income	2,008.2	1,950.9
Operating expenses	1,414.4	1,359.6
Net sales	1,707.2	1,752.6
Personnel costs	558.3	540.2
No. of employees	6,073	6,367
Income tax	123.8	124.6
Subsidies and grants	1.67	1.59
Number of branches	447	447
Loans and advances to customers (net)	40,232.2	41,332.3
Customer Funds	46,792	41,424
Share in the loan market*	6.4%	6.5%
Share in the deposits market*	5.3%	5%
Equity	4,824	4,586
Capital adequacy ratio	14.5%	13.2%
Net profit	472.2	466.5
Distribution of profit		
Dividend	The Management Board of the Bank will propose to retain the entire profit for the year 2012 in the Bank's capital.	0
Reserve capital		100%

* loans to/deposits from Individuals Market

Detailed information and financial data pertaining to the activity of the Bank Millennium Group are available in Bank Millennium's 2012 Annual Report available on the Bank's website.

2.2 Bank's products and services

The products offered by Bank Millennium address all market segments: individual clients, small and medium enterprises, corporate clients and private banking clients.

In responding to the expectations of different groups of clients, the Bank offers every segment different products customised to meet its needs. The direction of change and the implemented innovations are driven directly by customers' opinions. Bank Millennium conducts regular customer satisfaction level polls and a broad variety of quantitative and qualitative research pursuing a range of methodologies. The feedback provided directly by product users is the best justification for, and element driving, all measures, investments and innovations. The process of improving existing products and creating new products therefore serves the purpose of satisfying specific needs of specific consumers.

The Bank offers its services primarily through its own branches and through co-operation with specialised financial intermediaries.

3. Bank's governing bodies

3.1 General Meeting

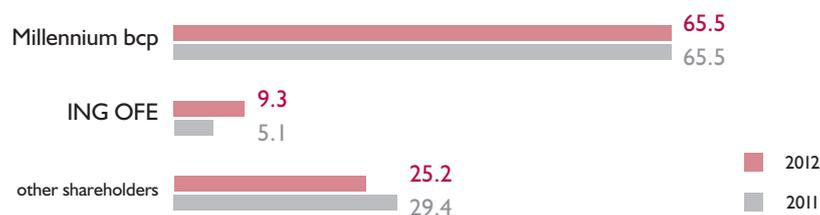
The General Meeting of Shareholders is the Bank's highest authority. The General Meeting operates pursuant to generally applicable regulations, including in particular the Commercial Company Code, the Banking Law, the Bank's Articles of Association and the General Meeting Bylaws. The wording of the Bank's Articles of Association and the Bylaws is available on the Bank's website. The powers of the General Meeting include in particular: examining and approving annual financial statements, adopting resolutions on distribution of profit or coverage of losses, discharging members of the Bank's governing bodies on the performance of their duties, amending the Articles of Association (in accordance with the general principles set forth in the Commercial Company Code), including increase or decrease of the share capital, issue of convertible bonds and bonds with pre-emptive rights and subscription warrants, creation and elimination of capital and funds and adopting resolutions on their use, electing and dismissing Supervisory Board members and setting their compensation, taking a decision on the Bank's dissolution, sale or merger, selecting liquidators, all decisions concerning claims to redress damage inflicted when establishing the Bank or exercising management or supervision as well as retiring shares and defining detailed terms of such retirement.

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Changes in the shareholding structure of Bank Millennium

As at 31 December 2012, Bank Millennium had two major shareholders with over 5% of the votes at the General Meeting. Millennium bcp, the largest private bank in Portugal, as the strategic investor, holds 65.5% of all Bank Millennium shares, while ING OFE, Poland's largest pension fund, increased its holding of the Bank's shares during 2012 from 5.1% to 9.3%. The remaining shares, i.e. 25.2% of the share capital are vastly dispersed among Polish and foreign shareholders, both institutional and individual.

Shareholding structure (%)



3.2 Supervisory Board

The Supervisory Board exercises permanent supervision over the Bank's activity. The Supervisory Board acts on the basis of legal provisions, the Bank's Articles of Association, resolutions adopted by the General Meeting of Shareholders as well as the Bylaws available on the Bank's website. The Supervisory Board's powers include in particular: appointing and dismissing the Bank's Management Board members (with a simple majority of votes) and setting the terms of their compensation. The Supervisory Board's term of office is 3 years.

The Bank's Supervisory Board is composed at least of 5 members elected by the General Meeting, where at least half of them, including the Chairman, are Polish citizens. The Supervisory Board Chairman is not an executive officer. The Supervisory Board has 11 members (including 9 men, 1 woman and 1 vacancy). Five of the Supervisory Board members are not related to any shareholder holding at least 5% of the Bank's shares.

According to the Bank's Articles of Association, the Supervisory Board may establish standing or ad hoc committees to perform specific activities. The Supervisory Board's standing committees are the Audit Committee and the Personnel Committee.

3.3 Management Board

The Management Board is the Bank's executive authority and it manages all of the Bank's operations. The Management Board operates on the basis of the Commercial Company Code and other legal regulations, the Bank's Articles of Association, resolutions adopted by the General Meeting of Shareholders and the Supervisory Board as well as the provisions of the Management Board's Bylaws adopted by the Supervisory Board and available on the Bank's website. The Management Board's powers cover all matters not restricted for other bodies of the Bank.

The Management Board is composed of at least 3 members, where at least half of them are Polish citizens. The Management Board is appointed by the Supervisory Board. The Management Board's term of office is 3 years. The Supervisory Board may dismiss a member of the Bank's Management Board Member at any time. The Management Board of Bank Millennium has 8 members.

3.4 Committees appointed by the Management Board

The Bank's Management Board may form committees to perform specific tasks. The following committees operate in the Bank Millennium Group:

Commercial Committee. Responsible for coordinating sales and marketing activities and in particular for tracking the achieved sales results against the budget, developing the product offering by making decisions on launching new products and enhancing existing products and services and on setting their pricing levels. The Commercial Committee consists of 14 executive members (Retail client area) and 15 executive members (Corporate client area);

Capital, Asset and Liability Committee (11 executive members). Responsible for determining the Bank's asset and liability management policy, analysing the balance sheet structure, assessing the competitive position on the banking market and the Bank's economic and financial condition, defining the assumptions forming the basis for setting risk limits and the prices of banking products;

Credit Committee (12 executive members). Makes credit decisions on the basis of the Bank's internal regulations, approves pre-approval limits and the Bank's exposure limits to banks. The Credit Committee is entitled to recommend proposals to amend credit policy to the Risk Committee;

Process and Operational Risk Committee (18 executive members). Defines the directions of activity on issues related to the quality and effectiveness of the processes performed by the Bank as well as to optimise operational risk;

Liabilities At Risk Committee (8 executive members). Responsible for issuing opinions and making decisions concerning the Bank's restructuring – bad debt collection portfolio and monitoring their execution;

Investment and Cost Committee (6 executive members). Responsible for optimising the execution of the Bank Group's investment and cost plans;

Information Technology Steering Committee (10 executive members). Responsible for ensuring the cohesiveness of IT strategy, in particular between the development of IT systems and solutions and the Bank's adopted strategy and its business objectives;

Personnel Committee (8 executive members and 1 non-executive member). Responsible for the personnel policy of the Bank Millennium Group;

Risk Committee (10 executive members). Responsible for controlling risk in the Bank Millennium Group;

Validation Committee (6 executive members and 1 non-executive member). Responsible for confirming the results of validating risk models and continuing the implementation of the measures prescribed by the Validation Section (in the Risk Department).

3.5 Procedures to prevent conflict of interest in the Bank's governing bodies

Bank Millennium has defined procedures to prevent conflicts of interest in the Bank's governing bodies:

1. Supervisory Board Members submit:

- a statement on fulfilling / not fulfilling the criteria required of an independent Supervisory Board member within the meaning of paragraph 12 section 3 of the Bank's Articles of Association (document available on the Bank's website) and
- information on their participation in entities outside the Millennium BCP Capital Group and the Bank Millennium S.A. Capital Group, including their membership in the statutory bodies of an entity (e.g. management board member, supervisory board member, etc.) and holding the majority of votes as a shareholder.

2. The Bank's Management Board Members submit statements to the Chairman of the Bank's Management Board and to the Bank's Supervisory Board Chairman on the absence of any and all legal and statutory counter-indications for a given person to act in the capacity of a Management Board member.

At the same time, the powers of the Supervisory Board's Personnel Committee include among others assessing candidates to become members of the Bank's Management Board. Moreover, in the Bank other binding documents regulate the issue of a conflict of interests, i.e. "Compliance Policy – Principles and Guidelines" (see: page 71) and the "Regulations for Lending to Persons Affiliated with the Bank".

3.6 Compensation and assessment of the Bank's governing bodies

In performing the binding resolution adopted by the General Meeting on how the compensation of Supervisory Board members is set, the Supervisory Board's Personnel Committee has defined the amount of compensation for participating in the work of the Supervisory Board as a percentage of the average monthly salary in the corporate sector (base rate). Compensation is paid for each Supervisory Board meeting at the end of the month.

Members of the Supervisory Board's standing committees (Audit Committee and Personnel Committee) receive compensation in the month in which the committee meets. This compensation is also defined as a percentage of the average monthly salary in the corporate sector. Furthermore, the Supervisory Board Chairman on account of individually supervising the legal aspects of the Bank's operation, the Supervisory Board Secretary on account of individually supervising the performance of the Supervisory Board's resolutions and recommendations and the Audit Committee Chairman on account of individually supervising the internal audit area are entitled to receive certain monthly amounts linked to the base rate.

Determining the terms and conditions of the contracts and compensation of Management Board members is one of the Supervisory Board's powers. The Supervisory Board's Personnel Committee examines affairs concerning the principles for compensating, and the amount of compensation of, Management Board members. The total compensation of Management Board members consists of a fixed component and a variable component. The fixed component is the base compensation stated as a specific amount for each Management Board member. The variable part may comprise an annual bonus, which depends on the Bank's performance compared to the yearly budget and to the performance of peer banks and an individual evaluation of a Member of the Management Board by the Personnel Committee.

The compensation paid to Supervisory Board and Management Board members is published in the Corporate Governance Report placed on the Bank's website.

3.7 Processes for evaluating the highest governance body's own performance

The Bank's General Meeting of Shareholders makes an overall assessment of the Supervisory Board's activity on an annual basis. Pursuant to § 8 section 1 sub-section 3 of the Bank's Articles of Association, it discharges members of the Bank's corporate bodies on the performance of their duties. The basis for assessing the Supervisory Board is the report submitted by the Supervisory Board on its activity in the previous year, which is subsequently examined by the shareholders. This report contains all the opinions, which the Supervisory Board finds to be material, regarding the main areas of the Bank's operations. Shareholders express their will through secret balloting, individually discharging each one of the Supervisory Board members on the performance of duties in the previous year.

3.8 Process of selecting the Bank's governing bodies

Supervisory Board members are elected by the General Meeting of Shareholders. The Supervisory Board elects a Chairman, Deputy Chairmen and a Secretary from among its membership and its term of office lasts three years. The Supervisory Board defines the number of the Bank's Management Board members, appoints and dismisses the Chairman, Deputy Chairmen and the Bank's Management Board members and sets their compensation. One of the standing committees formed by the Supervisory Board is the Personnel Committee, which in particular assesses candidates to become members of the Bank's Management Board, sets the terms of employing newly-appointed members of the Bank's Management Board, negotiates amendments to the terms of employment of members of the Bank's Management Board and determines the conditions for the cessation of their employment.

A description of the qualifications and experience of every one of the Supervisory Board and Management Board members is published on the Bank's website.

3.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance

At its meetings the Bank's Supervisory Board examines reports regarding the key areas of the Bank's operations presented by the Bank's Management Board. These reports primarily pertain to the performance of the business plan, analysis of the Bank's market and competitive position, the most important external risks, conclusions stemming from internal audits and the implementation of the Bank's policies. The Supervisory Board's ongoing decisions are recorded in minutes of its meetings. The Supervisory Board's overall assessment is set forth in the "Activity Report of Bank Millennium's Supervisory Board", which is published on an annual basis. This report is publicly available on the Bank's website and contains the following:

1. Summary of the activity of the Supervisory Board and its committees: the Audit Committee and the Personnel Committee;
2. Report on the assessment of the Management Board's reports on the activity of Bank Millennium and the Bank Millennium Capital Group and the financial statements of Bank Millennium and the Bank Millennium Capital Group for a given financial year, as well as of the Management Board's motion concerning the distribution of profit for a given financial year;
3. Concise assessment of Bank Millennium's standing in a given year giving consideration to its internal control system and risk management system in accordance with the requirements of the "Best Practices of Companies Listed on WSE".

Detailed information on Bank Millennium's governing bodies and internal structure are available on the www.bankmillennium.pl website in the section "About the Bank" – "Corporate Bodies and Governance".



V. Key Stakeholders

I. Identification of Stakeholder groups

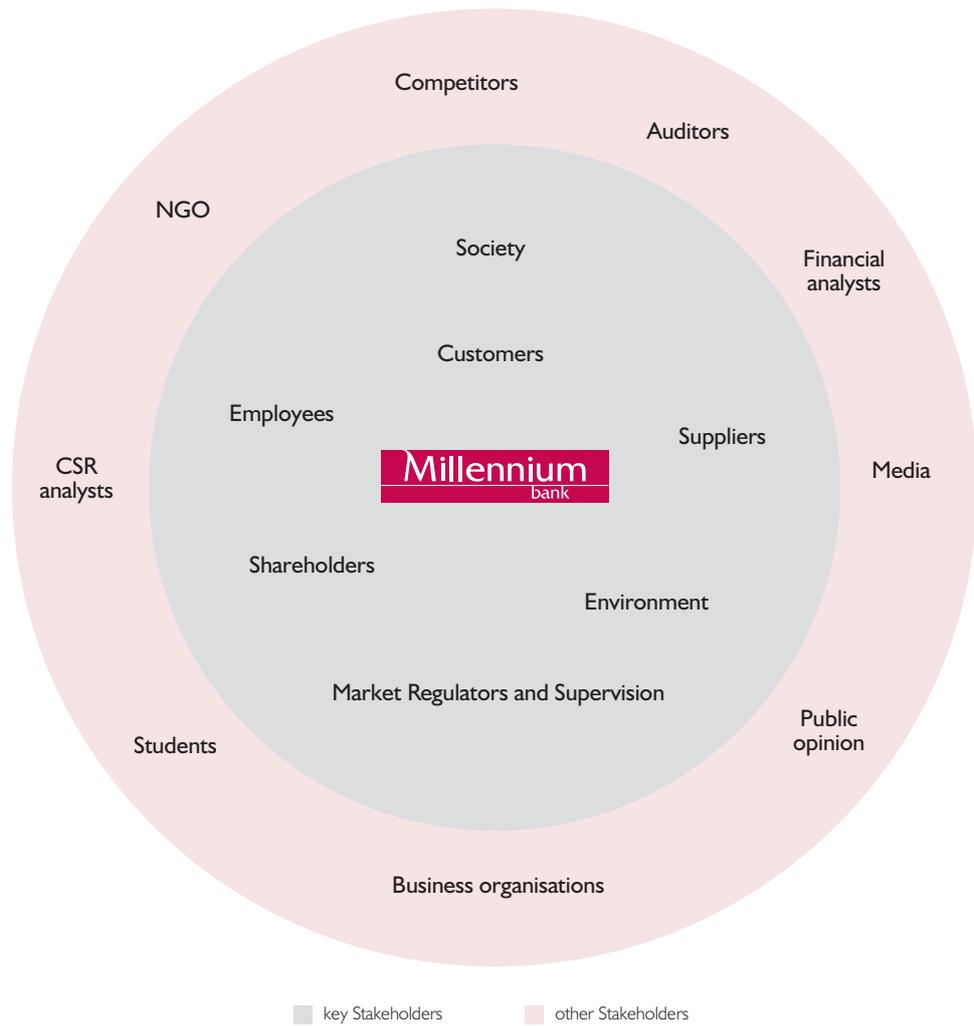
Stakeholder groups have been selected after an analysis of the Bank Millennium Group's operating activity. In a mapping process, the level of stakeholders' influence on the company and the level of the company's influence on stakeholders was identified.

Mapping of Stakeholders



This way, the key stakeholders of the Bank Millennium Group were selected. They include **clients, employees, investors, business partners, social environment, regulators and market supervision and the natural environment.**

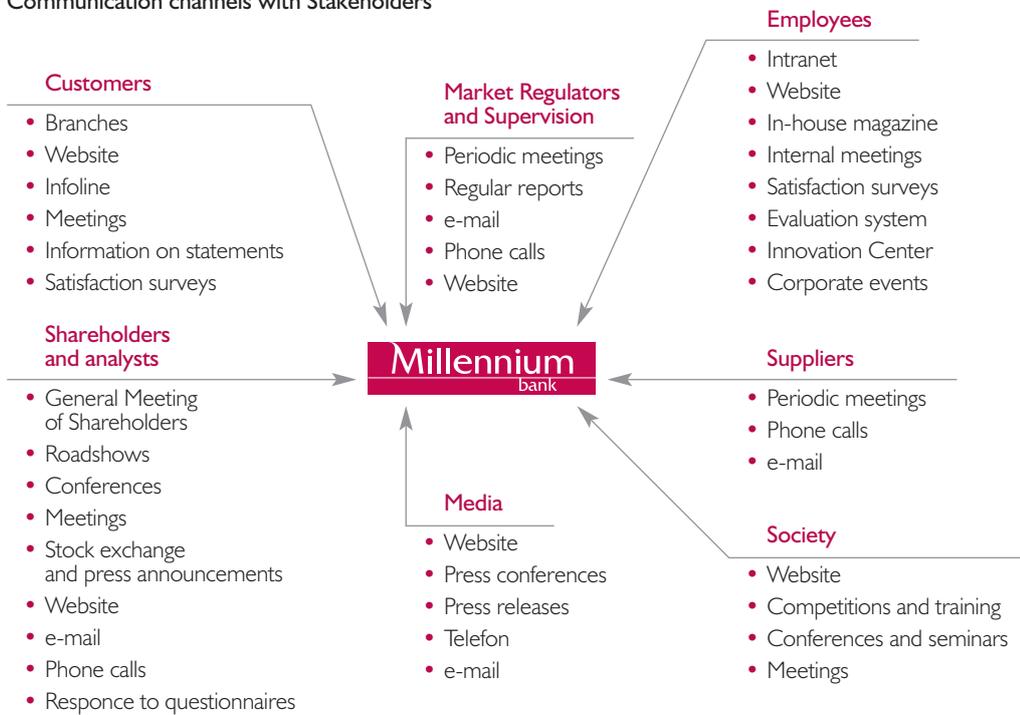
Stakeholders of Bank Millennium Group



2. Dialogue with Stakeholders

The company conducts a documented regular dialogue with key Stakeholder groups which serves as a way to learn about mutual expectations.

Communication channels with Stakeholders



3. Key issues stemming from dialogue with Stakeholders

Stakeholder	Communication channels	Frequency of dialogue	Topics raised	Bank's actions	Details (report page)
Investors and Analysts	General Meeting of Shareholders	Once a year	Transparent activity, quick and easy access to information about the Bank	Observance of external standards for listed companies, Compliance Policy, ensuring transparency and security of operations, quick exchange of information through multiple communication channels with shareholders	47-48
	Roadshows and conferences	Several times a year			
	Meetings	Several hundred times a year			
	Stock exchange communiqués and press releases	Ongoing			
	Contact through Internet, e-mail, phone	Ongoing			
Clients	Branches Internet Hotline Complaints	Ongoing	High quality of products and services offered, fair consumer practices, safety of deposited funds, ease of communication with the Bank	Offering competitively priced products and high quality services consistent with the diagnosed client needs; use of procedures that ensure fair and safe management of client funds; ensuring numerous channels of contact with the Bank	33-46, 84
	Product and service satisfaction surveys and customer service quality surveys	Monthly/quarterly/yearly and ad hoc			
	Meetings with clients	More than ten times a year			
Employees	Intranet, internal social networking site (sales power) and other internal publications	Ongoing	Stability of employment and professional development opportunities, fair salary and rewards, responding to requests submitted by employees	Introduction of a formally approved human resource policy with measurable goals that are monitored regularly; research of employee needs, motivation and satisfaction; ensuring numerous channels of mutual contact	50-63
	Corporate meeting with the participation of the Management Board	Once a year			
	Innovation Centre	Several times a year			
	Employee evaluation system	Once a quarter			
	Satisfaction and motivation surveys	Once a year			

Stakeholder	Communication channels	Frequency of dialogue	Topics raised	Bank's actions	Details (report page)
Vendors	Periodic meetings	Several hundred times a year	Fair rules for selecting and co-operating with vendors	Use of objective procedures for selecting vendors; timely performance of agreements	49
	Telephone, e-mail	Ongoing			
Social environment	Offers of co-operation	Several hundred times a year	Supporting social projects	Merit-based and financial support for social projects, with special emphasis on co-operation with NGOs Encouraging employees to take part in social campaigns	64-65 68-69
	Contests and training for students	Several dozens a year			
	Conferences with representatives of the social side and NGOs	Several dozens a year			
Environment	Environmental rankings	Several dozens a year	Reducing the negative impact on the environment, environmental education of clients and employees	Monitoring and lowering impact on the environment, environmental education programs	79-84
	Environmental reports for state administration authorities	More than ten a year			



VI. Activities focused on Stakeholders

Certain activities are focused on each one of the key Stakeholder groups enabling the company to align its operations to the needs of the environment in which it operates.

Customers

The Bank's activities addressed to customers are focused on two main areas: ensuring effective communication and offering products and services to satisfy their needs and that are socially responsible.

I. Communication with customers

I.1 Project to enhance customers satisfaction level

In 2012 Bank Millennium continued to pursue the strategy it adopted one year ago to focus on customer needs. The Bank's quality enhancement project established and implemented one year ago has been transformed into a set of permanent and regular measures to ensure that customers have a positive experience in their co-operation with Bank Millennium. Within the framework of these measures the major emphasis has been placed on enhancing the quality of relations and sales in three principal areas in which customers interact with the Bank: the branch network, the call centre and web banking. Among completed projects one may enumerate regular research on the level of implementation of service standards, customer satisfaction and opinion polls and regular knowledge tests among employees responsible for customer contacts.

The projects performed by the Bank have borne fruit not just in the form of improved internal quality ratios but have also won third party recognition. In 2012 Bank Millennium improved its position in the independent ranking investigating the quality of service called "Newsweek's Friendly Bank" taking first place in the Internet Bank category (up from third place) and second place in the Bank for Mr. Jones category (up from third place).

I.2 Customers satisfaction and service quality surveys

The research conducted on customer expectations, opinions and satisfaction is primarily used to identify areas requiring improvement in the most important points of contact between customers and the Bank Millennium brand.

I.2.1 Customers satisfaction survey

One of the main research projects conducted in 2012 was the Bank's customer satisfaction survey. Just as every year, this survey included customers from all business lines using all banking channels ranging from direct in-branch service to remote channels like the web and telephone interfaces.

The high level performance maintained indicates that the Bank meets the high standards its customers expect. This fact is also confirmed by growing referral rates.

Customer satisfaction surveys			
Customers satisfied or very satisfied	2012	2011	2010
with their co-operation with the Bank	89%	89%	84%
with the product offering	83%	83%	78%
with service quality	91%	90%	88%
Referral rate*	61%	55%	55%

* customers who would recommend the Bank to friends or family

1.2.2 Customer service survey

In 2012, a very intensive "Mystery Shopping" survey program was performed. Each month, at the Bank's request, specially trained auditors from an external research company evaluated the quality of service level in all Bank Millennium branches. More than 4,800 such visits were made throughout the year.

In 2012, the study of other critical areas of direct customer service continued: Customer Care Call Centre and Internet Banking employees responsible for electronic communication with customers. Every month independent auditors checked the level of service in these channels by evaluating their accessibility, employee courtesy and commitment to solving customer issues, their knowledge and communication skills. The service quality surveys conducted allowed us to ascertain considerable growth in the level of service quality compared to the previous year, both in Bank branches and remote channels. In 2012, the high quality of services provided by Bank Millennium was again reflected in independent quality rankings (see: page 45-46).

Quality and satisfaction survey			
	2012	2011	2010
Surveys conducted	16	18	35
Number of customers surveyed	130,201	256,609	225,629
Number and percentage of responses	28,355 (22%)	71,829 (28%)	76,837 (34%)

1.3 Complaint management

Bank Millennium's complaint process is formalised enabling customers to submit complaints in a number of ways: directly in a Bank branch, by mail, by phone or through the Millenet web banking system. Information on the possibilities and ways of submitting grievances is available on the Bank's website and in the rules and regulations for rendering banking services. Internal reviews regarding the submitted complaints are conducted on a monthly basis and their findings are used to streamline banking processes.

In 2012 Bank Millennium continued the efforts it undertook in previous years to improve the process of examining customer grievances and complaints.

The development of the IT system to handle customer grievances and the measures implemented in the work organisation process of the unit responsible for examining complaints have contributed to shortening the time to examine complaints and to improve customer service quality.

The next stage in streamlining this process entailed measures to eliminate the causes of customer complaints. As a result of analysing complaints and the work undertaken through co-operation with many of the Bank's units, the processes directly affecting the causes of complaints have been optimised.

Managing complaints*

	Total		Clients		External institutions		Market regulators	
	2012	2011	2012	2011	2012	2011	2012	2011
Number of complaints submitted	48,177	44,890	48,046	No data	83	No data	48	No data
Number and percentage of complaints handled in favour of customers	25,708 (53%)	33,249 (74%)	25,669 (53%)		21 (25%)		18 (38%)	
Number and percentage of complaints submitted concerning privacy breaches or loss of customer data	277 (0,06%)	344 (0,08%)	276 (0,06%)		0		1 (2%)	
Number and percentage of overdue complaints **	4,647 (10%)		4,625 (10%)		8 (10%)		14 (29%)	

* the data presentation methodology has changed in comparison with 2011 as ratios are reported in compliance with GRI 3.1 guidelines at application level B

** not handled by the deadline anticipated by the rules and regulations (the protracted time for examining complaints is precipitated by the necessity of contacting external institutions)

Complaints by main categories

	Total		Product-related complaints		Service-related complaints		Electronic Banking Channel-related complaints	
	2012	2011	2012	2011	2012	2011	2012	2011
Number of complaints submitted	48,177	44,890	44,835	No data	2,760	No data	582	No data
Number and percentage of complaints handled in favour of customers	25,708 (53%)	33,249 (74%)	24,026 (53%)		1,437 (52%)		246 (42%)	

Period of examining complaints

	2012	2011
Up to 3 days	9,837 (22%)	5,311 (12%)
4 to 7 days	14,931 (33%)	6,495 (15%)
Over 7 days	19,901 (45%)	31,842 (73%)
Average length of examining complaints (number of days)	14	14,5

1.4 Reliable marketing communication

All advertising and marketing messages are friendly and matched to the average recipient's knowledge and perception and comply with the applicable laws and regulations. In marketing communication, Bank Millennium applies the principle of fair competition and respects the interest of its current and future customers and market competitors. The advertising message is also fully compliant with the **Canon of Best Financial Market Practices** and the guidelines laid down by the **Polish Financial Supervision Authority**. The Bank has also adopted its internal regulations in this respect.

Bank Millennium employees, when making advertising decisions, are formally obligated to observe the provisions of the **Code of Ethics in Advertising** defined by the Advertising Council.

In accordance with the principles of advertising banking services, which were prepared by the Polish Financial Supervision Authority Bank Millennium's advertisements are not misleading and portray the important features of products and services and the related benefits and costs. They also depict their legal nature and provide information about the level of risk carried by customers. If the communication pertains to a promotional offer, the advertisement always clearly states its time limit. Bank Millennium monitors all the recommendations of the Polish Financial Supervision Authority relating to marketing communication and adjusts on an ongoing basis to meet any new regulations. In 2012, there were no cases of non-compliance with regulations relating to marketing communications.

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1.5 Multiple channels of contact with the Bank

Clients may contact the Bank through a number of channels: a chain of 447 branches across the country, a call centre, the Internet and mobile banking.

1.5.1 TeleMillennium

TeleMillennium which is a telephone channel of contact with the Bank makes it possible not just to submit instructions and orders relating to handling Bank products but also to provide assistance in clarifying doubts, obtaining information about our offering and intervening in an emergency. This is also a channel of contact for prospective customers who can give instructions to open a checking and savings account or a credit card.

Customer expectations and service elements requiring improvement are diagnosed on a continuous basis, through internal questionnaires regarding the quality of TeleMillennium calls and through comments collected in the monitoring process. The actions taken in 2012 to align the Bank's telephone channel of contact to customer expectations consisted primarily of the following:

increasing the availability of TeleMillennium – by reducing the waiting time to reach a consultant and by introducing the possibility of communicating in English;

improving customer service quality – consultants are now trained to be ready to handle calls in a professional, substantive manner, based on understanding customer needs;

introducing innovative forms of, and tools for, remote contact with customers – in 2012, a new IVR automated service system was made available to our customers. In a user-friendly way, the new system helps customers find the necessary options to handle their products on their own or, alternatively, supports call transfer directly to a consultant. If the waiting time is too long, the customer may request a call back.

The relevance of these actions was confirmed in the "Newsweek's Friendly Bank" ranking in which Bank Millennium took first place in the "Friendly Bank – Online Banking" category. High scores awarded for the service quality offered by TeleMillennium contributed to the top place in the ranking.

TeleMillennium	2012	2011	Change 2012/2011
Number of calls to TeleMillennium	2,625,465	2,348,823	12%
Calls to a consultant	1,418,042	1,137,767	25%
Automatic traffic	1,207,423	1,159,836	4%

1.5.2 Telemarketing

Telemarketing is a contact channel that plays a key role in informing customers about new product and service offerings. In 2012, in order to increase customer satisfaction levels, the Bank started the process of implementing call schemes tailored to the expectations of call recipients. As a result, calls have become more customised and their effectiveness has increased.

Telemarketing	2012	2011	Change 2012/2011
Number of customer contacts	1,133,518	863,525	31%
Declaration of interest in the Bank's offer	205,482	176,534	16%

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1.5.3 Millenet, MilleSMS and mobile banking

Millenet Internet Banking System

Using the Internet banking channel, Millenet customers may use the following options to contact the Bank:

sending a message – option available after logging into Millenet. This channel is used to send questions on banking products and services, complaints and suggestions about the operation of the system's individual features. The suggestions are thoroughly analysed by the Bank and taken into account when planning more changes and improvements in the transaction system;

contact form on the Bank's website – option available without logging in. Queries concerning products and services and offers of co-operation are sent through this channel, primarily earmarked for contact with prospective customers. The response time for mails received is very short: customers usually receive a response in a single business day;

online chat on the Bank's website – this is an assistance option for prospective customers in choosing the right account; it is used to present the account opening process.

Mobile banking and MilleSMS

The mobile banking application launched in 2011 offers customers the ability to control their finances 24 hours a day, 7 days a week. Mobile banking services are being steadily developed, new features are being added (such as e.g. a branch and ATM search engine, the opportunity to report lost or stolen cards, view upcoming payments, exchange rates, etc.) so that customers may fully utilize this channel of communication.

Customers may also use the MilleSMS messaging service offering ongoing notifications of operations on their accounts, cards, loans, etc.

Internet and mobile banking clients	2012	2011
Clients using Millenet	1,433,726 (54%)	1,238,385 (51%)
Clients using MilleSMS	198,580 (32%)	171,673 (33%)
Clients using online statements	670,693 (67%)	458,396 (55%)
Clients using mobile banking	51,395 (8%)	28,278 (5%)
Inquiries in Millenet about system features	19,378	23,353
Inquiries in Millenet about products and services	22,856	24,372
Inquiries through a contact form	4,958	5,584

1.6 Availability of services

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With a network of 447 outlets, the Bank's footprint covers all of Poland's largest cities. In addition to the branch network, the Bank also offers its services through the Millenet web banking system, the telephone banking channel and a chain of 566 proprietary ATMs. Through these alternative distribution channels, services are offered 24 hours a day, 7 days a week and access to the Bank's products and services is virtually unlimited. **The Bank also guarantees access to its products and services to disabled persons by providing:**

- **branch access** – any branches with difficult access (e.g. stairs) are equipped with folding ramps for disabled persons or ringers to call an employee to assist disabled persons;
- **ATMs** with facilities for people with impaired vision or movement (including people on wheelchairs). Disabled people with movement impairments can use the number keypad instead of function buttons next to the screen, which means that they do not have to reach too high on the screen. People with vision impairments on the other hand may use a special contrast screen mode and voice messages after headphones are connected to the ATM;
- **large text feature** – the Millenet application, which is an electronic access point to a bank account, contains an A+ button, which can enlarge text allowing vision-impaired persons to use the application;
- **service by phone** – customers using the Bank's hotline can use the voice command feature during the call instead of using the phone's keypad;
- **facilities in signing agreements** – blind or visually impaired persons or people who cannot read can still sign an agreement with the Bank in the presence of two branch employees or a witness trusted by the customer. In such cases, a branch employee can also read the agreement aloud and/or in the case of customers who cannot write, they can sign using a fingerprint.
- **service standards applicable to disabled persons** – every branch employee must become familiar with the detailed guidelines on how to serve disabled customers, which are included in the "Book of Customer Service Standards at Bank Millennium Outlets."

Availability of services	2012	2011
Branches accessible to disabled persons		
Number of branches	447	447
Number of branches accessible to disabled persons *	390	447
% of branches accessible to disabled persons *	87%	100%
ATMs		
Number of ATMs	566	571
Number of ATMs accessible to disabled persons	505	509
% of ATMs accessible to disabled persons	89%	89%

* change of calculation methodology: in 2011 – calculations made on the basis of declarations received from branch employees; in 2012 – calculations made on the basis of branch infrastructure review.

2. Socially responsible products and services

2.1 Individual clients

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WWF Millennium MasterCard credit card

The WWF Millennium MasterCard offered by Bank Millennium is the market's first affinity credit card supporting environmental protection. The card beneficiary is WWF Polska, the largest international environmental foundation. Each holder of the WWF Millennium MasterCard credit card may become actively involved in environmental protection through daily card payments.

Bank Millennium transfers one-half of the annual fee for the first year of using the card and a specified percentage of each electronic transaction conducted in any store or service outlet to the Foundation's account. Additionally, the card is made using an environmentally-friendly, recyclable PETG polyester.

"Dobre Konto" personal account

The steadily growing prices of food, fuel and other products constitute a real problem with which most Polish households are grappling. Bank Millennium offers customers holding a "Dobre Konto" personal account not just attractive fees and commissions but also money back for a portion of their shopping expenditures.

By paying with the card attached to this account in supermarkets, grocery stores and petrol stations customers may receive back 3% of their spending for a total of up to 50 PLN a month. In turn, by paying with the Internet Account card for purchases in all sales and service points the amount of money back is 1% of total spending up to 760 PLN a year.

Personal account overdraft

As a supplement to personal accounts the Bank offers customers the possibility of using an interest free overdraft facility provided that it is used for up to 7 days a month. Customers may in this way finance their current and unexpected expenditures interest-free. This possibility greatly augments their feeling of comfort and financial security, especially in households that encounter difficulty in making ends meet at the end of each month.

Cash loan

As a result of customer research concerning cash loan expectations, this product was modified to take into account customer expectations and needs associated with this form of financing. Since October 2012 every borrower receives a guarantee of the lowest interest rate from Bank Millennium. This guarantee means that if within 30 days from entering into an agreement a customer finds a less expensive offer for the same loan principal and tenor and produces a positive loan decision with the offer, the Bank will give the customer a refund for the difference in interest paid and will reduce the interest rate to the level given by another bank. This offer is a response to customer expectations associated with product pricing, especially in the face of economic crisis.

To expand product accessibility, the cash loan has been enriched with a number of special offers addressed to specific occupational groups. Thanks to these conveniences employees of selected industries may obtain a loan more easily and in a way that is more aligned to the specific nature of the occupation performed. Moreover, the rules concerning documentation requirements and the process of checking them have been simplified for all customers.

To reduce the financial burdens attached to having a loan product the loan amortization period has been extended by one year to 84 months. At present, this loan term is selected by approximately 30% of the customers applying for a cash loan and is on the rise.

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Financial Manager – household budget management tool

All account users with access to the Millenet web banking system have their own personal Financial Manager at their disposal. This new tool helps account holders manage their household budgets by adding individual figures and depicting them on graphs.

The Financial Manager is a Personal Finance Management (PFM) application. It automatically classifies, sorts, itemizes, analyses and visualizes historical (up to one year ago) and current transactions (banking operations, wire transfers and card transactions in the process of authorization and that have been cleared). It gives customers the opportunity to control their monthly income and expenses better.

Millennium MasterCard prepaid card – new form of allowance

The Millennium MasterCard prepaid card facilitates financial education for children from age 13 and teaches them how to spend money with reason.

This card may be re-loaded multiple times by family and friends. It may be used to execute transactions up to the amount of paid in funds. Each card user gains access to the web banking system in conjunction with the card. That way card users may track their spending on their own, with a breakdown into categories using the Financial Manager facility. Parents after logging into their account may also see how their children manage the entrusted funds.

Electronic bank statements

The default option for every new customer opening a current account in Bank Millennium is an electronic bank statement. As a result, paper consumption is falling despite growing customer numbers.

Value of socially responsible products and services (retail customers)

	2012		2011	
	Product value	Product as % of the portfolio of all the products in the group	Product value	Product as % of the portfolio of all the products in the group
WWF Card	1,368 cards	0.29%	1,702 cards	0.35%
Millennium MasterCard prepaid card	430 cards	100%	Not offered	Not offered
"Dobre Konto" personal account	355 thousand accounts	29%	183 thousand accounts	16%
Cash loan	PLN 1,959,286,398	54%	PLN 1,782,615,078	52%
	2012		2011	
	Number and percentage of users			
Financial Manager	503,456 (35%)			Not offered
On-line bank statements	670,693 (67%)		458,396 (55%)	

2.2 Prestige and private banking customers

Bank Millennium's offering includes green mutual funds:

New Energy Black Rock Fund

The fund invests in the equities of new energy technology companies. These companies have a significant focus on alternative energy or energy technology, including renewable energy sources, alternative fuel, production of electricity for the automotive industry, material technology, storage of energy and technologies supporting energy generation.

Investors climate Change Fund

Invests mainly in the business areas focused on reducing the environmental impact of climate changes and mitigating their effects (clean technologies, renewable and alternative energy sources, prevention and management of natural disasters, eco-friendly transportation of passengers and cargo).

HSBC Climate Change Fund

Invests in securities of companies operating in areas related to climate change, such as energy generation from alternative sources, saving water and energy, minimisation of waste and sewage volumes, production with a low carbon footprint and modernisation of industrial plants.

PZU Energy Medicine Environment Fund

The fund focuses on companies running their business in the power sector, the health care sector and in protecting the natural environment.

2.3 Mortgage banking clients

Preferred mortgage loans – Family on Its Own

The Bank expanded its offering to include preferred mortgage loans under the “Family on Its Own” governmental programme. These loans are aimed at satisfying the residential needs of the broadest possible group of clients. After the legal regulations were amended in August 2011, the Bank adjusted the mortgage loan offering to customer needs, by adding singles to the group of beneficiaries.

Facilitation on the lending process

Initial Credit Evaluation – provides customers with information about the availability of a loan for the requested amount without incurring a property valuation cost (a declaration of property value is sufficient).

SMS notification service – customers applying for a mortgage loan receive an SMS with information about loan approval 24 hours after the analyst makes the decision.

Value of socially responsible products (mortgage banking customers)

	2012		2011	
	Product value (PLN)	Product as % of the portfolio of all the products in the group	Product value (PLN)	Product as % of the portfolio of all the products in the group
Family on Its Own	1,888,371,247	6.94%	1,367,030,737	4.84%

2.4 Corporate clients

PoSEFF polish sustainable energy financing programme

The objective of this Programme managed by the European Bank for Reconstruction and Development (EBRD) is to support investments producing energy savings. PoSEFF offers small and medium-sized businesses access to funding and expertise needed to implement investment projects to increase a company’s energy efficiency or use renewable energy sources.

If an undertaking is eligible for the PoSEFF programme, i.e. at least 20% energy savings can be obtained, it may be funded through an Eko Energia leasing or loan and receive an investment bonus from EBRD’s funds equal to 10-15% of the funding. The business also receives professional advice from engineers and financial experts specialising in energy efficiency and renewable energy investment projects. In more complex projects, they also receive a free energy audit.

The PoSEFF programme imposes, on the financing Bank and on the beneficiaries, certain restrictions regarding the financing of socially harmful activity featured on the EBRD Environmental and Social Exclusion List. The limitations commit all borrowers not to use the loan funding received for projects associated with forced labour or for any form of discrimination in employment and production and trade in various substances recognised as dangerous and harmful to the environment. Moreover, borrowers are obliged to run their businesses in compliance with environmental protection regulations and other health and safety regulations and the principles of social co-existence.

Technological loan

The technological loan addresses the small and medium-size enterprise (SME) sector. The loan may be allocated to implement a technological investment consisting in the purchase of third party technology or implementation of new proprietary technology, which has been used globally for no longer than 5 years and then launching the production of new or significantly improved goods, processes or services. Marketing contemporary solutions improves the competitiveness of Polish companies, increases production efficiency, reduces material consumption and emissions of hazardous substances into the environment.

Co-operation with the European Fund for the development of polish villages

For many years now, Bank Millennium has been co-operating with the European Fund for the Development of Polish Villages in the provision of two preferred credit facilities:

1. Investments in township and village schools. These loans are addressed mainly to local governments at the township and county level. They can be used for the construction, reconstruction or renovation and furnishing of rural and township elementary schools, middle schools and high schools and vocational agricultural schools. The loans may also be used to fund expenditures for the construction, reconstruction or renovation of educational infrastructure, such as sports fields, gymnasiums, swimming pools and their surroundings and for the development of such facilities;
2. Investments to build, modernize and renovate public, township and county roads in rural areas. The loans can be used by local government units at the township and county level that execute projects involving the construction, reconstruction or renovation of public, township and county roads.

The Fund is a non-governmental organisation. Its goal is to develop technical and social infrastructure of rural areas and develop broadly defined non-agricultural small and medium entrepreneurship in rural areas. Within the framework of its activity, the Fund provides preferred loans (through banks) and extends grants and loan guarantees. All the funded projects must be located in rural areas, defined as forest, agricultural areas, open rural residential areas and small towns up to 20 thousand inhabitants.

Value of socially responsible products (corporate customers)

	2012		2011	
	Product value (in millions of PLN)	Number of projects	Product value (in millions of PLN)	Number of projects
PoISEFF	70.14	205	13.53	17
Technological loan	29.53	5	6	1
EFRWP loans	3.58	9	5.21	11

2.5 Microbusiness

Mortgage loan for business development

This loan is granted to finance the current needs of businesses and to refinance business loans granted by other banks. The product is an alternative to other forms of financing current operations of a business.

Convenience in access to products and services

Lending based on the history of co-operation with the Bank In these circumstances the customer's financial documents are not required, which does constitute a major convenience in the day to day running of a business.

Mobile applications Business customers are able to handle all the operations on company accounts through a mobile device.

No need to provide a company's registration documents in account opening processes when the Bank can unilaterally check these data using available databases.

Leasing offer available – the leasing offer may be used by companies without a credit history.

Products facilitating reduction in operating costs

"Biznes Start" Account – for customers starting a business. The Bank does not charge many fees and commissions so as not to burden a new business undertaking with additional costs.

"Biznes Profesja" Account – low fees for freelancers.

Current account overdraft – providing an overdraft facility without a preparatory fee and without charging interest for 7 days each month if the debt is repaid by the customer after that period.

Value of socially responsible products (Microbusiness)

	2012		2011	
	Product value	Product as % of the portfolio of all the products in the group	Product value	Product as % of the portfolio of all the products in the group
Mortgage Loan for Business Development	8,747 thous. PLN	100%	Not offered	Not offered
Current account overdraft	105,994 thous. PLN	100%	89,935 thous. PLN	100%
"Biznes Start" Account	33,016 accounts	31%	29,584 accounts	26%

3. Investment protection for clients – MiFID Directive

The Bank follows the requirements of the Markets in Financial Instruments Directive (MiFID Directive) whose purpose is to provide investment protection to clients and to enhance competitiveness between investment firms. Information on the implementation of this directive is publicly available on the Bank's website.

According to the requirements of the MiFID Directive, the Bank is obligated to convey information to clients aligned to their knowledge and experience in investing in financial instruments and products. The Bank is also obligated to act in the client's best interests and to provide the client with information containing a product description and a statement of the risks associated with various financial instruments and products.

All Bank customers executing transactions concerning financial instruments and products and using investment services or the services of a securities account are assigned to one of the following three client categories in accordance with MiFID principles: retail clients, professional clients or eligible counterparties. Professional clients are entitled to a narrower scope of duties than retail clients and in accordance with the MiFID Directive the Bank assumes that professional clients have an appropriate level of knowledge and experience enabling them to make a correct assessment of the risk associated with the investment decisions they make. Once a year the Bank reviews its categorization of professional clients and if needed it changes their categorization to retail clients.

Retail clients who are entitled to the greatest extent of duties from the Bank are subject to a suitability assessment to ascertain whether they have the knowledge and experience to assess properly the risk associated with a given financial instrument or product or the investment service provided to them.

Based on information provided by a client the Bank conducts a suitability assessment prior to commencing the provision of investment services and at any moment in response to a client's request. Moreover, once a year the Bank proposes updating the information required to conduct a suitability assessment of the client's financial instruments and products.

Bank Millennium has also introduced to the catalogue of MiFID covered products all the investment products and financial instruments offered to retail clients, also including ones available in the form of unit-linked insurance and structured investments even though the MiFID Directive and the legal acts implementing the Directive on the basis of Polish law do not impose such an obligation.

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4. Major products and services distinguished on account of their high quality

Best Internet Bank according to the Global Finance Magazine

In July Bank Millennium took first place again in the category "Best Internet Bank for Retail Customers in Poland" and the "Bank Offering the Best Internet Service of Term Deposits, Loans and Investments in Central and Eastern Europe". These awards were conferred by the Global Finance independent financial magazine.

Medal-winning Bank – Best Quality of Service

Bank Millennium is one of the Wprost weekly's "Medal-winning Banks" – the highest scoring institutions in the Quality of Service Program. The best banks were chosen on the basis of data concerning the changes they implemented over the last three years. The bank's offer, organisation and time of service were assessed.

Bank Millennium is one of five banks that received above average scores from customers and belongs to the group of institutions whose offer improved the most in the last few years.

Millennium – “Newsweek’s 2012 Friendly Bank”

Bank Millennium was recognized as the best and friendliest internet bank in Poland in the Newsweek magazine's ranking “Friendly Bank – Internet Banking”. The Bank advanced from third place in last year's ranking to first place this year since it received the top scores in most of the categories under evaluation: channels of communication, operational channels, quality of service, customer acquisition and retention. In the overall ranking “Friendly Bank – Retail Customer” assessing the level of services for retail customers Bank Millennium took second place (it was third in the previous year).

The “Newsweek’s Friendly Bank” ranking is recognized as being the most prestigious one in Poland. It is conducted on the basis of the results of mystery client research in which specialised auditors from an independent research firm play the role of genuine customers.

Forbes Ranking – Best Offer for Corporates

Bank Millennium took second place with four stars (tying with PKO BP) in the Forbes magazine ranking in which banks' best offers for companies were evaluated. The costs of baskets of services for two typical clients from the small and medium enterprise segment and an offer of term deposits and loans for them were evaluated. The variety of the offer and the quality of the services provided were additional categories. The evaluation was made on the basis of an analysis of the data in questionnaires filled out by banks. The offers of the 29 largest banks were assessed.

Biznes Trade Account and Leasing Eko Energia Distinguished in “Market Pearls”

The Biznes Trade account and Eko Energia Leasing won distinctions in the categories “Best Banking Offering” and “Best Leasing Offer” in the sixth annual contest “FMCG 2012 Market Pearls”. Store owners and employees voted in the contest for the products entered by producers and distributors by selecting the ones that proved to be the best and helped generate profits.

Biznes Profesja Named the Best Account for Free Lancers

Bank Millennium's Biznes Profesja account took first place in the ranking of accounts for free lancers – in October 2012 conducted by the Bankier.pl portal. When preparing the ranking the profile taken into consideration was of a person starting up a business for whom internet service and electronic transactions are the most important. The monthly account balance is 10 thousand zloty and a predefined number of banking operations is performed in a month.

Eko Energia Leasing Product Distinguished

The Eko Energia Leasing product offering the possibility of obtaining a 10% investment premium on the financing value of modern plant and equipment was once again recognized by the market and distinguished in the contest for the best product at the Infrastructure 2012 Trade Fair in the “Construction Machinery and Equipment” category. This product's innovativeness, attractive investment premium and ease of receipt were recognized once again.

Investors

The Bank in communication with the investor community is very keen on observing transparency and equal access to information for all its recipients. Guided by the above principles the Bank as a public company satisfies all the corporate governance principles described in the document “Best Practices for WSE Listed Companies” prepared by the Warsaw Stock Exchange. This is accompanied by current information activity, which follows not only from statutory reporting duties, but also from the willingness to build a fair and transparent platform for communicating information to shareholders. The Investor Relations Department is responsible for fair and true communication of the strategy, business and financial performance of the entire Bank Millennium Capital Group.

1. Communication channels with investors

The Bank uses various communication channels in order to reach present and prospective Shareholders, mainly such as:

- **regular conferences** with the participation of the Bank’s Management Board on the quarterly performance of the Bank’s Capital Group – published through webcasts (video transmission) and phonecasts; a record of every conference is available on the Bank’s website for at least one quarter after a conference (four during 2012),
- **video chat** – addressed mainly to individual investors (1),
- **participation in conferences and roadshows** organised for investors in Poland and abroad (6),
- **individual and group meetings** with capital market participants (123),
- **current stock exchange communiqués and press releases**,
- **dedicated website** in the Bank’s portal on investor relations,
- Encouraging people to participate in the annual **General Meeting** (a webcast is also available on the web),
- **ongoing contacts** with market participants (by e-mail or telephone).

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2. External analyses

Another important channel of information for the investor community consists of analyses of the Bank prepared by specialised teams in brokerage houses. In 2012, 17 brokerage houses prepared their reports regarding the Bank.

Moreover, the Bank continued co-operation with rating agencies, which present their opinions for the needs of entities investing in equities and debt instruments issued by the Bank. The Bank has signed co-operation agreements with two rating agencies, Fitch Ratings and Moody’s Investor Services, and is additionally assessed by Standard & Poor’s and Capital Intelligence on the basis of publicly available data. The current ratings awarded to Bank Millennium as at the end of 2012 are as follows:

Fitch	
Company (IDR)	BBB-
Long-term rating in the national scale	A-(pol)
Short-term	F3
Individual (viability)	C/D (bbb-)
Support rating	3
Rating outlook	stable outlook
Moody's Investor Service Ltd	
Long-term Deposit Rating	Ba2 (negative outlook)
Short-term Deposit Rating	NP
Financial Strength Rating	E+ (stable outlook)

3. Responsible investing

Bank Millennium in the Respect Index

2012 was Bank Millennium's fourth consecutive year as a member of the RESPECT Index – Central and Eastern Europe's first index of socially responsible companies.

The RESPECT Index includes Polish companies from WSE's Main Market operating in accordance with the highest standards of corporate governance, information governance and investor relations and it also takes into account the fulfilment of CSR goals.

Promotion of the principles of responsible investing

The Bank engages in activities to promote the principles of responsible investing in Poland. One example of such activities is participation in the **Responsible Investing Working Group** organised within the framework of the Corporate Social Responsibility Group established by the Prime Minister in 2009. Working Group Members include financial market representatives, companies, regulators, state administration, industry organisations and independent experts. One of the effects of the Group's work in 2012 was the development of responsible investing guidelines for investors.

Dialogue with investors

	2012	2011
Number of organised meetings	123	163
Number of meeting participants	301	311

Business partners

In its business activity the Bank co-operates with many entities as the buyer of products and services from various market segments. The Bank's internal regulations formalise the procurement process, including the selection of vendors who are selected in tenders.

In the regulation pertaining to the procurement process, the Bank introduced a provision on the use of ethical and/or environmental clauses in agreements, where applicable.

The criteria for selecting vendors in tender procedures include a good value for money in services or products and the terms of delivery and payment. The bidder's substantive capabilities and financial reliability are also taken into account. Geographical location of the vendor is not one of the selection criteria. In justified cases, the Bank also includes environmental and social factors among the aspects affecting its choice of vendors.

The Central Procurement Department is the Bank's organisational unit specialised in conducting tender procedures and responsible for overseeing the procurement process. Procurement regulations define the organisation of the procurement process, decision-making levels and roles of various participants in the process. To ensure the objectivity of decisions made and equal treatment of the entities participating in the tenders, the evaluation of substantive and commercial bids is done by functionally independent organisational units at the Bank. The outcome of tenders is decided by the Investment and Cost Committee or by the Bank's Management Board, depending on its value.

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Products and services purchased

	2012	2011
Amount paid to vendors	630,067 thous. PLN	888,184 thous. PLN
Amount paid to local vendors *	567,651 thous. PLN	826,206 thous. PLN
% of amounts paid to local vendors *	90%	93%

* with registered offices in Poland

Invoice payment term

	2012	2011
Average invoice payment term *	30	30

* days

Incorporation of social and environmental criteria into the supply chain

	2012	2011
Number and % of vendors* who signed contracts with ethical or environmental clauses	6 (0.02%)	6 (0.02%)

Monitoring the observance of ethical and environmental clauses by key vendors

	2012	2011
% of key vendors being monitored *	2.4%	2.5%

% of agreements with key vendors that have been rejected or subject to additional terms and conditions in relation to non-observance of ethical and environmental principles

0% 0%

Agreements with vendors that have not been renewed because of corruption-related events

0 0

* outsourcers and material master agreements

Employees

Within the framework of activities addressed at employees, the Bank focuses primarily on implementing sustainable human resources policies and ensuring effective internal communication.

I. Human resources policies

The principles of HR policies in Bank Millennium have been defined in a document approved by the Bank's Management Board. It defines the general direction of the activities relating to HR management and the principles that the organisation follows in all matters involving its employees. The document also serves as a point of reference for evaluating all activities in human resource management. The HR policy in place is supplemented by documented measurable objectives that are monitored regularly.

I.1 Employment

Total employees

	Men	2012 Women	Total	Men	2011 Women	Total
Number of employees	1,853 (31%)	4,220 (69%)	6,073	1,993 (31%)	4,374 (69%)	6,367

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Employees by region

Region	2012								2012 total	2011								2011 total
	Women (age)				Men (age)					Women (age)				Men (age)				
	<30	30-50	>50	Total	<30	30-50	>50	Total		<30	30-50	>50	Total	<30	30-50	>50	Total	
dolnośląskie	92	103	2	197	43	28	1	72	269	121	84		205	57	30	1	88	293
kujawsko-pomorskie	45	165	36	246	14	45	5	64	310	60	157	26	243	21	48	1	70	313
lubelskie	16	47	3	66	5	18	1	24	90	27	44	3	74	14	20	1	35	109
lubuskie	12	25	10	47	8	6		14	61	19	22	10	51	11	7		18	69
łódzkie	28	65	5	98	23	46	1	70	168	47	49	5	101	29	39	1	69	170
małopolskie	53	100		153	25	54	1	80	233	76	77		153	45	42	1	88	241
mazowieckie	510	1,179	126	1,815	280	664	79	1,023	2,838	709	1,047	125	1,881	382	606	67	1,055	2,936
opolskie	10	10	3	23	4	5	2	11	34	17	10	1	28	6	4	1	11	39
podkarpackie	6	29	1	36	3	14		17	53	13	23	1	37	8	11		19	56
podlaskie	17	46	8	71	9	14	1	24	95	17	50	7	74	13	12	1	26	100
pomorskie	129	445	164	738	35	137	22	194	932	173	444	142	759	56	137	17	210	969
śląskie	72	165	7	244	29	68	3	100	344	99	152	5	256	58	56	3	117	373
świętokrzyskie	5	12		17	3	10		13	30	3	16		19	4	13		17	36
warmińsko-mazurskie	25	99	37	161	12	18	2	32	193	39	90	37	166	14	19	3	36	202
wielkopolskie	92	101	12	205	31	44	1	76	281	127	78	10	215	50	36	1	87	302
zachodniopomorskie	44	54	5	103	12	27		39	142	61	48	3	112	23	24		47	159
Total	1,156	2,645	419	4,220	536	1,198	119	1,853	6,073	1,608	2,391	375	4,374	791	1,104	98	1,993	6,367

New employees hires

Region	2012				2011				2012 total	2011				2011 total				
	Women (age)		Men (age)		Women (age)		Men (age)											
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total		
dolnośląskie	23	9		32	7	1		8	40	62	11		73	34	1		35	108
kujawsko-pomorskie	19	6	1	26	4	3		7	33	26	9		35	7	3		10	45
lubelskie	3	5		8	1			1	9	15	8		23	7	4		11	34
lubuskie	9	5		14	6			6	20	12	8		20	6	4		10	30
łódzkie	3	6		9	10	2		12	21	19	8		27	15	3		18	45
małopolskie	19	10		29	9	6		15	44	31	8		39	22	9		31	70
mazowieckie	127	54	1	182	114	43	1	158	340	220	76	7	303	157	57		214	517
opolskie	2	1		3	2			2	5	9	1		10	4	1		5	15
podkarpackie	2	3		5		1		1	6	4	3		7	3	3		6	1
podlaskie	11			11	4			4	15	10	4		14	10	3		13	27
pomorskie	35	4		39	10	5		15	54	56	19	2	77	29	17		46	123
śląskie	18	7	2	27	6	8		14	41	39	23		62	30	9		39	101
świętokrzyskie	6	1		7		2		2	9	1	3		4	4	2		6	10
warmińsko-mazurskie	9	4		13	4	2		6	19	8	5		13	5	1		6	19
wielkopolskie	28	7		35	8	6		14	49	59	8	1	68	34	9		43	111
zachodniopomorskie	11	2		13	5			5	18	26	4	1	31	15	3		18	49
Total	325	124	4	453	190	79	1	270	723	597	198	11	806	382	129		511	1,317

Employees leaving employment

Region	2012				2011				2012 total	2011				2011 total				
	Women (age)		Men (age)		Women (age)		Men (age)											
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total		
dolnośląskie	18	13		31	15	9	1	25	56	39	25	1	65	21	3		24	89
kujawsko-pomorskie	15	12	1	28	3	10		13	41	5	7		12	4	9		13	25
lubelskie	6	11		17	5	5		10	27	7	18		25	3	6		9	34
lubuskie	10	6		16	4	4		8	24	11	8	1	20	2	3		5	25
łódzkie	5	6		11	7	4		11	22	10	6		16	11	5		16	32
małopolskie	16	15		31	15	9		24	55	29	12		41	11	11		22	63
mazowieckie	110	140	16	266	109	84	3	196	462	156	132	16	304	122	109	4	235	539
opolskie	4	3		7	1	1		2	9	5			5	3	4		7	12
podkarpackie	2	3		5	1	2		3	8	2	4		6		4		4	10
podlaskie	8	6		14	4	3		7	21	5	9		14	5	3		8	22
pomorskie	28	32	8	68	15	17	2	34	102	34	41	10	85	18	17	1	36	121
śląskie	21	24	1	46	6	23		29	75	26	21	1	48	21	11		32	80
świętokrzyskie	1	6	1	8		5		5	13	1	3		4		3		3	7
warmińsko-mazurskie	8	7	3	18	3	6		9	27	6	3	2	11	3	4		7	18
wielkopolskie	25	20	1	46	18	8		26	72	27	27	1	55	17	11		28	83
zachodniopomorskie	13	9	1	23	8	4		12	35	13	9		22	12	3		15	37
Total	290	313	32	635	214	194	6	414	1 049	376	325	32	733	253	206	5	464	1,197

Employee turnover

Region	2012									2011								
	Women (age)				Men (age)				2012 total	Women (age)				Men (age)				2011 total
	<30	30-50	>50	Total	<30	30-50	>50	Total		<30	30-50	>50	Total	<30	30-50	>50	Total	
dolnośląskie	4%	2%	0%	3%	4%	3%	8%	4%	3%	7%	4%	0%	6%	8%	1%	0%	6%	6%
kujawsko-pomorskie	6%	1%	0%	2%	4%	2%	0%	3%	2%	4%	1%	0%	2%	4%	2%	0%	3%	2%
lubelskie	5%	3%	0%	3%	10%	2%	0%	4%	3%	7%	5%	0%	5%	6%	4%	0%	5%	5%
lubuskie	13%	4%	0%	5%	10%	6%	0%	8%	6%	10%	6%	1%	7%	6%	8%	0%	7%	7%
łódzkie	2%	2%	0%	2%	6%	1%	0%	3%	2%	5%	2%	0%	4%	7%	2%	0%	4%	4%
małopolskie	6%	2%	0%	3%	8%	2%	0%	4%	4%	7%	2%	0%	4%	6%	4%	0%	5%	5%
mazowieckie	4%	1%	1%	2%	7%	2%	0%	3%	2%	4%	2%	2%	3%	6%	2%	0%	4%	3%
opolskie	5%	3%	0%	4%	6%	2%	0%	3%	3%	7%	1%	0%	4%	10%	10%	0%	9%	6%
podkarpackie	6%	2%	0%	2%	3%	2%	0%	2%	2%	4%	3%	0%	3%	3%	5%	0%	4%	3%
podlaskie	9%	1%	0%	3%	7%	2%	0%	4%	3%	7%	2%	0%	3%	10%	4%	0%	7%	4%
pomorskie	4%	1%	0%	1%	6%	1%	1%	2%	1%	4%	1%	1%	2%	7%	2%	0%	3%	2%
śląskie	5%	2%	4%	2%	3%	4%	0%	4%	3%	5%	2%	2%	4%	7%	3%	0%	5%	4%
świętokrzyskie	12%	5%	0%	7%	0%	6%	0%	4%	6%	6%	3%	0%	4%	8%	3%	0%	4%	4%
warmińsko-mazurskie	6%	1%	1%	2%	5%	4%	0%	4%	2%	3%	1%	0%	1%	5%	2%	0%	3%	2%
wielkopolskie	5%	2%	1%	3%	7%	3%	0%	4%	4%	6%	4%	2%	5%	9%	5%	0%	7%	5%
zachodniopomorskie	5%	2%	2%	3%	9%	1%	0%	4%	3%	5%	2%	3%	4%	10%	2%	0%	6%	5%
Total	4%	1%	1%	2%	6%	2%	0%	3%	2%	5%	2%	1%	3%	7%	3%	0%	4%	3%

Employees by term of employment

	2012			2011		
	Men	Women	Total	Men	Women	Total
For an indefinite term	1,553 (83,8%)	3,595 (85,2%)	5,148 (84,8%)	1,548 (77,7%)	3,562 (81,4%)	5,110 (80,3%)
Part time	36 (1,9%)	103 (2,4%)	139 (2,3%)	40 (2%)	107 (2,4%)	147 (2,3%)
Full time	1,517 (81,9%)	3,492 (82,7%)	5,009 (82,5%)	1,508 (75,7%)	3,455 (79%)	4,963 (77,9%)
For a definite term	300 (16,2%)	625 (14,8%)	925 (15,2%)	445 (22,3%)	812 (18,6%)	1 257 (19,7%)
Part time	2 (0,1%)	0	2 (0,03%)	2 (0,1%)	0	2 (0,03%)
Full time	298 (16,1%)	625 (14,8%)	923 (15,2%)	443 (22,2%)	812 (18,6%)	1,255 (19,7%)
Total	1,853 (100%)	4,220 (100%)	6,073 (100%)	1,993 (100%)	4,374 (100%)	6,367 (100%)

Employees hired locally*

	2012			2011		
	Men	Women	Total	Men	Women	Total
Number of employees hired locally	1,787 (96.4%)	4,201 (99.5%)	5,988 (98.6%)	1,931 (96.9%)	4,352 (99.5%)	6,283 (98.7%)
Number of Management Board members and senior managers employed locally	56 (88%)	18 (95%)	74 (89%)	53 (87%)	19 (90%)	72 (88%)

* Polish citizens working in Poland

Employees by position and gender

	2012			2011		
	Men	Women	Total	Men	Women	Total
Management Board	6	2	8	6	2	8
Senior management	58 (3.1%)	17 (0.4%)	75 (1.2%)	55 (2.8%)	19 (0.4%)	74 (1.2%)
Management	356 (19.2%)	539 (12.8%)	895 (14.7%)	353 (17.7%)	524 (12%)	877 (13.8%)
Sales personnel	763 (41.2%)	2,489 (59%)	3,252 (53.5%)	885 (44.4%)	2,600 (59.4%)	3,485 (54.7%)
Technicians	455 (24.6%)	715 (16.9%)	1,170 (19.3%)	470 (23.6%)	707 (16.2%)	1,177 (18.5%)
Other employees	215 (11.6%)	458 (10.9%)	673 (11.1%)	224 (11.2%)	522 (11.9%)	746 (11.7%)
Total	1,853 (100%)	4,220 (100%)	6,073 (100%)	1,993 (100%)	4,374 (100%)	6,367 (100%)

Employees by age groups

	2012			2011		
	Men	Women	Total	Men	Women	Total
<30	591 (32%)	1,261 (30%)	1,852 (30%)	738 (37%)	1,478 (34%)	2,216 (35%)
[30-50]	1,150 (62%)	2,553 (60%)	3,703 (61%)	1,150 (58%)	2,504 (57%)	3,654 (57%)
>=50	112 (6%)	406 (10%)	518 (9%)	105 (5%)	392 (9%)	497 (8%)
Total	1,853 (100%)	4,220 (100%)	6,073 (100%)	1,993 (100%)	4,374 (100%)	6,367 (100%)
Average employee age	35	35	35	34	35	34

Management Board by age groups

	2012			2011		
	Men	Women	Total	Men	Women	Total
<30	0	0	0	0	0	0
[30-50]	3	1	4	3	1	4
>=50	3	1	4	3	1	4
Total	6	2	8	6	2	8

Returning after maternity leave

	2012			2011		
	Men	Women	Total	Men	Women	Total
Employees entitled to a leave *	2	507	509	2	533	535
Employees who used a leave *	2	375	377	2	412	414
Returned to work after leave *	2	332	334	2	363	365
Employed 12 months after returning from leave *	1	341	342	1	365	366
% returning after the leave *	100%	89%	89%	100%	88%	88%
% employees retained by the Bank who used a leave *	50% **	90%	90%	50% **	88%	88%

* maternity leave

** the ratio's high levels are due to the small sample size, i.e. 2 employees

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1.2 Collective bargaining agreements

Through the Intranet, employees are informed that they are entitled to elect the Council of Bank Employees. This Council is entitled to receive information from the employer on the issues listed below and to consult with the employer, which involves an exchange of opinions and dialogue on issues of interest to the Council. Information provided to the Council may concern: 1) the employer's activity and economic standing and changes anticipated in this respect, 2) the status, structure and anticipated changes in employment and measures taken to maintain the level of employment, 3) actions that may result in significant changes in the organisation of work or in contractual relations. In the matters mentioned in items 2 and 3, the Council may conduct consultations with the employer and it may express its opinions in the matters described in item 1.

Moreover, all employees of the Bank Millennium Group may submit their inquiries and requests through the 'HR service' system. This is a workflow system used to respond to inquiries relating to personnel matters. Additionally, there is a team in the HR Department that provides all the employees with information on the principles of employment and labour law. Additionally, employees may freely express their views on an Intranet forum (see: [page 62 – sales power](#)).

Collective bargaining agreements

	2012			2011		
	Men	Women	Total	Men	Women	Total
% of employees covered by collective bargaining agreements	There are no collective bargaining agreements in the organisation					

1.3 Anti-discrimination practices

According to the Bank Millennium Work Bylaws no employee is allowed to engage in any indirect or direct discriminatory practices against another employee, in particular on account of gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership and sexual orientation. Similarly, no employee is allowed to engage in mobbing against any other employee through persistent and continuing harassment or intimidation of that employee, resulting in lowering his/her professional confidence, resulting in or aimed at humiliating or ridiculing the employee, isolating or eliminating him/her from a work team.

Any employee who believes that he or she is a victim of discriminatory practices or mobbing may notify any manager about this fact. Moreover, every employee is required to report immediately any observed cases and circumstances that may indicate the occurrence of mobbing. This may be reported to a direct or indirect supervisor but also to any member of the Management Board overstepping official channels. A report may also be made anonymously. In this case, the events and circumstances should be described in a way that allows the employer to obtain evidence confirming them.

Employees with disabilities

	2012			2011		
	Men	Women	Total	Men	Women	Total
Employees with disabilities	11 (0.59%)	24 (0.57%)	35 (0.58%)	12 (0.6%)	20 (0.46%)	32 (0.5%)

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Ratio of basic salary of men to women

	2012	2011
Senior management	1.2	1.1
Management	1.2	1.2
Sales personnel	1.1	1.1
Technicians	1.3	1.4
Other employees	1.3	1.2
Total	1.4	1.4

1.4 Salary policy

The salaries of Bank Millennium employees are determined in reference to the range of tasks performed in a given organisational unit, the level of responsibility held by the employees and on the basis of analyses of salary information presented in surveys of salaries on the financial market.

Bonuses and performance assessment

In addition to the basic salary, employees receive a bonus whose amount depends on the bonus pool amount set for each financial period. The amount of the budgets assigned to pay-out of the bonus in particular units is linked to achievement of positive financial results by the Bank and this unit, as well as degree of implementation of the total net profit plan of Bank Millennium Group. Within the awarded budgets, bonuses are differentiated on the basis of an assessment of the work of individual employees.

Performance assessment is tailored to the specific nature of the objectives given to particular groups of employees. In 2012, compared to previous years, relatively more attention was paid to the analysis of qualitative evaluation criteria, focusing in particular on co-operation between units, customer service level, as well as knowledge and competence sharing among employees.

Percentage of employees subject to regular performance assessment

	2012			2011		
	Men	Women	Total	Men	Women	Total
Employees assessed	1,853	4,220	6,073	1,993	4,374	6,367
% employees assessed	100%	100%	100%	100%	100%	100%

Policy of variable salary components

Last year, the Policy of Variable Salary Components for Management within the meaning stated in Resolution 258/2011 of the Polish Financial Supervision Authority, was devised, approved by the Bank's Supervisory Board and implemented.

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Within its framework, the Bank has identified persons who exert a material effect on the risk profile and risk control processes. It was resolved that part of the variable salary allocated to those employees will be subject to re-evaluation from the vantage point of the long-term consequences of the decisions taken at those positions. The final decision regarding that part of the salary will be made in a period of 3 to 5 years. Additionally this part of the total variable remuneration of this group of employees in 2012 will be converted into financial instruments in accordance with the price of Bank Millennium stocks at the Warsaw Stock Exchange.

1.5 Personnel development

1.5.1 Development programmes

External programmes

External programmes are addressed to students and recent graduates starting their professional careers. In 2012, the following programmes were carried out:

“People Grow” is a management skills development programme for graduates and students who will graduate soon. It is a 2-year on-the-job training programme that offers an opportunity to obtain comprehensive familiarity with a financial institution. The participants of the Programme supported by the Mentor – Bank's management board member – have the possibility of working for various departments, participating in selected projects and training sessions. After completion of the programme, the participant is employed in one of the Bank's departments;

“e-Expert Start Up” is a ten month-long internship programme targeting students and graduates interested in working in the electronic banking area. The programme offers the opportunity to specialise in one of two areas: e-commerce or website design and administration. During the internship, programme participants are assigned specific tasks supporting projects currently underway. Moreover, they are responsible for their own projects based on the cutting-edge technologies used in electronic banking. Programme participants receive support from their Mentor who is the director of the selected unit and the coach who is the area manager under whom they are running the current project. After the internship is completed, the best participants are offered employment agreements;

“IT Expert Start Up” is a seven month-long internship programme targeting students and graduates of technical universities interested in working in the IT area. The programme is based on specific projects performed in various teams in the Application Development Department. Interns may select one of three available development paths: business analyst, .Net developer or database architect.

External development programmes

Number of participants	2012	2011
People Grow	7	13
Expert Start Up	8	13
Total	15	26

Internal programmes

In 2012, Bank Millennium continued the **Management Skills Development Academy** programme. The purpose of this programme is to improve internal communication in the organisation and to develop management skills among key personnel, especially in employee motivation and involvement. The programme consists of several elements such as training, individual management coaching and individual meetings with Bank Millennium Management Board members. The programme is developed and modified on an ongoing basis in order to ensure that it is aligned to the needs of the organisation and managers participating in the programme.

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Internal development programmes

Number of participants	2012	2011
Management Academy	279	135

1.5.2 Training activities

Training programs are aimed at developing skills related to the work performed on a given position as well as an employee’s general professional competence, e.g. time management and assertiveness. The key training projects performed in 2012 included:

training in IT utilities (e.g. Excel, Access, Power Point) co-funded by the European Social Fund. More than 20% of the employees trained in this project are aged 45+ who also received additional support, i.e. advice;

training for branch employees relating to, among others, conduct in difficult situations with particular focus on bank robberies, giving first aid and improving customer service;

improvement of the training process for new sales network employees to update their knowledge of banking products on a continuous basis;

training for Call Centre employees – orientation and supplementary training;

“soft skills” internal training for head office employees;

external training in specialist professional skills;

e-learning courses – which constitute 20% of all the training projects; their scope includes not only substantive knowledge which is necessary in a given job, but also practical matters, such as health and environmentally sound behaviour at work (see: page 61, 84).

Average number of training hours, by gender and position*

	2012			2011		
	Men	Women	Total	Men	Women	Total
Management Board	56	0	56	26	8	34
Senior management	44	99	143	36	63	99
Management	39	42	80	44	45	89
Sales personnel	57	47	104	88	58	146
Other employees	133	84	217	99	54	153
Total	328	272	600	293	227	520

* change of methodology from 2011 – all training types are now considered, including e-learning

Ethics training

	2012	2011
Number of training hours**	43	66
Sales network employees trained	590 (100%)	1 181 (100%)
Sales network managers trained	21 (100%)	67 (100%)
Total	611 (100%)	1 248 (100%)

* ethics training is mandatory during orientation training for all sales employees

** number of groups x 1 training hour

1.5.3 Recruitment policy

The recruitment processes in the Bank Millennium Group are optimised, subject to internal regulations and computerized to guarantee their high quality and efficiency.

The process of communicating employment offers is transparent. Job announcements are published on the Bank's website and Internet portals and they are accessible to all those interested in working for the Bank, irrespective of the region of their residence. The Bank Millennium Group keeps a single database with personal data of candidates to become employees. The data are secure and their processing is monitored on an ongoing basis and subject to internal audit. Each candidate invited to a job interview receives feedback with his or her recruitment results.

The bulk of recruitment processes is related to the development of the retail and corporate sales network. Recruitment offers for jobs in support departments are first directed to current Bank Group employees who wish to grow in other areas. Offers are published on a special Intranet site named Internal Job Exchange. The Group has a strict procedure in place that regulates internal rotation and ensures high quality of the process for candidates and for directors looking for employees.

Employees who changed their organisational unit as a result of internal recruitment

	2012	2011
Number and % of employees	267 (4%)	355 (5%)

1.6 Social benefits

Bank Millennium Group employees are offered the same social and financial benefits regardless of the type of the employment agreement (for a definite/indefinite term) and the working time (part-time/full-time).

1.6.1 Medical care

Private health care plan for employees

The Bank Millennium Group provided its employees with access to a private health care plan set up in co-operation with ENEL-MED medical centres. The plan offers access to basic and specialist medical consultations, detailed diagnostic tests and prevention programs. Additionally, there is a medical practice operating at the Bank Millennium Head Office in Warsaw, offering basic medical care and outpatient assistance.

Vaccination against influenza

Every autumn, a nationwide campaign of vaccination against influenza is conducted with the participation of the Bank's medical partners. Vaccination is organised at the Bank's Head Office in Warsaw and Gdańsk – and in medical centres in Poland's other cities.

Preferential rates for medical packages for families of employees and retiring employees

In the interest of the health of its employees' family members, Bank Millennium negotiated (as part of the medical agreement) preferential prices for medical packages for spouses, life partners and children up to 26 years of age. The scope of medical packages makes it possible to deploy health prevention programmes and specialist treatment in the case of sudden illness.

Moreover, medical care for retiring employees has also been introduced. These persons may continue specialist, private medical care in an unchanged scope for an additional monthly fee.

Medical care

	2012	2011
Number of medical partners	714	689
Number of towns with medical care	330	309
Employees covered by private medical care *	6,018 (99%)	6,186 (97%)

* employees on child-rearing leaves and unpaid leaves are not eligible for these benefits

1.6.2 Sport and leisure

Bank Millennium Group's employees are offered two types of sport and leisure activities: MultiSport pass which offers employees unlimited access to sports facilities throughout Poland or cinema tickets. Once per quarter, employees may select an activity of their choice.

1.6.3 MilleKlub

MilleKlub is to promote various types of initiatives among employees carried out in the form of sports, travel, cultural or art projects. Once per quarter, employees submit projects and make their own decisions on their character, standard and participants. This club allows employees to develop their passion and offers them an opportunity to see their ideas realized. They may receive co-funding up to 50% of project costs.

MilleKlub has its own Intranet site, which, in addition to practical information and the schedule of projects, also contains a gallery with photos from the projects.

MilleKlub	2012	2011
Number and % of employees who used the co-financing	2,722 (44%)	2,165 (34%)
Amount of co-financing (PLN)	362,260	379,085

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1.6.4 Hardship assistance and loans for housing purposes

Within the framework of social assistance provided from the Social Fund, the Bank offers two types of benefits:

Hardship assistance – every employee of the Bank's Group who due to an act of fate encounters financial, family or life hardships may apply for non-refundable financial aid;

Low-interest loans for housing purposes – granted to renovate or finish an apartment, building or purchase an apartment or a house, repayment of a housing loan.

These social benefits are also available to retired employees or former employees on disability benefits immediately after the cessation of the labour relationship.

Benefits awarded to employees *	2012	2011
Financial assistance (PLN)	292,400	285,300
Number of employees	140	131
Loans for housing purposes (PLN)	1,805,606	1,801,126
Number of employees	148	142

* data for Bank Millennium employees

1.7 Occupational health and safety

The Bank's activities in the area of occupational health and safety constitute a continuation of processes launched previously and focus mainly on current audits of the field network outlets and mandatory employee training on OHS and fire protection.

Additionally, an educational campaign was carried out among employees, in the form of an e-learning course promoting a healthy lifestyle and healthy behaviours at work. The subject of training included three areas: healthy eating, physical activity and office health.

Health and work safety

	2012	2011
OHS training *	2,537 ** (42%)	2,590 ** (41%)
Training on healthy behaviours at work	2,946 ** (49%)	
Audits of field network outlets	208	226
Accidents at work	11	13

* training for new Bank employees

** number and % of employees trained

2. Internal communication

2.1 Employee survey

One of the most important methods to monitor how the Group is perceived as an employer is the annual employee satisfaction survey.

In 2012, just as in previous years, employees voiced their opinions through an electronic anonymous questionnaire to survey their satisfaction in topics such as overall job satisfaction, satisfaction with their relationship with their boss, job motivation and willingness to recommend the Group as an employer to their friends. The results were discussed in detail and delivered to every Bank unit. 78 reports were created in total. 2220 employees additionally shared their opinions in the form of numerous comments. Their thorough analysis provided valuable insight on the needs inside the organisation. As a result of the survey, certain steps were taken in individual units to improve satisfaction and motivation among Group employees.

Employee satisfaction surveys

	2012	2011
% of responses to the questionnaire	82%	81%
Overall employee satisfaction level *	72%	61%
Willingness to recommend the Bank as an employer	61%	49%

* percentage of satisfied and very satisfied employees

2.2 Innovation Centre

The Innovation Centre is a platform for exchanging ideas to support the Bank's operations and promote creativity among its employees.

The main part of the Innovation Centre's activity focuses on running Call2Action (CTA) idea collection campaigns. During the campaigns, the employees have the chance to display their innovativeness in improving the Bank's internal processes and contribute to the development of the product offering. The ideas conveyed by employees are analysed in detail by a commission consisting of area experts and the best ideas are rewarded.

Innovation Centre	2012	2011
Employees submitting ideas	103	103
Number of ideas submitted	124	145

2.3 Internal communication

The Bank Millennium Group considers efficient operation of the internal information system to be one of the most important elements that make modern management possible and that contribute to the achievement of business objectives.

Millenniumnet

In 2012, work on revitalising the Bank's Millenniumnet Intranet platform was completed. The platform is the principal tool of internal communication in the Bank Millennium Group. The changes make it easier to create and edit information, facilitate service and create new opportunities to present multimedia materials. They also enable the provision of interactive communication programs.

The Intranet service is available to all employees and, in addition to information, it also has operating functions enabling direct communication and direct co-operation between employees and the HR Department. As a result, hard copy documents in this area have been almost entirely eliminated. Another practical function of the system is "Milleteka" – a database containing a collection of internal documents and legal acts that govern the Bank's activities, with a search engine that makes document searches quick and easy.

Sales Power

In December 2012, the Bank launched a new internal platform entitled "Sales Power" for the Bank's sales force. Using the new platform, employees are able to share their experience and opinions on sales and customer service. Through publications prepared by the Bank's experts, the platform also serves as a repository of practical knowledge about products, service quality, sales techniques and techniques of co-operation with customers. It also contains a collection of best sales practices. The platform allows its users to comment on the information presented there, initiate discussion and pose questions to experts. Any Bank employee may become a platform user. In the first month of its operation, Bank employees visited it 35 thousand times.

Świat Millennium

In 2012, 11 editions of the “Świat Millennium”, an in-house magazine for employees, were published (the summer holiday edition spanned two months). The magazine has been published since 1992. It tracks key events related to the activity of the Bank, the international Millennium bcp Group and the financial markets. The magazine is published by employees of the PR Department and devotes much of its space to employee issues and initiatives, by publishing texts written and photographs taken by employees. Since 2011, the magazine has been published in an electronic version only, available in the “Millenniumnet” Intranet platform.

About Us

This is an electronic weekly newsletter prepared by the PR Department of Bank Millennium bcp in Lisbon and distributed via the Internet to employees of the banks operating under the Millennium brand in Europe, Africa and Asia. The magazine contains succinct news about the most important business, marketing and financial events. It is published in English and available to Bank Millennium employees in the Millenniumnet Intranet portal.

Millennium News

Millennium News is a weekly TV magazine produced by the corporate TV station of Millennium bcp in Lisbon. It is distributed through the Internet and Intranet and provides all employees of the international Millenniumbcp Group with information on major business events. The magazine also contains interviews, opinions and short reports. It is published in Portuguese with an English translation.

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Special events

Every year, Bank Millennium has organised information and integration events for Group employees. In 2012, these included:

The Management Meeting of 800 managers from all management levels in the Bank Millennium Group.

The meeting was devoted to summarising 2011 and the business assumptions and plans for 2012. The meeting was also an opportunity to reward outstanding employees;

Christmas Meetings – Bank Millennium traditionally organises Christmas Meetings for all Group employees. In December 2012, 14 meetings took place in 12 cities, attended by approximately 4.5 thousand employees.

Activities benefiting society

Co-operating with public benefit organisations, Bank Millennium is involved in important art and social events. The Bank pursues its mission and corporate social responsibility by supporting and creating valuable cultural educational and charitable programs.

I. Social activities

The Nikifor the Painter Program in Bank Millennium

Bank Millennium once again invited its employees to take part in the Nikifor the Painter social program. This program has been pursued for six years by the United Way Poland Foundation and its purpose is to overcome the isolation of intellectually disabled persons by developing and promoting their creative activity.

This year's project opened with an exhibition of the works of disabled artists held in the Bank's head office building in Warsaw. These works were simultaneously put up for sale on an intranet auction in which nearly 400 Bank employees participated. The five paintings which received the highest number of votes were purchased by the Bank while the profits from their sale were conveyed for the purpose of developing the Nikifor the Painter Program. One of the elements of this program entails employee **volunteerism**. Bank volunteers had the opportunity to support the Foundation in organising a graphic contest called "Nikifor's World" and to participate in artistic workshops jointly with contest winners. The coronation of these united efforts was embodied by the Foundation's Gala and the awards ceremony for the winners of the seventh annual contest called "Nikifor's World" with prizes funded by Bank Millennium.

Support for the Garden of Hope Foundation

Bank Millennium gave a grant for the Garden of Hope Foundation to deliver psycho-oncological training sessions. In addition to financial support the Bank participated in a charitable auction for the benefit of the Foundation with all the income being earmarked to run the integrated healing program addressed to cancer patients.

Ecco Walkathon

The Bank Millennium Group purchased 150 tickets and gave them to its employees enabling them to participate in the Ecco Walkathon, Poland's largest charitable walk. By traversing a 6 or 10 kilometre course they could "earn funds by walking" (4 zloty per kilometre) for one of three foundations: TVN Foundation "You Are Not Alone", the Radio Zet Foundation and the Warsaw ZOO.

Reciprocity – a project promoting solidarity between generations and active ageing

Bank Millennium was a partner of the Mayor of the Capital City of Warsaw in running the Reciprocity Project organised in conjunction with the European Year for Active Ageing and Solidarity between Generations. The Reciprocity Project was a series of cultural events whose guiding motive was to promote intergenerational dialog. During this event of several days in length, theatrical productions, film showings, concerts and exhibitions were organised, debates were held and a graphic contest and a photographic contest were held. A family picnic was also part of the program with a block of events for children, their parents and grandparents. The objective of the project was to encourage senior citizens to be active, to share their experience and to engage in intergenerational integration.

Charitable campaign of collecting used mobile phones

During the charitable campaign of collecting mobile phones, the employees donated 173 devices. Each participant in the campaign helped to contribute to the Fund for the Blind of Laski which received the funds from the sale of the phones.

Bottle Cap Mania

At the initiative of employees of the Bank Millennium Group, a social campaign to collect plastic bottle caps has been continued. This campaign is called "Bottle Cap Mania". Plastic parts are conveyed to the "Home-Family-Person" Association in the Żoliborz District, which uses the funds generated by selling waste to buy wheelchairs and treatment equipment for disabled persons. In addition, this campaign has an environmental dimension by reducing the quantity of plastic waste reaching trash dumpsites.

Bank employees for children

In 2012 employees of the Bank Millennium Group organised three collections earmarked for the charges of the orphanage in Kijany (township of Spieszyn, Lublin region). The children received school supplies, personal hygiene articles, clothes, toys and Christmas gifts. 28 children aged 2 to 17 live on a permanent basis in the orphanage. This unit also fulfils the functions of the County Guardian Emergency Service. Collections for the Kijany orphanage have been organised regularly since 2011.

Scholarships and awards for the most talented students

In order to equalize educational opportunities, in 2012, Bank Millennium funded two 9-month scholarships for remarkably talented students from Olecko and Szczytno. Once again the Bank funded the "Red Rose" Award in the contest for the best student and the best scientific circle in the Tri-City.

Value of donations and sponsoring (PLN)

	2012		2011	
	Donations	Sponsoring	Donations	Sponsoring
Culture	150,000	1,286,891	155,000	1,180,987
Education	169,900		110,200	60,000
Charitable causes	48,230		66,650	
Sport		8,610		
Total	368,130	1,295,501	331,850	1,240,987

2. Promotion of culture

Within the framework of pursuing its social mission Bank Millennium supports artistic events in the field of high culture. The Bank pursues long-term programs in culture both unilaterally and jointly with non-governmental organisations, local governments and national government institutions of culture.

Golden Sceptre

The Golden Sceptre award was established in 1999 by Bank Millennium and the Polish Cultural Foundation. This award is conferred for the "intellectual creativity of a single person or community, social organisation, artistic institution, cultural or scientific movement". The 2012 award winner was Jerzy Stuhr, actor, theatrical and film director, writer and teacher. The award entails the Golden Sceptre statue and a cash prize of 110 thousand zloty. An additional award referred to as the Small Sceptre (a statuette and a cash prize of 11 thousand zloty) conferred to an artist named by the winner was given to Marek Lechki, director, screenplay writer and young generation film producer.

Nearly 800 thousand viewers watched the television rebroadcast of the award ceremony and the accompanying concert in Polish TV's channel 2.

Millennium Pearls

Since 2004 Bank Millennium has produced in co-operation with Polish Television a series of artistic programs under the joint name of Millennium Pearls. In 2012 it included the presentation of Television Theatre productions (in Polish Television's Channel 1). Within the framework of this series twelve Television Theatre productions have been aired, including three live premiere productions. The average viewership of each one of the productions presented in the Millennium Pearls series was approximately 1 million.

The Millennium Pearls program has lent support to the possibility of presenting Television Theatre productions in a new way that is attractive to viewers and has contributed to the renaissance of this institution, which is of extraordinary significance to national culture.

Two Theatres

For the tenth time Bank Millennium was a partner of the organisers of the Polish Radio Theatre and Polish Television Theatre Festival entitled "Two Theatres". Its twelfth edition took place in 2012 in Sopot. During the festival including a competition, 16 radio shows and 13 television productions were presented. The Bank also funded the award for the best cinematography for the Television Theatre production which was conferred to Wojciech Todor for his work on the production entitled "The Merriest Man" directed by Łukasz Wylężałek.

Documentary film

The ninth annual Planete+ Doc Film Festival, Poland's largest documentary film review and contest took place on 11-20 May 2012 in Warsaw. Bank Millennium was a patron of this festival for the eighth time. 160 films selected by the selection committee were shown. In parallel, the festival was also held on 14-20 May 2012 in Wrocław (50 selected films were shown). During the first weekend of the festival (11-13 May 2012), during the weekend with the Planete+ Doc Film Festival, six selected films from the festival's program were shown in studio cinemas in 22 cities in Poland. Film showings were accompanied by discussion sessions, meetings with artists, master's workshops, exhibitions and concerts. The jury conferred the Millennium Award, the main prize in the festival's contest (8 thousand Euro) to the film entitled "5 Broken Cameras" by Emad Burnat and Guy Davidi.

33 thousand viewers in total watched the festival's films during showings in Warsaw and Wrocław while another three thousand viewers watched the weekend showings. The total turnout of 36 thousand viewers makes this festival the third most popular European documentary film festival.

Artistic Colony in Kazimierz Dolny

For thirteen years Bank Millennium has been co-operating with the Vistula River Museum in Kazimierz Dolny on the Vistula River in pursuit of its program of recording the artistic accomplishments of the Artistic Colony in Kazimierz Dolny and its contemporary continuators. Three exhibitions were organised under this program in 2012:

- "At an Intersection with Kazimierz..." – exhibition of the works of Professor Jacek Sempoliński, an outstanding painter and art theoretician in conjunction with his 85th birthday,
- "Jan Cybis, Member of the Cracow-based Paris Artistic Committee on Enemy Territory" – to recall the creativity of one of Poland's most outstanding colourists,
- "Henryk Dąbrowski. The Sequel 50 Years Later" – exhibition of drawings, graphics and aquarelle paintings done by Professor Henryk Dąbrowski, master of drawing and highly renowned architect for reconstructing buildings of national heritage in Kazimierz Dolny.

Approximately 10 thousand people visited the exhibitions and the permanent gallery.

Multicultural Gdańsk

Since 1998 Bank Millennium has been supporting the National Museum in Gdańsk to present the historical artistic accomplishments of artists from multicultural Gdańsk and to present the contemporary artists affiliated with this city. In 2012 the Bank joined in the organisation of an exhibition entitled "Bartholomäus Schachman, (1559-1614) the Art of Travel". This exhibition included a presentation of aquarelle paintings from 1590 painted during the travels of a Gdańsk alderman and mayor and collector to the Ottoman Empire. These works were made available by the Orientalist Museum in Ad-Dauha (Qatar). 1,250 people viewed the exhibition and 645 participants took part in the urban game organised by the museum. During the exhibition 35 meetings, educational workshops and lectures on this subject were held.

Contemporary art in Sopot

Bank Millennium supported the Sopot Museum which launched a new series of contemporary art shows. The exhibition entitled "Wojciech Zaniewski and His Guests" kicked off the series by depicting the artistic accomplishments of four artists: Wojciech Zaniewski (pastels), Ryszard Łagodziec (painting), Marek Dzieńkiewicz (painting) and Krzysztof Kizlich (sculpting).

Contemporary music

- Bank Millennium was the patron of the "Sacrum Profanum" Festival held in Cracow, one of Europe's most important festivals of contemporary music and neighbouring currents. Its program in 2012 included a series of "Polish Icons" presenting the works of Poland's most outstanding composers: Krzysztof Penderecki, Mikołaj Henryk Górecki, Witold Lutosławski and Wojciech Kilar in a new DJ arrangement from the Ninja Tune publishing company. The stars of the festival were Kronos Quartet and Sigur Ros. 12 thousand viewers participated in the festival in 2012.
- In response to the invitation extended by "The Kurylewicz's Artistic Cellar" Foundation, Bank Millennium took part in the sixth annual event entitled "Days of Andrzej Kurylewicz's Music" during which selected works of this outstanding artist were presented from his body of composing accomplishments.

Poetic song

Bank Millennium was a partner of the Okularnicy Foundation (The Nerds' Foundation) in organising the 15th annual contest entitled "Let's Remember Osiecka" devoted to the creativity of this outstanding poet. Approximately 200 young artists presenting their interpretations of songs whose words were written by Agnieszka Osiecka participated in the contest's elimination phase from among whom the jury selected 10 contestants to participate in the grand finale. The finalists participated in artistic workshops and nine concerts in the Atelier Theatre in Sopot, the grand finale concert in the Polish Radio's Music Studio, and ultimately in the gala concert on the stage of the Roma Theatre. The contest winner was Dominika Barbas, composer, songwriter and vocalist. The contest was accompanied by concerts specially prepared on the basis of Agnieszka Osiecka's poetry.

New Year Day's concert

For more than 20 years Bank Millennium has been organising the New Year Day's Concert by inviting many of its partners and customers to the Royal Castle in Warsaw. In 2012 Anna Maria Jopek and her band and Stanisław Soyka performed programs specially prepared for this occasion.

Promotion of culture	Number of programme editions before 2012	Number of recipients in 2012
Golden Sceptre	14	800,000
Millennium Pearls	8	12,000,000
Two Theatres	10	no data
Planete+ Doc Film Festival	8	36,000
Art Colony in Kazimierz Dolny	13	10,000
National Museum in Gdańsk	14	1,895
Sacrum Profanum Contemporary Music Festival	1	12,000
"Let's Remember Osiecka" Festival	6	1,900
New Year's Concerts	21	220
Total		12,862,015

3. Supporting education

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Come and Grow with Us

In 2002 the Come and Grow with Us Programme was created which until this day engages the academic community, affording students the opportunity to hone their skills and interests. Fixed components of this programme entail paid internships, training sessions, workshops, contests with valuable prizes and participation in fairs and educational events. An important element of this programme is promoting development programs addressed to final year students and graduates. These are the People Grow and Expert Start-up Programs. (see: page 56-57).

Apprenticeships

Bank Millennium operates a paid apprenticeship programme called Millennium Bankers whose purpose is to allow students to apply the knowledge gained in their studies in banking practice. Though involvement in individual, complex projects, the students obtain practical knowledge lacking in the curriculum of economic universities, which is important to comprehend the rules for the operation of a financial institution. This programme targets students of all fields of study who have completed their second year of study. The best apprentices receive job offers from the Bank.

Training for students

In 2012 Bank Millennium delivered free-of-charge training courses on varying topics for students in the Come and Grow with Us Programme to reflect their current needs and interests. These training sessions concerned soft skills and workshops on banking.

During the summer apprenticeship programme, 16 apprentices took part in a creativity workshop. In the autumn session, the **Millennium Academy**, a series of training sessions and presentations for students of economic universities was held. The academy is held in 9 academic centres across the nation and in the Bank's Head Office. The training sessions are delivered by experienced Bank employees: trainers and experts who willingly share their subject knowledge. In 2012, the "Sales Network Management" workshop proved to be very popular. Over 240 students participated, out of 470 applicants.

Competitions

Bank Millennium constantly uses, as a way of activating students, invitations to participate in contests giving every participant the chance to check his or her knowledge and ideas in practice.

In 2012 three contests in different topics were organised. Through them we endeavoured to stimulate the participants' creative thinking and business intuition. The students tackled credit risk and marketing problems, competing for apprenticeships in the Bank and valuable prizes. In the third competition, the students had the chance to win co-funding for any undertaking. A research project named "construction of an experimental supersonic H I rocket" carried out by the Warsaw Technical University students won the first prize.

For the third time the Bank funded an award in the contest "You Are Competing for an Internship" organised by "Gazeta Wyborcza" and PricewaterhouseCoopers. 42 students joined in the proposed contest assignment. The contest winner was enrolled in an internship in the Corporate Credit Underwriting Department whose operating area was covered by the contest work.

Co-operation with student organisations

The Bank financially and substantively supports student organisations in their operations and pursuit of statutory objectives.

Co-operation with AIESEC – Since 2003, the Bank has been co-operating with AIESEC, an international student association, on two projects: "Ambassador" and "Career Days". **The Ambassador Programme** enables us to gain direct access to the academic community through "ambassadors", namely students of economic universities, AIESEC members who represent the Bank in the largest academic communities. During an annual period of co-operation they provide information on the possibilities of development in the Bank by promoting its programme of internships, contests, apprenticeships and development programs. In exchange the ambassadors participate in training sessions and workshops organised by the Bank and receive the possibility of participating in a vacation internship in the Bank. The Bank's participation in **Career Days**, the largest job, internship and apprenticeship fair for the student community in Poland, is an effective form of exchanging information and reciprocal expectations between the Bank as a prospective future employer and young people looking for a place to develop their careers. Both programs are delivered in 10 academic communities throughout Poland.

Co-operation with BEST – In 2012 the Bank continued its co-operation with the BEST Students Association at the Warsaw Technical University. BEST is the largest organisation of technical university students. The Bank participated in a two-day "Engineer Job Fair". During the fair students have an opportunity to obtain information about development programs, internships and new recruiting processes the Bank is directing solely to engineers.

Co-operation with CEMS Chance – Bank Millennium was the main partner of the CEMS Chance project carried out by students of the Warsaw School of Economics. The project was directed to talented and ambitious high school students encountering difficult life circumstances. The purpose of the workshops provided as part of the program was to help the participants develop soft skills and help them plan a professional career path befitting their interests and predispositions. CEMS Chance serves an important social goal, which is to equalize educational and professional opportunities of the young people who have a difficult start in life.

Educational programs – number of participants

	2012	2011
Apprenticeships	24	36
Millennium Academy	240	290
Competitions	23	37
"You Are Competing for an Internship"	42	29
CEMS Chance	40	-
Total	369	392



VII. Transparency and security

Bank Millennium and Group companies operate pursuant to the applicable legal regulations, the code of ethical conduct and best market practices. The Bank attaches special importance to the matters related to risk management and security of operations and takes special care of the safety of funds entrusted by clients.

I Best practice

Corporate Governance Principles is a collection of norms which together form the system of governance and control over the company, specifically with respect to the rights of particular corporate bodies. The legal framework of the process of developing corporate governance principles for all public companies is provided by the Warsaw Stock Exchange regulations, in particular the “**Best Practices for WSE Listed Companies**” adopted by the Stock Exchange Supervisory Board.

Fundamental norm of conduct included in Good Practices is a principle established by the rule “comply or explain” i.e. the duty to publish information, in the form of a report, in case any of the principles described in Good Practices' guidelines is not followed.

In recognising the value of the standards comprising the Best Practices, Bank Millennium exercises due diligence in shaping contractual, corporate and investor relations in compliance with those standards. In 2012, Bank Millennium complied with principles contained in Good Practices in full.

This is confirmed by the fact that in 2012 in two consecutive editions, Bank Millennium was selected as one of the companies comprising the **RESPECT Index** – Central and Eastern Europe's first index of socially responsible companies. The index includes 20 companies listed on the WSE operating on the basis of the best standards in CSR, corporate governance, information policy, investor relations as well as employee issues, social relations and environment protection.

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2. Compliance policy

The Compliance Department is responsible for implementing compliance policy in the Bank Millennium Group and for running all the activities and initiatives ensuring compliance of tasks and activities with the applicable external regulations.

Bank Millennium Group companies take steps to monitor, on an ongoing basis, changes in the general law and recommendations issued by supervisory authorities, both domestic and EU-based. Solutions adopted involve, among others, periodic review of all the internal normative acts in place in the Group to ensure their compliance with the generally applicable provisions of law.

The laws, principles and standards pertaining to compliance concern matters such as: observance of appropriate market behaviour standards, managing conflicts of interest, fair treatment of clients and providing them with appropriate advice. The following areas of operation are considered to be of particular importance:

- preventing money laundering and financing terrorism;
- ensuring compliance of Bank Millennium's internal normative acts with generally applicable provisions of law and with recommendations formulated by supervisory authorities;

VII. Transparency and security

- managing conflicts by identifying conflicts of interest between the Group and its clients and between clients and to establish principles for managing conflicts after they arise to ensure that these conflicts do not adversely affect clients' interests;
- monitoring its own transactions to restrict or prevent personal transactions by Relevant Persons in situations which may cause a conflict of interest or be connected with access to confidential information or access to client transaction data;
- protecting confidential information and information constituting professional secrets – the Bank also prohibits using and disclosing confidential information and has in place a rule for keeping strict control over the protection of confidential information flows. The buying and selling of the Bank's shares and derivative rights relating to the Bank's shares and any related financial instruments is prohibited in restricted periods.

Legal procedures relating to anti-competitive and monopolistic practices and collusion

	2012	
	Amount (PLN)	Explanation
Fine imposed by the Office of Competition and Consumer Protection (UOKiK)	2,857,389	The UOKiK President recognised as the practice disturbing collective interests of consumers, not-indicating by the Bank in opening and leading Individual Retirement Accounts agreement, the reasons of effecting amendments to the agreement and not-indicating the area of responsibility of the Bank for timely and correct conducting money settling and compensation amounts for exceeding the time limit to perform the order of the account holder and required omissions of applying them. The bank appealed from the decision of the Office.

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3. Anti-money laundering policy

Bank Millennium has implemented the AML Programme, a system to identify risk areas, transactions subject to registration and transactions that may be related to money laundering or financing of terrorism. Every year, a report on the Programme's implementation is prepared for the Bank's Management Board.

The main element affecting the effectiveness of combating money laundering and funding of terrorism entails delivering systematic training to Bank employees.

AML Programme	2012	2011
Number and % of employees trained	1,346 (22%)	2,061 (32%)
Number of Suspicious Activity Reports (SARs) sent to GIIF*	187	159
Number of clients reported in SARs	844	595

* General Inspector of Financial Information

4. Mitigation of fraud risk

Fraud risk occurs in a situation in which a client presents untrue or incomplete information about its situation or identity which has a direct effect on a credit decision made by the Bank or on a transaction performed by the Bank. The purpose of the Fraud Risk Management Bureau is to develop, implement and monitor the pursuit of the Bank's risk management policies in this area in co-operation with other organisational units in the Bank and in accordance with the applicable internal regulations.

5. Internal audit

The Internal Audit Department is a specialised institutional control unit whose purpose is to provide independent and objective assessment of adequacy, correctness and efficiency of internal control and management systems, including the risk management system. In particular, it is related to evaluation of the quality, accuracy and safety of banking activities. The implementation of Internal Audit's mission incorporates the strategic objectives and tasks of the organisation specified by the Bank's Management Board and Supervisory Board. The audit process is carried out in accordance with the Internal Audit Methodology propagating international internal audit standards and best practices in banking.

The activity of Internal Audit is a scheduled activity based on the annual audit plan. The planning process is based on a risk assessment of the Bank's particular areas and processes used to identify elevated risk and supporting the priorities and resources for implementing tasks. The planning process takes into account consultations with senior management and key process owners. The annual audit plan is approved by the Audit Committee of the Bank's Supervisory Board and is implemented, on a quarterly basis, by experienced and highly qualified professionals.

Internal Audit opines any regulations introduced or amended in the Bank and conducts an independent and objective assessment and provides advice to the units regarding the audited domain. Advisory activity may be performed if its character does not compromise the principle of the internal auditor's objectivity and independence.

The Internal Audit Department is an independent unit reporting to the Chairman of the Bank's Management Board, while audit results are reported to the Audit Committee of the Bank's Supervisory Board.

Internal audit – activities in 2012

Process audits	61
Financial audits	11
Audit of outlets	199
Compliance audits (IRF)	14
Audits – total	285
Preventive inspections	426
Explanatory proceedings	328

VII. Transparency and security

Risk of corruption

	2012	2011
Number and % of organisational units analysed for corruption risk	It is difficult to specify the number of audited units, since audits concern processes and several units may be involved in each process. However, during audits, the vulnerability of processes to various types of threats and possible abuse, including corruption, is examined.	
Actions taken after corruption cases are found	No corruption cases have been found	

6. External audit of Bank Millennium

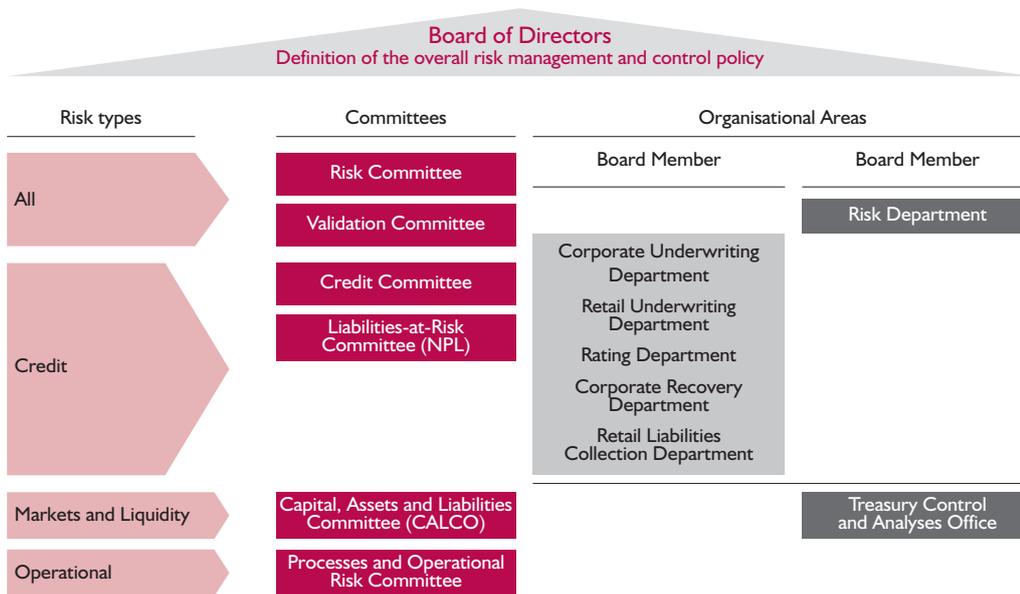
For stakeholders, it is important to receive information which is timely, transparent but above all suitable. One of the actions supporting the performance of this task is the Bank's co-operation with an External Auditor during the preparation of financial statements. The External Auditor is selected by the Bank's Supervisory Board based on a recommendation of the Supervisory Board's Audit Committee.

In 2012 (as in previous years) KPMG Audyt Sp. z o.o. was the Bank's External Auditor. In addition to the co-operation in performing the basic tasks of the External Auditor, such as review and audit of semi-annual and annual financial statements, the Bank co-operates with KPMG in implementing the concept of ongoing monitoring and consulting economic events in the context of their correct presentation in other financial statements. This approach ensures that such transactions will be presented in interim statements in the same way as in the audited annual financial statements.

7. Risk management

Risk management plays a key role in the strategy of sustainable and stable development of the Bank Millennium Group. It contributes to the optimisation of the risk and return trade-off in individual business lines and to the maintenance of an adequate risk profile related to capital and liquidity. In order to achieve consistent and efficient risk management policy, the Bank Millennium Group has implemented a comprehensive risk management model covering credit, market, liquidity and operational risks. Risk management comprises identification, measurement, mitigation, monitoring and reporting individual types of risk. It requires a broad range of methods to be employed, both qualitative and quantitative, including advanced mathematical and statistical tools supported by the relevant IT systems.

Risk management model in Bank Millennium



Detailed information on risk management in Bank Millennium is included in the 2012 Annual Report available on the Bank's website.

8. Business continuity

In light of the dynamically changing environment, threats of terrorist attacks, epidemics and natural disasters, the plans constituting an element of Business Continuity Management at Bank Millennium clearly define the procedures to prevent business interruptions, especially in critical processes, and to reduce the possible losses.

Review of business processes

The business continuity of Bank Millennium relies on the annual cycle of tasks that ensure optimisation of assumptions and solutions. At that time, a comprehensive review of individual business processes is conducted in order to determine the impact their unavailability would have on the Bank's business operations over time and to set the recovery time objective (RTO) for each of those processes. In this analysis, the list of critical processes is updated. Then, the resources necessary to sustain particular functionalities of each of the key processes are estimated.

Review of existing business continuity plans

Additionally, the existing business continuity plans are also analysed in detail. These plans constitute an integral element of the Business Continuity Management model at Bank Millennium. They describe, among others, the Emergency Response scheme, including the rules for evacuating facilities under threat, Business Recovery principles for critical processes and Crisis Management guidelines for the Crisis Management Team and for other units providing direct support in emergencies. The plans also define the principles of activities in the face of an event causing total unavailability of the buildings of the Bank's head office. The crisis management model and the principles governing internal and external communication also undergo a thorough scrutiny.

Tests determining capacity to operate in emergencies

In a testing environment, Bank Millennium verifies whether the units participating in critical processes are able to carry out their business tasks. A comprehensive test programme has been developed and implemented, allowing the Bank to optimise the solutions applied in backup locations continuously. Additionally, the tests allow for a verification of efficiency and the possible limitations of the backup locations. Each time such tests are carried out, they improve business continuity plans and the available contingency infrastructure.

9. Co-operation with regulators and banking supervision

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In 2012 the intensification of co-operation with the Polish Financial Supervision Authority was associated with the successfully completed procedure of obtaining consent for using the internal ratings-based approach for the purposes of computing capital requirements pertaining to most retail customers. Bank Millennium was one of the few banks operating in Poland to receive such consent, which evidences its high standards of operation. The positive assessment given to the procedures used and the level of personal data protection in the Bank was confirmed by the findings of the audit conducted by the General Inspectorate of Personal Data Protection (GIODO).

As the Bank recognises the valuable experience of the Polish Bank Association's experts who are practitioners in creating and modifying the legal environment, it is actively involved in the process of opining new regulations through this Association (ZBP) and other organisations representing the community of entrepreneurs.

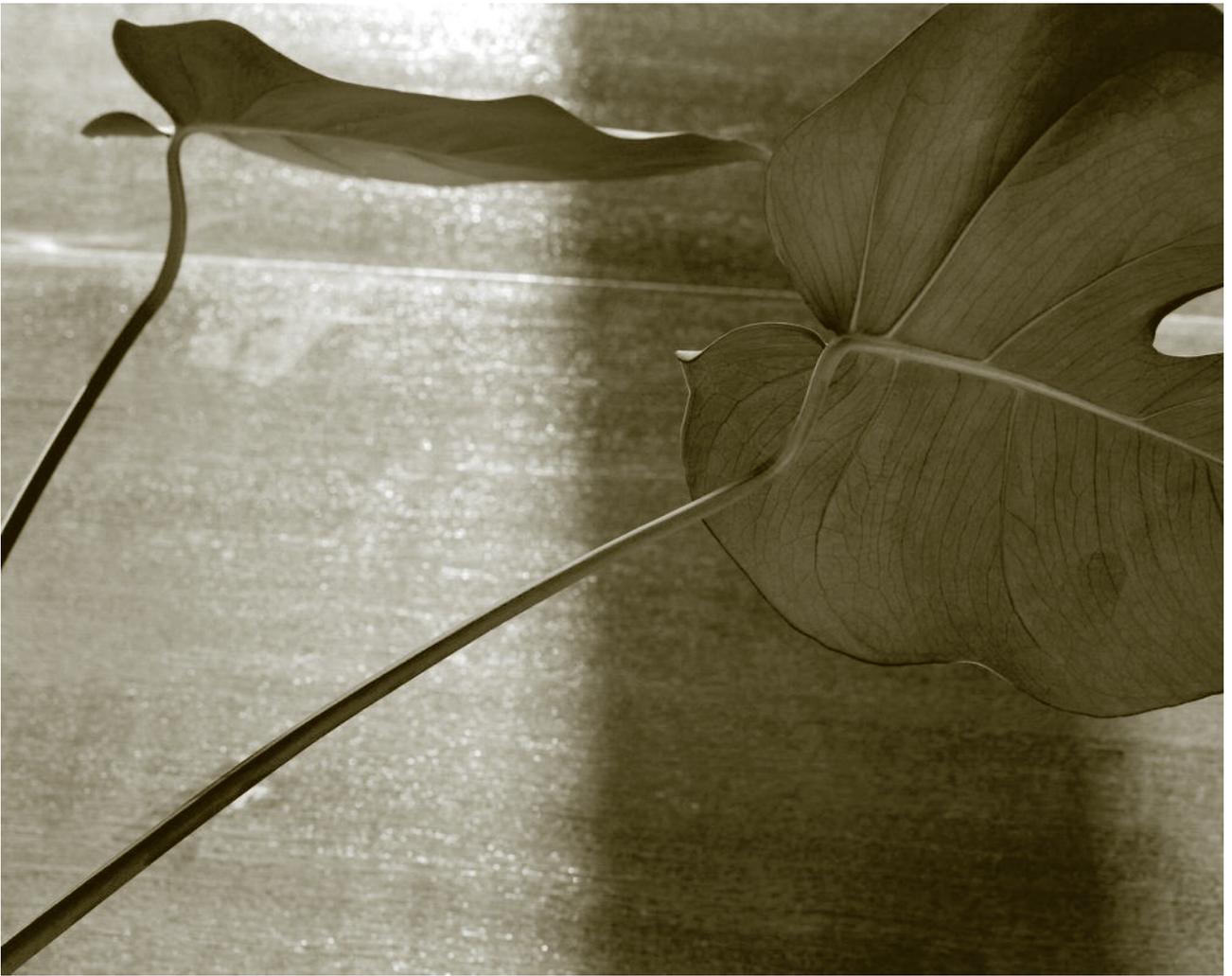
10. Corporate communication

The main purpose of the open and continuous information policy run by Bank Millennium is to ensure equal access to information about the activity of the Bank and Group companies for shareholders and stakeholders. To execute its corporate information policy, the Bank applies the best market practices, observes the accepted standards and complies with all the requirements of all the regulations applicable to public companies.

The corporate communication programme is implemented by two specialised units at the Bank: the Investor Relations Department which is responsible for contacts with shareholders, investors, financial market analysts and self-regulation organisations of the capital market, and the Public Relations Department, responsible for contacts with the media, spokesman's function and internal communication. Both units coordinate the disclosure of public information by the Group's companies: Millennium Leasing, Millennium Dom Maklerski and TFI Millennium.

In the beginning of each year, the Bank publicly announces the timetable for publishing its quarterly, semi-annual and annual results and provides information on the key corporate events, such as General Meetings. The current events connected with the Bank's operation constitute the subject of current reports or press releases. Additionally, the Bank maintains relations with the investor and analyst community through numerous meetings and with economic journalists through systematically organised press conferences, responses to questions asked and by sending out information. Most of the information (including information on the CSR policy and activity) is also published on the Bank's websites and conveyed to employees in the corporate Intranet portal in the Polish and English language versions.

Some of the meetings, including General Meetings and quarterly meetings of the Bank's Management Board with market analysts, are available to all interested persons on-line, on the Internet.



VIII. Aspects of environmental protection

Bank Millennium displays care for the natural environment through rational management of materials, monitoring the use of water, energy and fuels, introducing environmentally-friendly solutions in its operations and through educational campaigns for its employees and customers.

In 2012 the Bank Millennium Group did not receive information on any instance of infringing environmental protection regulations.

I. Resource management

The rational resource management policy includes the efficient use of resources that the bank already has and the optimised purchasing process of the materials necessary for operating activity.

I.1 Consumption of materials purchased

	2012	2011	Unit	Change 2012/2011	Reasons for change	Resource
Paper and paper rolls for operational needs	369,307	358,037	kg	3.15%	As a result of the implemented reduction measures, the consumption trend remains flat compared to 2011 even though the number of clients has increased by 5% (see: page 81-82).	renewable
Envelopes	101,924	113,042	kg	-9.84%	Increase in the number of customers using online statements.	renewable
Plastic articles	13,421	14,316	kg	-6.25%	Consumption reduced due to the implemented reduction measures (see: page 81).	non-renewable
Consumable materials for printing devices	1,708	1,846	kg	-7.49%	Reduction in the consumption of tape, cassettes and ink-rollers.	non-renewable
Batteries	541	387	kg	39.87%	Possibility of ordering batteries directly in the Bank's procurement system. Previously, a battery replacement for some of the electronic devices was provided by external providers.	non-renewable

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I.2 Waste management

In 2012, the Bank recorded a drop in the quantities of waste it generated. Despite an increase in the number of customers, the consumption of materials necessary for the Bank's operations was similar to the 2011 level.

I.2.1 Recycling and utilisation of materials

Paper, metal, wood, plastic, glass and electronic waste produced in the course of the Bank's operating activity is recycled or utilised by a specialised company with which the Bank has signed a contract. **92%** of the waste is recycled.

	2012	2011	Unit	Change 2012/2011	Reasons for change
Telecommunication and computer hardware	13,629	24,329	kg	-43.98%	In 2011, hardware (workstations and servers) in branches was replaced due to a migration to Windows 7.
Paper	203,657	607,666	kg	-66.49%	In 2011, the Archive Project was carried out (shredding documents whose storage time has elapsed in 2009 and 2010).
Metal waste	3,839	2,958	kg	29.78%	In 2011, superfluous equipment which was not used in the Bank any more was removed from most of the outlets.
Plastic articles	552	1,646	kg	-66.46%	
Glass	230	1,598	kg	-85.61%	
Furniture	4,789	8,082	kg	-40.75%	
CCTV cassettes (for monitoring)	515	600	kg	-14.17%	
Recycled waste*	92%	92%		0%	

* waste produced by the Bank and passed on to a specialised utilisation company

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2. Monitoring of energy, water and fuel consumption

After an analysis of the consumption of water, energy and fuels, reduction measures are implemented to reduce consumption of these resources (see: page 81-83).

2.1 Consumption of energy and water

	2012	2011	Unit	Change 2012/2011	Reasons for change
Electricity purchased	111,631	118,672	GJ	-5.93%	Continued replacement of lighting in advertisements to LED
Heating energy purchased	104,693	62,220	GJ	68.26%	Increased consumption of heating associated with severe winter
Natural gas	200,386	183,775	m ³	9.04%	as above
Heating oil	75,818	75,880	litre	-0.08%	
Water*	85,589	66,981	m ³	27.78%	Full occupation of Head Office buildings, 2 new outlets

* municipal water

2.2 Consumption of fuel

2.2.1 Car fleet

	2012		2011		Unit	Change 2012/2011	
	Gasoline	Diesel	Gasoline	Diesel		Gasoline	Diesel
Kilometres travelled	6,509,213	3,833,091	6,453,934	3,519,961	km	0.86%	8.90%
Number of cars	347	150	348	152	units	-0.29%	-1.32%
Fuel consumption	520,737	210,820	516,315	193,597	litre	0.86%	8.90%

2.2.2 Business trips

	2012	2011	Unit	Change 2012/2011	Reasons for change
Airline	3 18 079	1 61 796	km	96,59%	Purchase of airline tickets in the price of railway tickets
Railway	1 940 702	2 187 882	km	-11,30%	
Taxis	3 524	3484	km	1,15%	
Bus	87 598	88 251	km	-0,74%	

3. Introduction of environmentally friendly solutions

3.1 Optimising the consumption of materials purchased by the Bank

3.1.1 Plastic

Verification of the need for secure plastic envelopes – based on the average number of special shipments sent, a limit for secure envelopes was set for each of the Bank's organisational units.

Regeneration of stamp shells – the rubber parts of stamps are destroyed in the presence of a committee and empty stamp shells are delivered to a contractor for reuse. This allows us to reduce the quantity of plastic used.

Limitations in the use of plastic – for several years now, discipline has been implemented in ordering bottled mineral water, plastic cups and stirrers. Water treatment purifiers have been installed in the Bank's Head Office.

Efficient management of resources – re-use of resources allows the Bank to reduce the purchased quantities of furnishings (desk chairs), own devices (shredders and bill counters) and consumable materials (e.g. toners, hangers, inking ribbons).

IT tools – an IT tool is used to support the process of centralising purchases of materials necessary for the Bank's organisational units to carry out their ongoing activity. The tool makes it possible to use mechanisms limiting the use and impact of specific product groups on the natural environment, among others by defining quantity limits and verifying user needs.

3.1.2 Paper

Verification of need for paper – based on monthly cash transaction reports, the quantity of paper for cash and treasury transaction printouts needed by branches is controlled. Moreover, a mailing is sent to all the Bank's outlets to remind them of the correct use of materials provided.

Reduced consumption of paper by the Bank's organisational units through the use of print rooms and offering duplex printouts and by scanning and mailing documents electronically.

Implementation of Equitrac – a system for reporting and controlling printing tasks. The system records details of all the printouts generated by employees (date and time, user ID, document name, number of pages and estimated printing cost) which makes it possible to manage the structure of printouts.

Electronic circulation of documents – in the part pertaining to employee matters, the Intranet site is used for direct communication between employees and the HR Department. It virtually eliminated internal circulation of almost all hard copy documents in this area.

Limiting the number of printed documents delivered to clients – this is achieved by analysing the required documents and by formatting the text and the printout format properly. Also, some documents (e.g. bylaws) are posted on the Bank’s website, which makes them directly accessible to the clients. Moreover, Internet deposits are promoted, which reduces the consumption of paper.

Promoting on-line statements – an electronic statement is assumed as the default option for every new customer opening a current account in Bank Millennium. Also, a special pop-up welcome page has been developed, which is activated periodically for customers who still receive hard copy statements (the page is displayed after the customer logs into the system and allows him/her to select the default option of electronic statements immediately). The actions taken in 2012 allowed the Bank to reduce the volume of printed statements by an additional **20%**, which reduced both consumption of printing materials/toners and paper.

Consolidated agreements – a customer purchasing a package of banking services may sign a single consolidated agreement instead of several separate agreements for each product.

3.1.3 Electricity

Replacement of light sources in external advertising panels of the Bank’s outlets – from traditional fluorescent lamps to energy saving LED light sources.

Limited operation of external advertising panels (they are turned out at midnight).

Use of energy-saving light sources in branches (a pilot program).

In Head Office buildings, lights are turned off automatically (after 6 p.m.).

Ongoing monitoring of consumption of utilities is a continuous process. Based on financial data, a ranking of energy recipients by consumption is prepared. Branches with the highest energy consumption rates are audited and, if possible, improvements and recommendations for building administrator companies are implemented. Similarly, in the event of high utility bills whether consumption is accurate is checked and whether or not any devices or installations have broken down.

Rational management of energy consumption – the Head Office and the Bank’s Branches have implemented recommendations regulating the operation of air-conditioning, ventilation and heating devices depending on seasons and daily distributions. The purpose of the recommendations is to limit the consumption of electricity by air-conditioning and heating and ventilation devices to the period of the working hours. The turn-off methodology also prevents the simultaneous operation of heating and cooling devices

Optimization of energy consumption

	2012	2011
Branches with LED lighting	100 (22%)	69 (15%)
Branches with panels turned off at midnight	349 (78%)	349 (78%)

Verdiem – a system for monitoring energy consumption for computer infrastructure. The system enables automatic disengagement and re-engagement of computers and monitors in the Head Office and in branches. It also has an interface offering customisation to the needs of branches, branches open on weekends, Internet banking posts, standard Head Office users, Call Centre workstations operating in a shift system. Implementation of this system has allowed the Bank to reduce overall electricity consumption by **-40%**.

Virtualisation of the server infrastructure at the Computer Centre. Replacement of legacy server infrastructure with a highly-consolidated and virtualised environment has significantly reduced the number of physical machines on which the Bank’s applications and services operate. As a result, the Bank has obtained a more reliable and efficient server infrastructure, but also a clear reduction in electricity consumption at the Computer Centre. Less energy-consuming servers also means that less heat is emitted and therefore less energy needed for the air-conditioning system in Computer Centre rooms. The savings obtained as a result of this exercise is estimated at **20%** of the overall consumption of energy at the Computer Centre.

Plan to modernise computers. In continuation of the periodic computer hardware modernisation plan, in 2012, the Bank replaced 700 of the oldest desktop computers with new ones that use **30%** less energy than the old hardware.

3.1.4 Fuel

Company cars with the highest exhaust emissions are gradually replaced with ones that are less harmful to the environment. The Bank’s car fleet only has cars compliant with the Euro 4 and Euro 5 standards.

In order to reduce the need for business trips, an e-learning training system is being developed (the percentage of e-learning training increased from 17% in 2011 to 20% in 2012).

4. Bank’s environmentally friendly products and services

List of environmentally friendly products and services offered by the Bank Millennium

Client segment	Product	Details (report page)
Individual clients	WWF Card	39
	Electronic bank statements	40, 82
Prestige clients	Green mutual funds	41
Corporate clients	PoSEFF	42
	Technological loan	43

5. Environmental education campaigns

5.1 PRO ECO training

A PRO-ECO E-learning course has been developed to promote environmentally friendly attitudes. It uses an accessible and interactive form to give much specific advice on how to care for the environment when performing daily tasks at home, in the office and when travelling. The course has been designed for all Bank Millennium employees.

The second edition of the training course was held in 2012 – the first was carried out in 2009.

PRO ECO training

	2nd edition (2012)	1st edition (2009)
Number and % of employees who completed the training	1924 (32%)	2479 (39%)

5.2 Earth Hour

Each year since 2009, the Bank has participated in the "Earth Hour" environmental campaign organised by the WWF Polska Foundation. As part of this campaign, the lighting and advertising panels in the Bank's outlets and Head Office in Warsaw and Gdańsk are turned off for an hour. The purpose of this event is to draw attention to the selected aspects of human impact on the natural environment. It has been made possible thanks to our employees' voluntary involvement.

Information on preparations for, and the Bank's participation in, the event is published in a special service for employees (on the Intranet), printed on account statements sent to our customers and in the Bank's internal newsletter.

5.3 Meeting for corporate customers

The Bank takes action to promote energy-saving investments within the framework of the PoISEFF programme supporting energy saving investments. Such actions take the form of meetings with customers during seminars or industry fairs. In the course of our talks, entrepreneurs often consider making changes to investment projects leading to lower energy consumption.

	2012		2011	
	Number of informational meetings	Number of meeting participants	Number of informational meetings	Number of meeting participants
Seminars	24	275	25	325
Industry fairs	6	5000	13	4500

6. Protection areas

The Bank does not own any land neighbouring protected areas.

GRI G3.1 Content Index – Financial Services Sector Supplement – Application Level B

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
Standard disclosure, part I: profile Disclosures					
1. Strategy and Analysis					
1.1	Statement from the most senior decision – maker of the organisation	Fully	7		
1.2	Description of key impacts, risks, and opportunities	Partially	13-15	Assessment of reasons for underperformance and over performance	No underperformance or over performance
2. Organisational Profile					
2.1	Name of the organisation	Fully	19		
2.2	Primary brands, products, and/or services	Fully	20		
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	19		
2.4	Location of organisation's headquarters	Fully	20		
2.5	Number of countries where the organisation operates	Fully	20		
2.6	Nature of ownership and legal form	Fully	20		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	20		
2.8	Scale of the reporting organisation	Fully	21		
2.9	Significant changes during the reporting period regarding size, structure or ownership	Fully	21-22		
2.10	Awards received in the reporting period	Fully	45-46		
3. Report Parameters					
3.1	Reporting period	Fully	17		
3.2	Date of most recent previous report	Fully	17		
3.3	Reporting cycle	Fully	17		
3.4	Contact point for questions	Fully	93		
3.5	Process for defining report content	Fully	17		
3.6	Boundary of the report	Fully	17		
3.7	State any specific limitations on the scope or boundary of the report	Fully	17		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Fully	17		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Fully	17		

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Fully	Does not exist		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	35, 39, 58		
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	85-91		
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	5, 92		
4. Governance, Commitments and Engagement					
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Fully	22-24, 54	Gender is the only indicator of diversity within the organisation's highest governance body	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	22		
4.3	State the number and gender of members of the highest governance body that are independent and/or non-executive members	Fully	22		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	30, 31, 47-48, 61-63		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance	Fully	24-25, 55-56		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	24		
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	25		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	9-10		
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Fully	25		

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Fully	25		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Fully	71-77		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Fully	10		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	Fully	11	the company has neither position in governance bodies nor provide substantive funding for listed organisations	
4.14	List of stakeholder groups engaged by the organisation	Fully	28		
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	27		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	29-31		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Fully	30-31		

Standard disclosures, part II: Disclosures on Management Approach

Disclosures on Management Approach:

DMA EC	Economic Performance				
Aspects	Economic Performance	Fully	7		
	Market presence	Fully	20-21, 49		
	Indirect economic impacts	Fully	43		
DMA EN	Environment				
Aspects	Materials	Fully	79-82		
	Energy	Fully	80		
	Water	Fully	80		
	Biodiversity	Fully	84		
	Products and services	Fully	83		
	Compliance	Fully	79		
	Transport	Fully	80-81, 83		

GRI G3.I Content Index – Financial Services Sector Supplement – Application Level B

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
DMA LA	Labor Practices				
Aspects	Employment	Fully	50-56		
	Labor/management relations	Fully	54		
	Occupational health and safety	Fully	61		
	Training and education	Fully	56-58		
	Diversity and equal opportunity	Fully	55		
	Equal remuneration for women and men	Fully	55		
DMA HR	Human Rights				
Aspects	Investment and procurement practices	Fully	49		
	Non-discrimination	Fully	55		
	Freedom of association and collective bargaining	Fully	54		
DMA SO	Society				
Aspects	Local communities	Fully	64		
	Corruption	Fully	71		is the part of compliance policy
	Anti-competitive behavior	Fully	71		is the part of compliance policy
	Compliance	Fully	71		
DMA PR	Product Responsibility				
Aspects	Product and service labelling	Fully	36, 45		
	Policies for the fair design and sale of financial products and services	Fully	36, 45		
	Marketing communication	Fully	36		
	Customer privacy	Fully	71		is the part of compliance policy
	Compliance	Fully	36, 45, 71		
Standard disclosures, part III: Performance Indicators					
Product and Service Impact					
Product Portfolio					
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Fully	41-44		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Fully	41, 43		

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
Economic Performance Indicators					
Economic performance					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Fully	21, 65		
Market presence					
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Fully	49		
Indirect economic impacts					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Fully	43		
Environmental Performance Indicators					
Materials					
EN1	Materials used by weight or volume	Fully	79		
Energy					
EN4	Indirect energy consumption by primary source	Partially	80	The corresponding primary energy consumed in its production	No data available
EN5	Energy saved due to conservation and efficiency improvements	Partially	82-83	Total amount of energy saved (quantitative)	No data available
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Fully	82-83		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Fully	82-83		
Water					
EN8	Total water withdrawal by source	Fully	80		
Biodiversity					
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	84		
Compliance					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	79		

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
Social: Labor Practices and Decent Work					
Employment					
LA1	Total workforce by employment type, employment contract and region, broken down by gender	Fully	50, 52		
LA2	Total number and new employee hires and employee turnover by age group, gender, and region	Fully	51-52		
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Fully	59		
LA15	Return to work and retention rate after parental leave, by gender	Fully	54		
Labor/management relations					
LA4	Percentage of employees covered by collective bargaining agreements	Fully	54		
Training and education					
LA10	Average hours of training per year per employee by employee category	Fully	58		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Partially	57	The retirement transition assistance programs	No such programs in the organisation
LA12	Percentage of employees receiving regular performance and career development reviews	Fully	56		
Diversity and equal opportunity					
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Fully	54		
Equal remuneration for women and men					
LA14	Ratio of basic salary of men to women by employee category.	Fully	55		
Social: Human Rights					
Investment and procurement practices					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Fully	49		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Fully	49		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Fully	58		

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	The part not reported	Explanation
Social: Society					
Local Communities					
FS14	Initiatives to improve access to financial services for disadvantaged people	Fully	38-39		
Corruption					
SO2	Percentage and total number of business units analyzed for risks related to corruption	Fully	74		
SO4	Actions taken in response to incidents of corruption	Fully	74		
Anti-competitive behavior					
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Fully	72		
Social: Product responsibility					
Product and service labelling					
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Fully	33-34		
FS15	Policies for the fair design and sale of financial products and services	Fully	36, 45		
FS16	Initiatives to enhance financial literacy by type of beneficiary	Fully	40, 45		
Marketing communications					
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Fully	36		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Fully	36		
Customer privacy					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	35		
Compliance					
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Fully	72		



Statement GRI Application Level Check

GRI hereby states that **Bank Millennium S.A.** has presented its report "Corporate Responsibility 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 6 March 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



CR12

Share your opinion

Thank you for reading our report.

If you want to share your opinion with us, please send your comments to the following person:

Anna Pulnar
CSR Consultant

csr@bankmillennium.pl

I 2 C R





fotografia: Sławomir Mielnik

Sławoj Dubiel

Born 25 October, 1964 in Tarnowskie Góry.

Graduate of Opole College of Education and the State College of Educational and Cultural Studies in Opole (specialisation: photography and film). Currently a photographer at the Press Office of Opole University of Technology. He showed his works at many individual and collective exhibitions. Sławoj Dubiel was awarded, among others, with the 1st Prize of the XVth Mountain Photography Biennale in Jelenia Góra in 2008.

He has been a member of the Association of Polish Artists Photographers since 2000 and a member (and co-founder) of the Photography Workshop Foundation 2.8.

He shoots black & white photographs of post-industrial spaces (e.g. *Groszowice Cement Plant*, *Photo-realism*, *Vedute di Silesia*, *Two Traditions*), classic landscape photographs (e.g. *A Souvenir from the Krkonoše Mountains*, *Photography – New Media*) as well as photo-documentaries (e.g. *History Margins*, *Photosensitive Pages*, *Natural History*).

He was the Minister of Culture and National Heritage scholarship holder in 2004 and 2007.

Notable exhibitions:

Photographs, KMPiK, Opole, 1986; *...drink tea in the morning*, 5d/3 A. J. Lech's Gallery, Opole, 1987; *Photographs*, Korytarz Gallery, Jelenia Góra, 1997; *Absolute Reality*, Korytarz Gallery, Jelenia Góra, 2002; *Indian Summer*, Regional Museum, Radomsko, 2003; *The Krkonoše Mountains, the Rudawy Mountains*, Jelenia Góra, 2005; *Groszowice Cement Plant*, Stredoeurópsky dom fotografie, Bratislava, 2006; *Photographs 1986-2006*, PWSZ Wejście Gallery, Głogów, 2007; *Photosensitive Pages Photography Annex*, GSW, Opole, 2010; *Vivat Akademia, Vivat Professores, Freedom Square*, Opole, 2011; *Osowiec Forge*, MBP Gallery, Opole, 2012; *Natural History*, CMJW, Opole, 2012.

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photographs from the series *Indian Summer*: **Sławoj Dubiel**

layout: **Marek Wajda** photo of the President of Management Board: **Piotr Waniorek**

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