

CORPORATE RESPONSIBILITY

Millennium  
bank

2013

# CORPORATE RESPONSIBILITY

## MATERIALITY MATTERS



**Global  
Reporting  
Initiative™**

AT THE TIME OF PUBLICATION THE  
G4-17 TO G4-27 DISCLOSURES WERE  
CORRECTLY LOCATED IN THIS G4  
CONTENT INDEX AND FINAL REPORT.



Millennium  
bank

2013

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# Letter from the Chairman



# of the Management Board

4 5

Dear Stakeholders,

I would like to encourage you to review the Bank Millennium Group's *2013 Corporate Social Responsibility Report*. In this report, we portray the measures that the Bank and the Group's companies have taken to implement in practice the principles of corporate social responsibility. This year's report has been prepared in accordance with the GRI 4 international reporting standards.

2013 was a very demanding year for banks. We have all felt economic slowdown and the difficulties associated with operating in a very low interest rate environment. Nevertheless, Bank Millennium generated the second highest profit in its history, amounting to PLN 536 million, up 13% compared to 2012. We thereby made a great step toward attaining the objectives laid down in the mid-term growth strategy for 2013-2015.

In the most recent twelve months, given the complex business environment, cooperating closely with all of the Bank's client constituencies based on transparent rules took on special meaning. In its relations with client the Bank attached special attention to pursuing an active reporting policy, solidifying close relations and counteracting the threats inherent in an economic slowdown. The Bank also continued to employ active forms of maintaining contact and cooperating with other major stakeholder constituencies, including social partners, which it developed in recent years.

In 2013, the Bank joined the *RESPECT Index* for the sixth time, Central and Eastern Europe's first index of companies formed by the Warsaw Stock Exchange espousing corporate social responsibility. The Bank also received a distinction in the nationwide *Ranking of Responsible Companies*. Last year, the Bank continued the discussion on crafting a CSR strategy and forming structures to facilitate its implementation, as well as to develop a framework for ongoing dialogue with its stakeholders. The Bank's representatives took part in the work done by governmental and non-governmental organizations to promulgate the principles of corporate social responsibility. In turn, the Bank nurtured the cultivation of these ideas among its employees by encouraging them to participate in employee voluntarism programs and social undertakings.

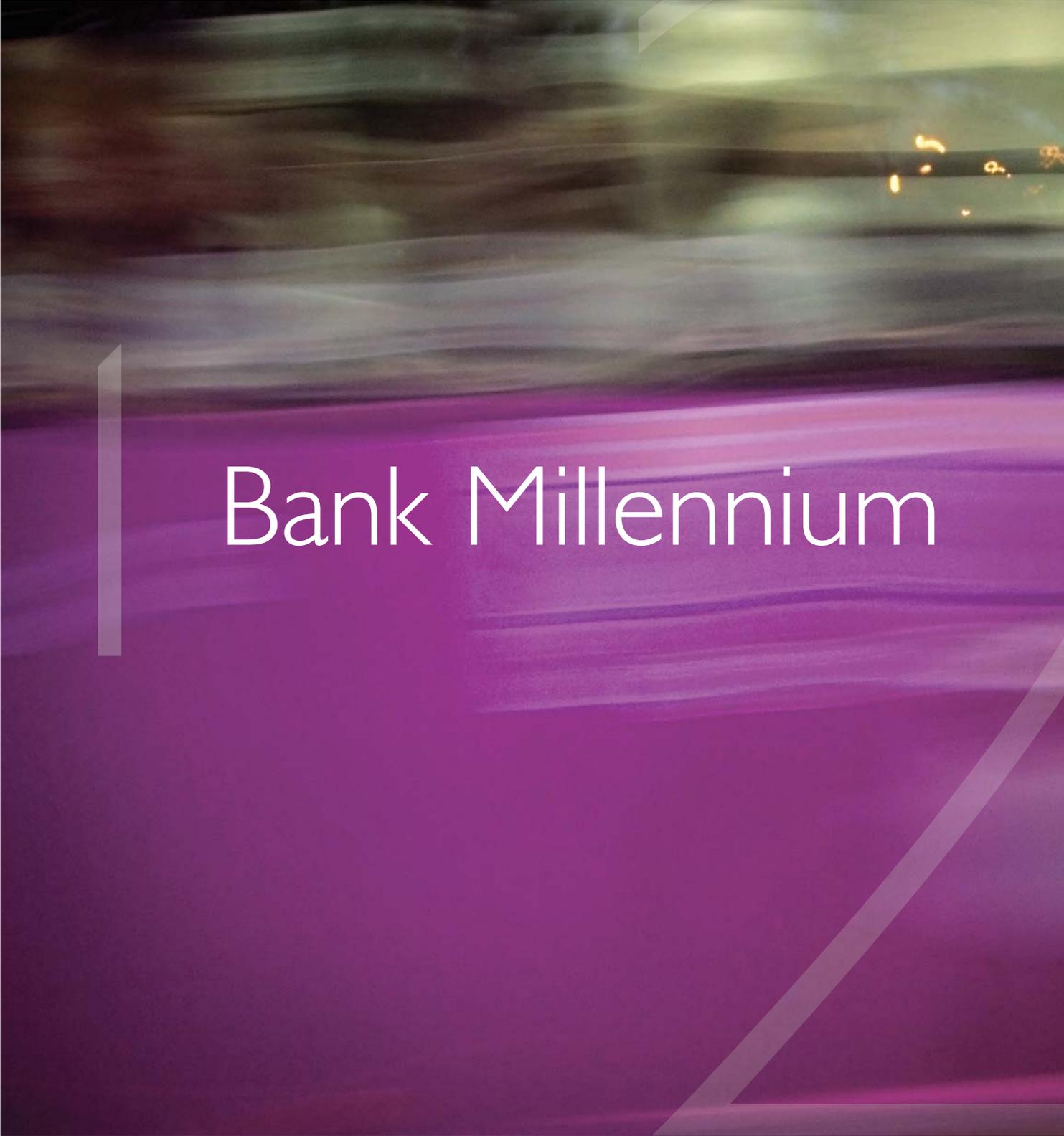
All our employees became familiar with the *Code of Conduct* implemented in 2013 through a web training session. Its principles now form the universal foundation regulating employee conduct in the Bank's internal and external relations.

2013 was yet another year, in which the Bank confirmed that espousing a high quality of service culture is one of the strategic principles, according to which the Bank establishes and develops its relations with clients. The outcomes of the measures we have taken have brought the Bank a number of prestigious awards. "Newsweek" awarded Bank Millennium with the title of the *Friendliest Retail Bank in Poland*, while "Global Finance" named the Bank *the Best Retail Web Bank in Poland*.

In line with our mid-term strategy, in 2014 we will continue to pursue sustainable development by acting in compliance with the brand values and ethical rules in force in the Bank Millennium Group.



**Joao Bras Jorge** *Chairman of the Management Board of Bank Millennium*



# Bank Millennium

C O R P O R A T E   R E S P O N S I B I L I T Y



## I.1. Profile of the organization

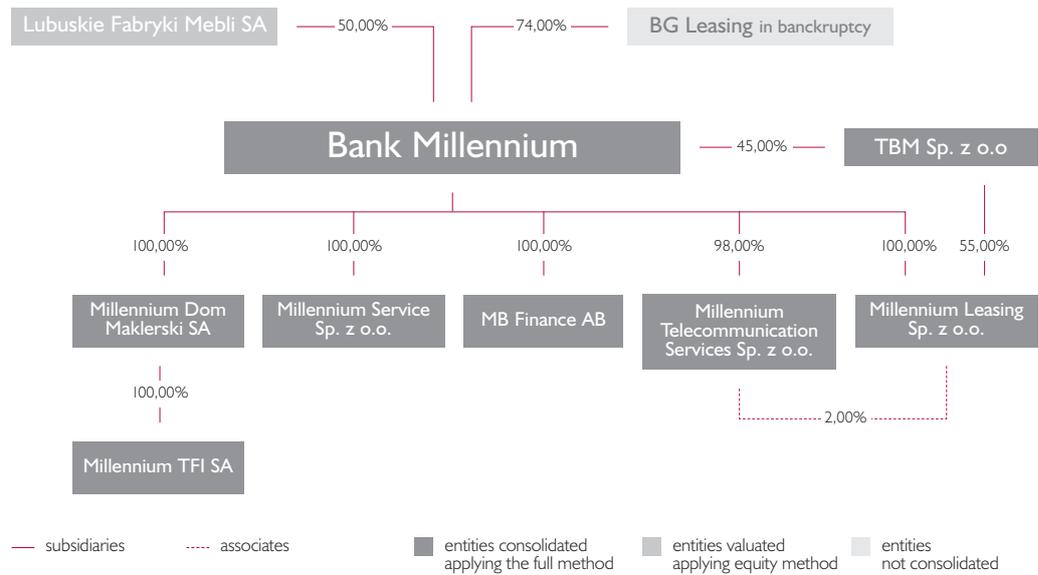
### I.1.1. Bank Millennium Group

Bank Millennium, along with its subsidiaries, makes up the Bank Millennium Group. The key Group companies include: Millennium Leasing (leasing activity), Millennium Dom Maklerski (brokerage activity) and Millennium TFI (mutual funds). The offering of these companies complements the services and products offered by the Bank.

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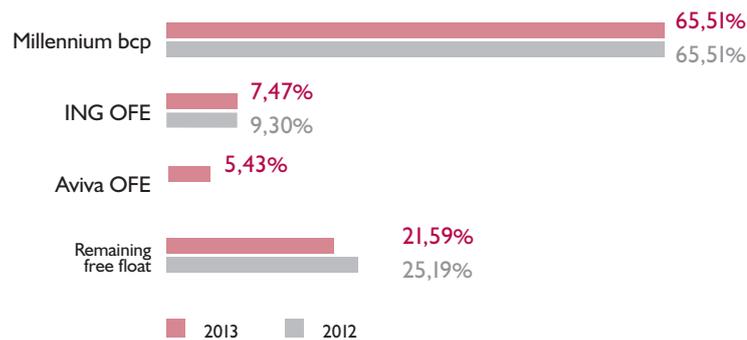
The activities of the remaining companies of the Group support the realization of infrastructural tasks and are not covered in the report. There was one change in the Group's structure compared to 2012. In 2013, the Bank sold all of its shares in Pomorskie Hurtowe Centrum Rolno-Spozywcze SA.

**Scheme of Bank Millennium S.A. capital group**  
as on 31.12.2013



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

**Changes in the shareholding of Bank Millennium**



## 1.1.2. Scale of activity

The Bank operates throughout Poland and has no branches abroad. Services are offered through a chain of 439 outlets across Poland, through the Millenet web banking system, through the telephone banking channel and a chain of 555 proprietary ATMs. Thanks to its numerous distribution channels, the Bank's products and services can be accessed in Poland 24 hours a day and 7 days a week.

### Scale of Bank Millennium Group's business activity

	2013	2012
Number of individuals	1.2 million	1.2 million
Number of corporate clients	10.5 thous.	10 thous.
Number of branches	439	447
Number of ATMs	555	566
Number of Internet banking clients	1 438 813 (62%)	1 433 726 (54%)
Number of employees	5 956	6 073
Number of business partners	5 142	5 529
Sponsoring and donations	PLN 2.59 million	PLN 1.67 million

### Membership in organizations

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

Organization	Description
<b>Stock Exchange Issuers Association</b>	It serves the community of stock exchange issuers by sharing knowledge and advice with respect to stock market regulations, promotes exchange of knowledge by fostering development of the capital market and a modern market economy in Poland.
<b>Polish Bank Association</b>	Its main statutory tasks include representation of the banking industry in matters relating to legal regulations, operation of the banking system, organization of the exchange of information between banks, development of an interbank infrastructure, promotion of the standardization of banking products and services.
<b>Responsible Investing Working Group</b>	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 43)
<b>Lewiatan Polish Confederation of Private Employers</b>	Represents the interests of Polish private entrepreneurs, analyses innovation in Polish companies and growth trends in the Polish economy, fosters development of social capital in Poland, promotes CSR and ethical business.

### 1.1.3. 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 response to the expectations of various groups of clients, the Bank offers every segment of different products customized to meet their needs. The direction of change and the implemented innovations are driven directly by customers' opinions during qualitative and quantitative studies regularly conducted by the Bank (see page 32-33).

#### Client segments and offered products

Client segment	Description	Offered products
<b>Individual clients</b>		Accounts, cards, loans, mortgage loans, investment and savings products, insurance.
<b>Prestige clients</b>	Individuals holding assets exceeding PLN 100 thousand in the Bank.	Accounts, cards, savings products, investment insurance products, structured products, funds, loans.
<b>Private Banking</b>	Individuals holding assets exceeding PLN 1 million in the Bank.	Accounts, cards, savings products, investment products, funds, loans.
<b>Business clients in the Retail Division</b>	Companies with annual sales up to PLN 5 million.	Accounts, cards, trade financing, factoring, leasing, capital investments.
<b>Corporates</b>	Companies with annual revenues on sales over PLN 5 million.	Transaction banking, trade financing, EU funds, factoring, leasing, treasury products.

A detailed description of the products and services offered is available on our website at <http://www.bankmillennium.pl/>

### I.1.4. Business performance

The Bank Millennium Group achieves its economic goals through a medium-term growth strategy, in a sustainable manner, taking into account the principles declared in the Code of Ethics. The Group places special emphasis on offering its Clients products that match their needs and the quality of service typical for the responsible companies. The Group has applied a structured and transparent system of principles to its operations, which mitigates reputation risk and helps build relations with its Stakeholders, including Clients, based on mutually beneficial long-term relations.

#### Highlights of the Bank Millennium Group business performance (in millions of PLN)

	2013	2012
Operating income	2 080,1	2 008,2
Operating expenses	1 397,4	1 414,4
Net sales	1 808,8	1 707,2
Payroll expenses	547	558,3
Income tax	144,8	123,8
Loans and advances to customers (gross)	41 765,7	40 232,2
Customer Funds	51 872	46 792
Share in the loan market*	4.8%	6.4%
Share in the deposit market*	5.3%	5.3%
Equity	5 363	4 824
Capital adequacy ratio	14.5%	14.5%
Net profit	535.8	472.2
<b>Distribution of profit</b>		
Dividend	50%	0
Reserve capital	50%	100%

\* loans to/deposits from Individuals Market

Detailed information and financial data pertaining to the activity of the Bank Millennium Group are available in the *2013 Annual Report of Bank Millennium* on the Bank's website.

## I.2. Management system

### I.2.1. Bank's governing bodies

**Shareholder Meeting** – the highest governing body of the Bank. Its powers include, among others: examination and approval of financial statements, distribution of profit, discharging of members of the Bank's governing bodies on the performance of their duties, amendment of the Bank's Articles of Association, selection and dismissal of Supervisory Board members and settlement of their remuneration.

**Supervisory Board** – exercises permanent supervision over the Bank's activity. Its powers include in particular: approval of the Bank's long-term development plans and annual economic and financial activity plans, appointment and dismissal of members of the Bank's Management Board and settlement of the terms of their remuneration. The Supervisory Board may establish standing or ad hoc committees to perform specific activities. Permanent committees of the Supervisory Board are: the Audit Committee and the Personnel Committee. The Supervisory Board has 12 members (11 men and 1 woman). Seven of the Supervisory Board members are not related to any shareholder with at least 5% of the Bank's shares. The Chair of the Supervisory Board is not the chairman of the Management Board.

**Management Board** – is the executive body, appointed by the Supervisory Board to manage all the Bank's operations. A detailed list of the Management Board's powers is available on the Bank's website, in the section *About the Bank > Corporate Bodies and Governance*. The Management Board of Bank Millennium has 7 members (5 men and 2 women).

**Procedures regarding supervision, identification and management of economic, environmental and social matters.** The Supervisory Board examines reports, provided by the Management Board every two months, regarding the key areas of the Bank's operation. The main subjects of the reports include: implementation of the economic plan, analysis of the Bank's position on the market and versus competitors, key external risks, conclusions from internal audits and implementation of the Bank's policies. Current decisions of the Supervisory Board are noted in minutes of its meetings. The Supervisory Board makes a global evaluation of the Bank's activity in *Bank Millennium's Supervisory Board's Activity Report*, which is published on the Bank's website.

Detailed information on Bank Millennium's governing bodies and internal structure are available on the [www.bankmillennium.pl](http://www.bankmillennium.pl) website in the section *About the Bank > Corporate Bodies and Governance*.

### I.2.2. Standards applied by the Bank

#### Mission, vision and values

The principles of the Bank's mission, vision and values have been incorporated in its medium-term growth strategy for 2013-2015 and are the basis for actions performed for Stakeholders. It is a priority for 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 advancement 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 customers:** learning and meeting customers' expectations and needs;
- **Ethics and Responsibility** in action;
- **Excellence:** high quality of services offered;
- **Innovativeness:** striving and searching for new customer service and financial market solutions;
- **Respect for stakeholders.**

### Ethical standards

Internal codes of conduct are sets of guidelines for employees, setting 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 everyday work.

**The Bank Millennium Code of Ethics** – contains the requirements that should govern relations with the internal and external environment and the rules relating to the observance of human rights and to the running of business activity in a transparent and honest manner. The Code also defines the procedure for reporting any unethical behaviour and for distributing it among internal and external stakeholders.

**Books of Standards for Bank Millennium Group Employees** – sets of model practices, which, when observed, will ensure high quality of service for clients. The Books contain the principles of cooperation between Bank Millennium Group employees with respect to mutual contact, cooperation, dress code and provide guidelines for 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: 24).

### External regulations observed by the Bank

The Bank operates 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** – a set of principles, defined by the Advertising Council, which governs the behaviour of advertisers in Poland. When making decisions related to advertising, Bank Millennium employees are formally obligated to observe the provisions of the Code.

**Corporate Governance Principles** – a collection of norms forming a system of governance and control over the company, specifically with respect to the rights of the company's various corporate bodies. The legal framework of the process of developing corporate governance principles for all public companies is provided by Warsaw Stock Exchange regulations, in particular the *Best Practices of WSE Listed Companies* adopted by the Stock Exchange Board (see page: 42).

**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: 30).

### 1.2.3. Management's approach to sustainable development

The declarations regarding corporate social responsibility policy have been incorporated in the revised medium-term **growth strategy for 2012-2015**, which was published in 2013 and is in the process of construing the operational plans for the Bank's various operating areas.

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 classified by their significance to Stakeholders and the scope of impact (see page: 78-79).

#### Impact of Bank's activity on sustainable development and Stakeholder rights

	Impact on:	Challenges	Benefits	Actions taken (report page)
<b>Clients</b>	Fair market practices, ensuring security of deposited funds, offering high quality products, services and support. Access to services for people at risk of social exclusion.	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 and accessibility for a broad group of Clients.	Introducing regulations to ensure product safety and protection of Client's funds (30); continuous dialogue with clients to respond to their expectations (32-34); obligating employees to observe the provisions of the Code of Ethics (13)
<b>Employees</b>	Employee's right to fair remuneration, 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 gaining the reputation of a good employer.	Introducing formalized and balanced human resource policies (50-61); creating opportunities for dialogue with employees (59-61); preference for employment for an indefinite term (50).
<b>Investors</b>	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 Good Practices for Listed Companies and reporting regularly. Conducting ongoing communication with investors (42-43).
<b>Suppliers</b>	Supply chain management and promotion of CSR knowledge among suppliers.	Drawing up a cooperation policy with suppliers to incorporate the monitoring of their observance of ethical and environmental clauses. Educating suppliers on CSR.	Impact on the observance of sustainable development principles throughout the supply chain.	The use of ethical and environmental clauses in contracts, where applicable (46-47).
<b>Society</b>	Preventing social exclusion through the implementation of social and educational programs and providing access to products and services for the disabled.	Participating in a comprehensive social involvement project.	Impact on resolution of social problems (e.g. exclusion of the disabled or elderly, low financial literacy in the society).	Introducing facilities for the disabled (35) and creating social and educational programs to prevent the problem of exclusion (64-65).

	Impact on:	Challenges	Benefits	Actions taken (report page)
<b>Environment</b>	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.	Optimization 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 (70-74); conducting environmental education programs (75).

■ impact on Stakeholders' rights   ■ impact on sustainable development

## Objectives relating to CSR implementation

**Targets for 2013-2015**

**Actions taken in 2013**

**Level of completion**

### Management

Develop, approve and implement the CSR strategy.

Review the CSR activities and define the CSR strategy (see page: 14)



Change the organizational structure in the CSR area and establish a Committee consisting of managers of the areas of key importance for CSR.

Prepare a proposal for an organizational structure to perform the CSR policy.



Maintain presence in the Respect Index.

Presence in the Respect Index. (patrz: str. 43)

Continuous process

### Communication

Improve dialogue with stakeholders by formally defining the frequency and form of consultation and by including all the key stakeholder groups.

Define the frequency and forms of contact with each of the key stakeholder groups and obtain their opinions frequently (see page: 20-21).

Continuous process

Increase frequency and forms of communication with Stakeholders on the implementation of the Bank's CSR policy.

Conduct regular communication with stakeholders through various internal and external channels (see page 20-21)

Continuous process

Cooperate with external organizations to promote CSR among stakeholders.

Take part in initiatives promoting responsible investing and social reporting (see page: 43)

Continuous process

### Environment

Develop, approve and implement the environmental policy, containing specific, measurable and monitored targets.

Measure impact on the environment review pro-environmental activities (see page: 69)



Introduce tools for comprehensive monitoring of environmental impact.

Review the existing methods of measuring impact on the environment.



### Suppliers

Include ethical and environmental clauses into all contracts with suppliers and monitor their observance.

Introduce an obligation to provide the suppliers and contractors with the *Bank Millennium Group Code of Ethics* and require the suppliers to abide by its provisions.



### Society

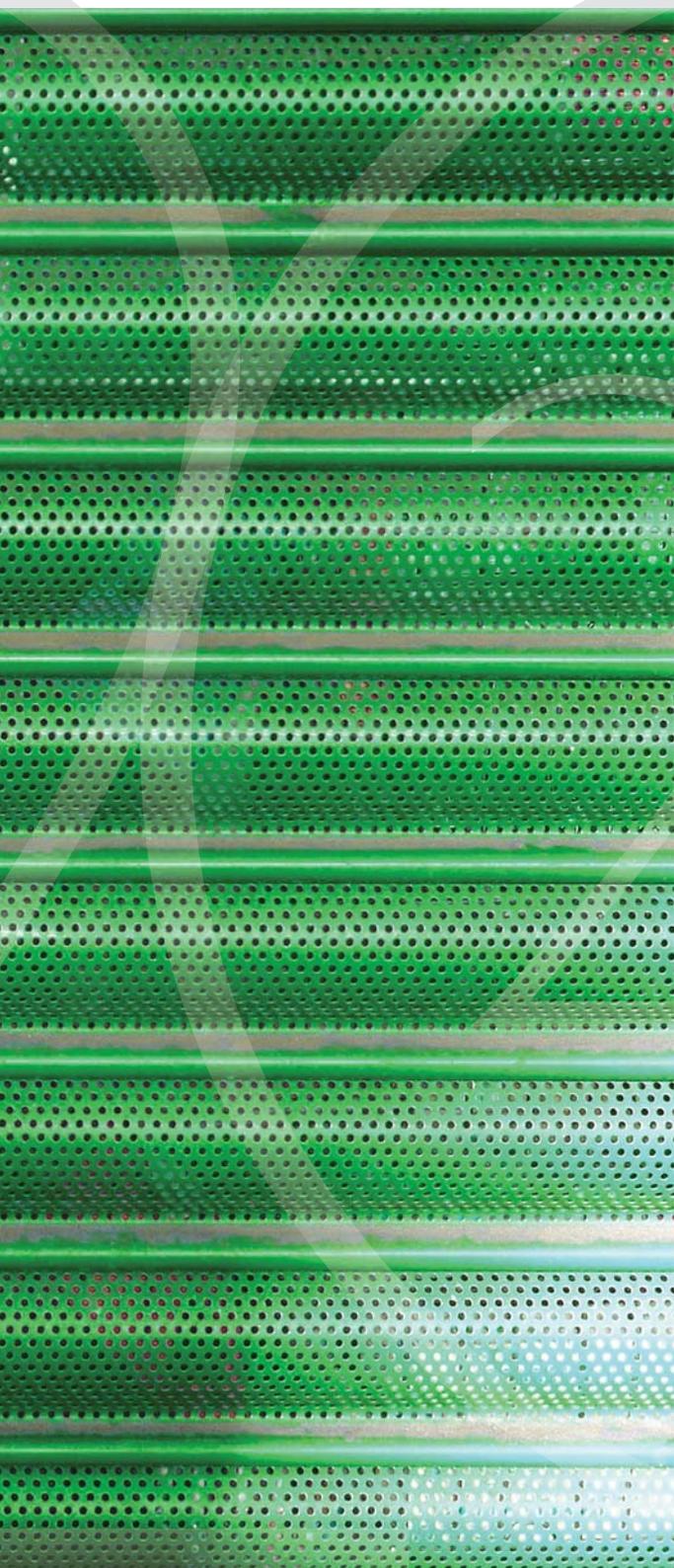
Participate in a social involvement project.

Participate in the *Nikifory* social program (see page: 64)

Continuous process



# 2 Bank's Stakeholders



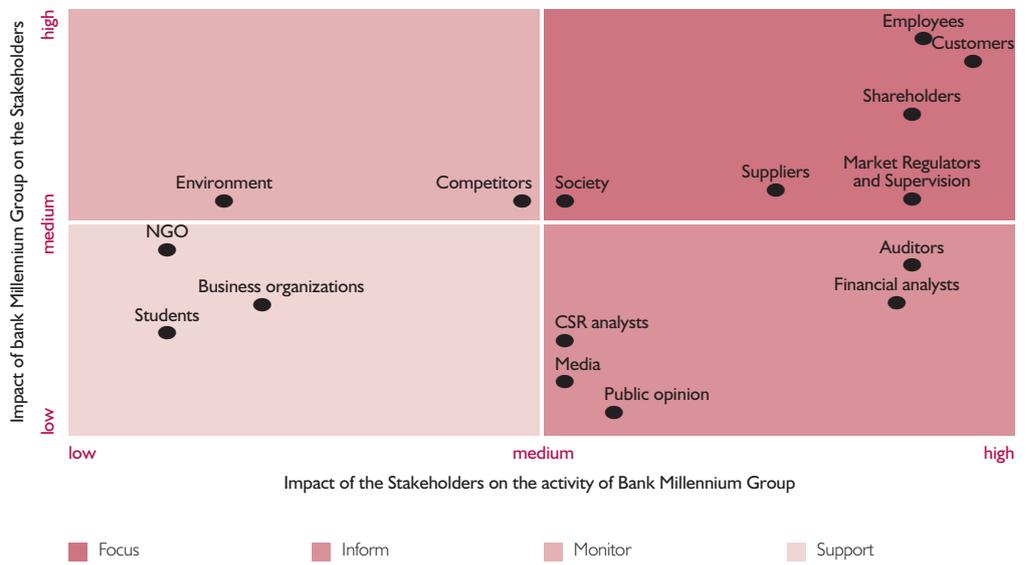
## 2.1. Identification of the Bank's Stakeholders

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

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# 2

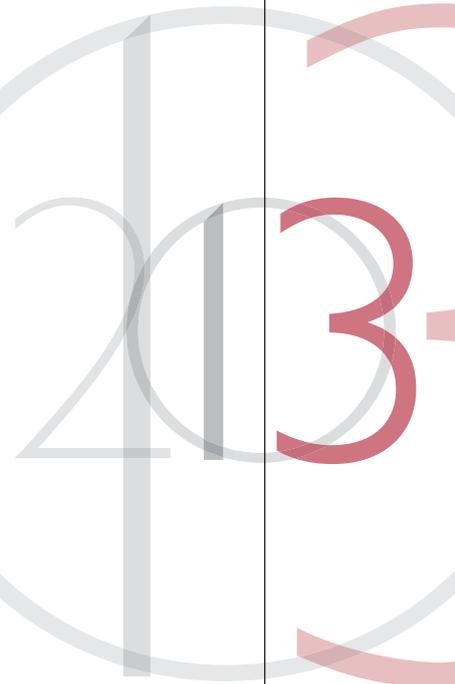
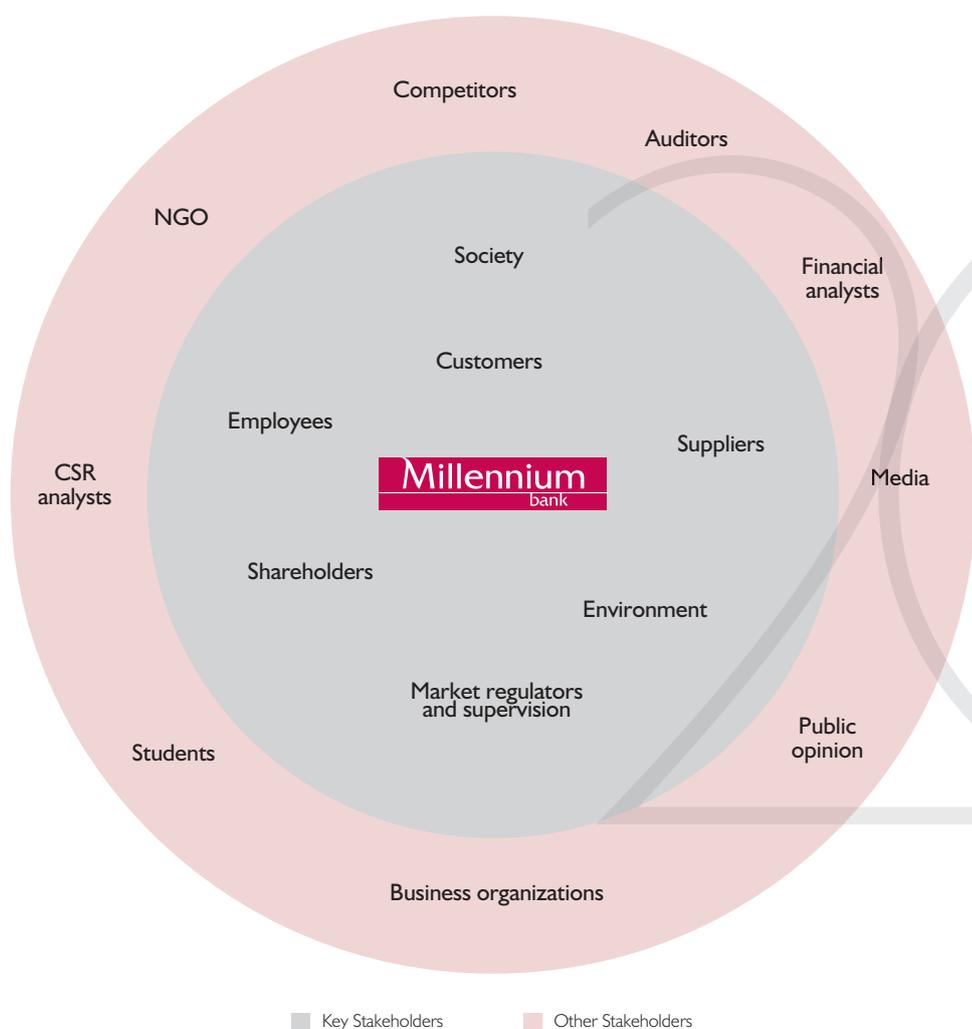
## Mapping of Stakeholders



This way, 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.**

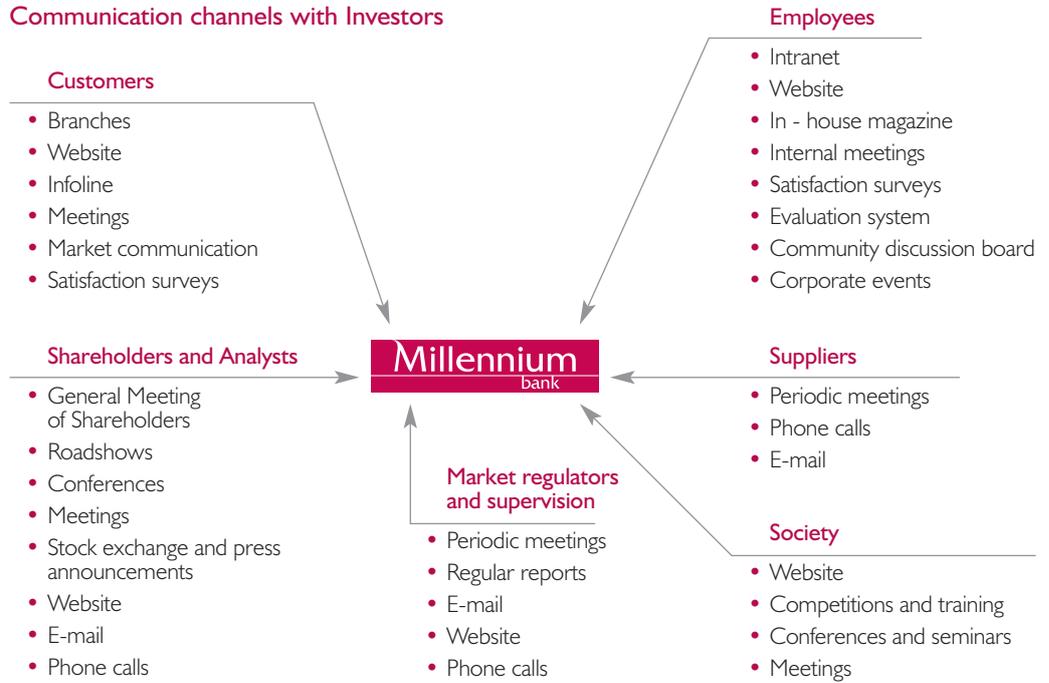
### Bank Millennium Group Stakeholders

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## 2.2. Dialogue with Stakeholders

The company conducts a documented and cyclical dialogue with key stakeholder groups, which serves as a way to learn about the mutual expectations and opinions on the past forms of cooperation. The dialogue is held in the regular way and does not serve only preparing the social responsibility report.



### Key issues stemming from dialogue with Stakeholders

Stakeholder	Communication channels	Frequency of dialogue	Topics raised	Bank's actions	Details (report page)
<b>Investors and Analysts</b>	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, assurance of transparency and security of operations, quick exchange of information through multiple communication channels with Shareholders.	24-27 42-43
	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			

Stakeholder	Communication channels	Frequency of dialogue	Topics raised	Bank's actions	Details (report page)
<b>Clients</b>	Branches Internet (www, YouTube) Hotline Complaints	Ongoing	High quality of products and services offered, fair consumer practices, safety of deposited funds and easy communication with the Bank.	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; assurance of numerous channels of contact with the Bank.	30-39
	Product and service satisfaction surveys and customer service quality surveys	Monthly /quarterly /year and ad hoc			
	Client Meetings	More than ten times a year			
<b>Employees</b>	Intranet, social site for employees, 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; assurance of numerous channels of mutual contact.	50-61
	Corporate meeting with the participation of the Management Board	Once a year			
	Employee evaluation system	Once a quarter			
	Satisfaction and motivation surveys	Once a year			
<b>Suppliers</b>	Periodic meetings	Several hundred times a year	Fair rules for selecting and cooperating with suppliers.	Use of objective procedures for selecting suppliers; timely performance of agreements.	46-47
	Telephone, e-mail	Ongoing			
<b>Social environment</b>	Offers of cooperation	Several hundred times a year	Supporting social projects.	Merit-based financial support for social projects, with special emphasis on cooperation with NGOs; encouraging employees to take part in social campaigns.	64-67
	Contests and training for students	Several dozens a year			
	Conferences with representatives of the social side and NGOs	Several dozens a year			
<b>Environment</b>	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.	70-75
	Environmental reports for state administration authorities	More than ten a year			



3

# Safety of deposited funds



### 3.1. Assurance of deposit safety

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

### 3.1.1. Compliance policy

The laws, principles and standards, pertaining to compliance of the Bank's actions with the applicable internal and external regulations, concern matters such as: observance of appropriate market behaviour standards, management of conflicts of interest, fair treatment of Clients and appropriate advisement. The Bank considers the following areas of operation to be of particular importance:

- preventing money laundering and financing of terrorism,
- ensuring compliance of Bank Millennium's internal normative acts with generally applicable provisions of law and with recommendations formulated by supervisory authorities;
- managing conflicts by identifying the conflict of interest arising between the Group and its clients and between clients and to establish the principles for managing the conflict after it arises;
- observing ethical principles;
- restricting personal transactions and protecting sensitive information related to Bank Millennium financial instruments issued by the Bank, as well as information related to sales and purchases of such instruments;
- monitoring and compliance for investment products governed by the EU MiFID (patrz: str. 30).

#### Amounts of significant fines for non-compliance with the law or regulations

##### Fines imposed by the Office of Competition and Consumer Protection (UOKiK)

	Amount (PLN)	Explanation
2013	634 071	By a decision of 29 December 2006, the President of UOKiK imposed a fine of PLN 12,158,370 on Bank Millennium. The fine was also imposed on other banks (20 in total).  This fine was a result of proceedings, in which UOKiK recognized as a competition-restricting action the practice, in which banks, including Bank Millennium, took part in an arrangement to jointly set the interchange fee rates charged on transactions made with Visa and Mastercard cards. In its judgment of 21 November 2013, the Competition and Consumer Protection Court in Warsaw dismissed in part the appeals submitted by banks, while reducing the fines, in the case of Bank Millennium, down to PLN 634.071,00. The judgment has not become legally effective.
2012	2 857 389	The President of UOKiK also recognized as a practice violating the collective interests of consumers the fact that, in the agreements to open and run Individual Retirement Accounts, the Bank failed to indicate the prerequisites for amending the agreements and failed to specify the scope of the Bank's liability for the timely and correct cash settlements and the amount of compensation for exceeding the deadline for performing instructions from the account holder and requested that those practices be discontinued. The Bank has appealed against the Office's decision.



### 3.1.2. Fraud prevention

#### Anti-Money Laundering Policy

Bank Millennium has implemented the **AML Programme**, which is a system for identifying risk areas, transactions subject to registration and transactions that may be related to money laundering or financing of terrorism.

The main element affecting the effectiveness of combating money laundering and funding of terrorism is also the systematic training of Bank Employees.

#### AML Program (Anti-Money Laundering)

	2013	2012
Number and % of employees trained	1 539 (28%)	1 346 (22%)
Number of Suspicious Activity Reports (SARs) sent to GIIF*	155	187
Number of clients reported in SARs	640	844

\* General Inspector of Financial Information

#### Anti-corruption regulations

The anti-corruption regulations, described in the internal compliance policies and the *Code of Conduct* of the Bank Millennium Group pertain to Bank employees accepting and offering benefits. They also contain clauses relating to contacts with persons holding public functions, public institutions and political parties.

These regulations also pertain to the Bank's suppliers and business partners. Employees are obligated to inform them of the requirement to abide by the *Code of Conduct* and to provide them with its copy.

Employees may voice questions and observed irregularities concerning the breach of law, regulations and ethical norms via a **dedicated telephone line or e-mail account**. They may contact their immediate supervisor or Head of the Compliance Department.

However, during the internal audits, the vulnerability of bank processes to various types of threats and possible abuse, including corruption, is examined.

#### Risk of corruption

	2013	2012
Number and % of organizational units analysed for corruption risk	It is difficult to specify the number of audited units, since audits concern processes and several organizational units may be involved in each process. During the 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.	

## Information security

### Client information protection

The Bank and its Employees are obligated to protect private and confidential information pertaining to its Clients and its proper usage. To this end, IT systems are being perfected on an ongoing basis and the pertinent Employee training is being conducted. The Bank's suppliers, whose services the Bank uses on a contractual basis, are also obligated to protect data confidentiality, including personal data and confidential data supplied by the Bank. Clients' personal data, account and transaction-related data, as well as data related to all banking operations are in particular subject to protection.

### Clients' personal data protection

According to the rules, the Bank collects, processes, uses and stores Clients' personal data only in accordance with the binding regulations, including the regulations related to the collection and usage of minors' personal data and it undertakes all reasonable steps to protect such information. The Bank shows utmost diligence when advising of the objective of processing personal data and provides its Clients with access to the contents of these data, including the option to correct and supplement them.

The Bank abides by the rule of not making Clients' personal data available to third parties unless it is necessary to perform the contracts executed with Clients or is otherwise compliant with the regulations in force in this area.

### Employee-related information protection

Employees are obligated to abide by all the Bank's rules and guidelines pertaining to personal data security and to take care, so that this type of information is made available solely to authorized persons.

Bank Employee data may also be processed in other venues besides their place of employment, but the relevant legal regulations in force are adhered to in respect of collecting, transmitting, storing, processing and using this type of information.

The specific rules for classifying and protecting information are prescribed by the information security policies in force in the Bank.

## Internal and external audit

### Internal audit

The activity of Internal Audit is based on the annual audit plan. Planning is based on the evaluation of risks, to which individual areas and processes of the Bank are exposed. 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 Employees.

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.

In 2013, the planned activity of the department included, among others: audits of key business processes and support processes, financial audits, outlet audits and audits of compliance with external regulatory requirements. Tasks performed by the Internal Audit Department also included clarification procedures and preventive inspections. In 2013, the operations of the Internal Audit Department were subject to an independent review by PricewaterhouseCoopers Sp. z o.o.



**Internal Audit - activities in 2013**

Process audits	71
Financial audits	7
Audit of outlets	203
Compliance audits (IRF)	16
<b>Total</b>	<b>297</b>
Preventive inspections	424
Explanatory proceedings	321

**External audit**

In 2013, KPMG Audyt Sp. z o.o. was the Bank's External Auditor. In addition to the cooperation in performing the basic tasks of the External Auditor, such as review and audit of semi-annual and annual financial statements, the Bank cooperates 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.

**3.2. Risk management**

The management of financial risk is one of the key tasks of the Bank's Management Board in the process of effective management of the Group. It defines the framework for business development, profitability and stability, by creating rules, ensuring the Group's compliance with best internal control practices and legal requirements, and coordination of the strategy for managing all risks, including credit, market, liquidity and operational risks.

The mission of the risk management function in the Group is to ensure that it covers all risk types, monitors and controls them in accordance with the accepted risk profile (risk appetite) and the character and scale of the Group's activity. Risk management takes into account the need to achieve the assumed profitability and to maintain an adequate risk to capital ratio, meaning that the adequate level of capital must be maintained to cover risk. Detailed information on risk management in Bank Millennium is described in the *2013 Annual Report* available on the Bank's website.

**3.3. Cooperation with market regulators and supervision**

In 2013, the Polish Financial Supervision Authority conducted a problem area inspection in Bank Millennium, whose purpose was to make a detailed analysis of selected areas of the Bank's activity. The knowledge, gained during this inspection, warrants the claim that the Bank demonstrates the proper level of professionalism in the execution of its operations. At the same time, the supervisor's observations and guidance made it possible to draw attention to those aspects of the Bank's activity that, even though they are not of significant importance, should nevertheless be improved in the course of measures to continue enhancing the quality of the services rendered and the security of the financial sector.

In the first half of 2013, the Polish Financial Supervision Authority conducted an inspection in the Bank on the discharging of duties to combat money laundering. The meticulous analysis of select issues confirmed the effectiveness of the adopted level of parameterization in the Bank's information systems and the relevant organizational processes.

A permanent element of cooperation with the regulatory authorities is the activity conducted via sector organizations (Association of Polish Banks, Lewiatan) to opine draft versions of regulations and to initiate discussions on topics of importance, according to Bank experts applicable to the financial services sector and being of broader importance.



# 4 Clients



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

## 4.1. Communication with Clients

### Reliable marketing communication

Advertising and all the materials prepared as part of Bank Millennium's marketing communication, convey information in a manner that is friendly, transparent and clear to every recipient. The Bank respects interests of the current and future Clients and also its market competitors and it abides by the principles of honest competition. Marketing materials are developed with utmost care and are compliant with all the laws and regulations applicable to this area, including **the Canon of Best Financial Market Practices and the guidelines laid down by the Financial Supervision Commission**. Bank Millennium tracks the recommendations formulated by the Financial Supervision Commission and adapts to them its advertising message on an ongoing basis. Those employees of Bank Millennium, who are involved in the advertising work, are formally obligated to observe the provisions of the **Code of Ethics in Advertising** defined by the Advertising Council. The Bank has also adopted its internal regulations in this respect.

In accordance with the principles of advertising banking services, prepared by the Financial Supervision Commission, Bank Millennium's advertisements are not misleading and show the important features of the products and services and related benefits and costs. They also depict their legal nature and provide information about the level of possible risk carried by the customer. If the communication pertains to a promotional offer, the advertisement always clearly states its time limit.

In 2013, there were no cases of non-compliance of Bank Millennium with regulations relating to marketing communications.

### Transparent information about products and services

The Bank identifies Clients' needs and offers them products and services that match their profiles, taking care not to expose Clients to excessive risk and not to offer products and services, which are inconsistent with their wishes.

The Bank complies with the requirements of the Markets in Financial Instruments Directive (**MiFID**), which obligates the Bank 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 interest and to provide the Client with information containing a product description and a statement of risks associated with various financial instruments and products.

Clients are also offered complete and reliable information on the Bank's products and products distributed by the Bank, including their issuers and the terms of the complaint process. Information on services, bank agreements and documents, as well as letters sent to Clients, are drafted in a precise, comprehensible and transparent manner.

### Client education programs

#### Education campaign on savings

In 2013, Bank Millennium conducted an educational campaign on savings to promulgate knowledge about effective means of saving money and the importance of having suitable financial security. Under this campaign, in cooperation with Millward Brown, research was conducted, which revealed that a mere 40% of Polish nationals saves any money at all and that it is necessary to advance the concept of regular savings.

To this end, the Bank's experts regularly shared knowledge about effective savings in numerous publications in two leading Polish dailies ("Fakt" and "Gazeta Wyborcza"), the web, on the radio and television shows. The publications on effective savings appeared in the media a total of 223 times.

### Guide for Corporate Clients

Corporate Clients receive a bulletin along with their monthly account statements entailing a legal calendar, macroeconomic forecasts and an article on a specific subject pertaining to a specific Bank product or service. This makes it possible to provide important information in the day-to-day operations of every firm.

### Meetings for Corporate Customers

The Bank continued the organization of business seminars aimed at propagating financial knowledge among its Customers. In 2013, 12 meetings took place attended by over 140 people.

### Multiple channels of contact with the Bank

The Clients may contact the Bank through a number of channels: a chain of 439 branches across the country, a call centre, the Internet and mobile banking.

#### TeleMillennium

TeleMillennium, which is a telephone channel of contact with the Bank, makes it possible not only to submit orders relating to the service of Bank products, but also to provide assistance in clarifying doubts, obtaining information about our offering and intervening in emergencies. This is also a channel of contact for prospective customers, who can obtain information on how to open an account or a credit card.

Customers' expectations and service elements that require 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 2013 to adjust the telephone channel of contact with the Bank to customers' expectations consisted primarily of:

- focusing training on a consulting model of a phone call;
- modifying recruitment profiles of consultants – diversification of their age and business experience provides for a greater flexibility of approach to callers;
- increasing Client satisfaction by eliminating the reasons for repeated contacts regarding the same case.

#### TeleMillennium

	2013	2012	Change 2013/2012
Number of calls to TeleMillennium	2 711 913	2 625 465	3%
Calls to a consultant	1 439 082	1 418 042	1%
Automatic traffic	1 272 831	1 207 423	5%

#### Telemarketing

Telemarketing is a contact channel that plays the key role in informing Customers about new product and service offerings. In 2013, actions were taken to boost efficiency and effectiveness of Telemarketing through implementation of a PDS auto caller system. Following the introduction of this solution, the number of Clients informed about the Bank's current offer has increased significantly.

#### Telemarketing

	2013	2012	Change 2013/2012
Number of contacts with Customers	1 571 025	1 237 515	27%
Declaration of interest in the Bank's offer	161 121	114 353	40%

**Mobile and Web Banking**

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 steadily developed; new features are added (such as e.g. the ability to use the Finance Manager application, handling and generation of QR Codes, ability to take out a Cash Loan directly through the application), so that the Customers may fully utilize this channel of communication. Also, Bank Millennium was the first bank to introduce full support of the Windows 8 and Windows Phone 8 platform in 2013, which allowed the Customers to contact the Bank through the most popular platforms on the market.

A new Millenet Internet banking system was introduced in 2013. Based on suggestions from our Customers, analyses of most frequently used functions and tests conducted with blind users, a more intuitive and user-friendly system has been introduced. Additionally, finance management tools and tools supporting systematic savings have been implemented. Both the website and the transaction system have been fully customized to the needs of blind and partially-sighted persons, which is confirmed by the awarding of the **No Barriers** certificate.

**Internet and mobile banking Clients**

	2013	2012
Clients using Millenet*	1 438 813 (62%)	1 433 726 (54%)
Clients using MilleSMS*	204 596 (14%)	198 580 (14%)
Clients using online statements*	779 399 (54%)	670 693 (47%)
Clients using mobile banking*	79 183 (13%)	51 395 (8%)
Inquiries in Millenet about system features	20 418	19 378
Inquiries in Millenet about products and services	49 569	22 856
Inquiries through a contact form	5 738	4 958

\* number and % of Clients

**4.2. High quality of Customer service**

**Research of Client needs**

**JAKOŚĆ 2.0**

**Client satisfaction improvement project**

In 2013, Bank Millennium continued to implement the quality improvement program called **Quality 2.0**. The starting point for these actions was an analysis of Client opinions in a satisfaction study, group interviews, observation of Client and Employee behaviour in the Bank's branches and a review of Customer service market trends. The project's objective was to improve the quality of service to the growing expectations of the Bank's Clients. The most important actions taken under this project entailed:

- Implementing modified Customer service standards;
- Training more than 3,000 retail branch Employees on the new and modified standards over approximately 20,000 training hours;
- Enhancing Client comfort when using a Bank branch (enhancing the image of the relationship manager and the branch, implementing children's corners);
- Improving the level of Employee knowledge concerning the products offered by using competence tests;
- Responding to ongoing questions and suggestions made by branch Employees through an internal social forum;
- Fielding and examining Client suggestions addressed to the Bank via a hot line on quality of service, process streamlining, the need for new products and services;
- Implementing a program called the Client's Voice, under which Client complaints are meticulously analysed. From this program's inception more than 250 initiatives have emerged with one half of them having already been implemented, and with the number of complaints down by 20%.

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 2013, Bank Millennium improved its position in the independent ranking investigating the quality of service called *Newsweek's Friendly Bank*, taking first place in the *Bank for Mr. Jones* category (up from second place) and second place in the *Internet Bank* category (first place in the previous year). It was also awarded the *Service Quality Star* and was named the *Medal-Winning Bank*.

#### Customer satisfaction and service quality surveys

The Bank's Customer satisfaction surveys are conducted regularly, which provides continuous information on satisfaction levels and recommendations over time. Surveys are conducted for each of the following segments: Retail Clients, Prestige Clients and Corporate Clients. In addition to overall satisfaction surveys, the Bank carries out projects relating to specific products or services, e.g. cash loans, mobile banking.

#### Customer satisfaction

Customers satisfied or very satisfied	2013	2012
with their cooperation with the Bank	90%	89%
with the product offering	85%	83%
with service quality	92%	91%

In order to ensure high quality of Customer service in line with the standards, the Bank conducts *Mystery Shopping* surveys in cooperation with an external company. Each month, professional auditors evaluate the quality of service in all Bank's outlets. In 2013, 4300 such visits were carried out.

#### Quality and satisfaction survey

	2013	2012
Surveys conducted	10	16
Number of Customers surveyed	138 743	130 201
Number and percentage of responses	35 336 (25%)	28 355 (22%)

### Managing complaints

Bank Millennium's complaint process is formalized to enable 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 regular basis and their findings are used to streamline banking processes.

In 2013, the Bank focused on implementing the program to eliminate the reasons for complaints. Information and suggestions provided by our Customers were often used to improve processes or to change products.

Some of the initiatives included: improvements in the Bank's operating system, in the Internet banking system or in the handling of loan applications. The improvements proposed by our Customers were forwarded to a relevant Bank unit, which analysed their feasibility. As a result of our initiatives, the number of complaints reported has decreased significantly.

### Complaint management

	Total		Clients		External institutions		Market regulators	
	2013	2012	2013	2012	2013	2012	2013	2012
Number of complaints submitted	44 738	48 177	44 536	48 046	89	83	113	48
Number and percentage of complaints handled in favour of customers	25 067 (56%)	25 708 (53%)	25 007 (56%)	25 669 (53%)	24 (27%)	21 (25%)	36 (32%)	18 (38%)
Number and percentage of complaints submitted concerning privacy breaches or loss of customer data	329 (0,7%)	277 (0,6%)	326 (0,7%)	276 (0,6%)	2 (2%)	0	1 (0,9%)	1 (2%)
Number and percentage of overdue complaints *	1 812 (4%)	4 647 (10%)	1 803 (4%)	4 625 (10%)	2 (2%)	8 (10%)	7 (6%)	14 (29%)

\* 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Number of complaints submitted	44 738	48 177	41 036	44 835	3 041	2 760	661	582
Number and percentage of complaints handled in favour of customers	25 067 (56%)	25 708 (53%)	23 282 (57%)	24 026 (53%)	1 474 (48%)	1 437 (52%)	311 (47%)	246 (42%)

### Period of examining complaints

	2013	2012
up to 3 days	8 798 (19%)	9 837 (22%)
4 to 7 days	13 117 (29%)	14 931 (33%)
Over 7 days	23 788 (52%)	19 901 (45%)
Average time of claims handling	17	14

### 4.3. Client privacy protection

The Bank affords protection to Client data. To this end, IT systems are being perfected on an ongoing basis and the pertinent Employee training is being conducted. In particular, Clients' personal data, account and transaction-related data, as well as data related to all banking operations are subject to protection. Clients are advised of the objective of processing personal data and are afforded access to the contents of these data, including the option to correct and supplement them. Clients' personal data are not made available to third parties unless that is necessary to perform a contract executed with a Client or is otherwise compliant with the binding regulations.

#### Training on protection of personal data and information

	2013	2012
Classification, processing and protection of information at the Bank*	1 217 (20%)	1 216 (20%)
Personal Data Protection*	3 680 (62%)	4 742 (79%)

\* number and % of trained Employees

### 4.4. Greater availability of financial services

With a network of 439 outlets, the Bank has a footprint in all of Poland's largest cities. Outside of the outlet network, the Bank also offers its services through the mobile web banking system, the telephone banking channel and a chain of 555 proprietary ATMs. Through the multiple 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:

- **full adjustment of the website and the Internet banking system** to the needs of blind and partially-sighted users in accordance with international web accessibility standards. As a result, Bank Millennium was the first bank in Poland to be awarded a **No Barriers** certificate;
- **ATMs** with facilities for people with vision and movement impairments (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 near 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 over the 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 Employees of the outlet or a witness trusted by the Customer. In such cases, an outlet 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 of the disabled people** – detailed guidelines regarding the service of disabled Clients, which are binding on the Employees of all of the Bank's outlets;
- **providing the disabled with access to outlets**, where architectural barriers may occur.

Availability of Services	2013	2012
<b>Outlets accessible to disabled persons</b>		
Total number of outlets	439	447
Number of outlets accessible to disabled persons	388	390
% of outlets accessible to disabled persons	88%	87%
<b>ATMs</b>		
Number of ATMs	555	566
Number of ATMs accessible to disabled persons	496	505
% ATMs accessible to disabled persons	89%	89%

## 4.5. Socially responsible products and services

Socially responsible products and services are targeted at both individual and corporate Clients.

### Individual Clients



#### WWF Millennium MasterCard Credit Card

The WWF Millennium MasterCard Credit Card is issued to support the operations of WWF Polska, the largest international environmental foundation. Each holder of the 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 of environmentally friendly PETG polyester, which may be recycled.

#### Financial Manager – Household budget management tool

Financial Manager is an interactive finance management tool available to users of the Milenet Internet banking system. Financial Manager provides automatic analysis of bank transactions, allowing Clients to improve their control over income and expenditures. In 2013, new functions were added to the tool to offer support in efficient savings of accumulated funds. A Client is able to create budgets for expenditure categories and a Savings Plan, which suggests the categories, where spending can be reduced. Additionally, the Finance Manager contains an Interactive Planner in the form of a convenient calendar with future transactions marked, giving the user a complete view of their finance over time.



### 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 paid in funds. Each card user gains access to the web banking system in conjunction with the card. Hereby, card users may track their spending on their own, with a breakdown into categories using the Financial Manager facility. After logging into their account, parents 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. Clients, who still use printed statements, are regularly encouraged to select the on-line form (see page: 73).

### Combined monthly account statement

Clients are offered the possibility of receiving a single hardcopy monthly account statement, including information on their transactions and all the products they have in Bank Millennium.

### Combined agreement and electronic documents

Having regard for the limitation of paper consumption to print documents, in 2013 Clients were offered joint agreements. The terms and conditions for offering 6 products in the core bundle, including the Client's personal and contact data are contained in a single document signed by the client and the Bank. The Client's signature on this document simultaneously serves as the Client's signature specimen in the Bank.

The price lists and the rules and regulations for products are available to Clients in the bank's internet service in softcopy form. When signing the contract with the Bank, the Client decides, whether this solution is sufficient, or whether he or she prefers to receive documents also in hardcopy form.

### Value of socially responsible products and services (Retail Customers)

	2013		2012	
	Product value (number of cards issued)	product as % of the portfolio of all the products in the group	Product value (number of cards issued)	product as % of the portfolio of all the products in the group
WWF Card	1715	0,42%	1368	0,29%
Millennium MasterCard prepaid card	4576	100%	430	100%

### Number and percentage of users

	2013		2012	
	Number of users	(%)	Number of users	(%)
Financial Manager	631 175	(44%)	503 456	(35%)
On-line bank statements	779 399	(54%)	670 693	(47%)

## Prestige and Private Banking Customers

Bank Millennium's offering includes "green" mutual funds:

### New Energy Black Rock Fund

The fund invests in the equity of new energy technology companies. Those 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

The fund invests mainly in those business areas focused on reducing the impact of the climate changes on the environment and mitigating their effects (clean technologies, renewable and alternative energy sources, prevention and management of natural disaster, eco-friendly transportation of passengers and cargo).

### HSBC Climate Change Fund

The fund invests in the security of companies that operate in areas related to climate change, such as energy generation from alternative sources, saving water and energy, minimization of waste and sewage volumes, production with low carbon footprint and modernization of industrial plants.

### PZU Energy Medicine Environment Fund

The fund focuses on companies that run a business associated with power, broadly defined health care and protection of the natural environment.

### Schroder Global Climate Change Fund

Invests in shares of issuers conducting activities in areas related to climate changes.

## Microbusinesses

Bank Millennium offers products and services to small firms, enabling them to reduce their operating expenses:

**Business Start account** – an account with reduced fees for start-ups with less than 12 months on the market under their belts.

**Biznes Profesja account** – account for freelancers. For 12 months from opening this account, its holders are exempt from the account maintenance fee, the fee for making wire transfers and the fee for using their debit card.



## Corporate Clients

Bank Millennium has inserted clauses in its rules and regulations for lending to Corporate Banking Clients that all clients have to meet the requirements of environmental protection and respect for employment rules. This means that all the projects debt-financed by the Bank and all credit products are also subject to these requirements.



### PolSEFF Polish Sustainable Energy Financing Programme

The objective of the Programme, which is managed by the European Bank for Reconstruction and Development (EBRD), is to support investments that provide energy savings. PolSEFF offers small and medium-sized businesses access to funding and expertise needed for the implementation of investment projects that increase energy efficiency of the company or use renewable energy sources. Within the framework of the Program, Clients may use the funding in the form of Eko Energia loan and leasing, provided that energy savings driven by the completed investment are at least 20%.

### Technological Loan

The technological loan is addressed to the small and medium-size enterprise (SME) sector. The loan may be allocated for the implementation of a technological investment consisting in the purchase of a third party technology or implementation of own new 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. Introduction of contemporary solutions on the market improves the competitiveness of Polish companies, increases production efficiency and reduces material consumption and emissions of hazardous substances into the environment.

### Cooperation with the European Fund for the Development of Polish Villages

For many years now, Bank Millennium has been cooperating with the European Fund for the Development of Polish Villages in the provision of two preferred credit facilities: investments to build, modernize and renovate public, township and county roads in rural areas. These loans are addressed mainly to local governments at the township and county level.

The European Fund for the Development of Polish Villages is a non-governmental organization. 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.

### Value of socially responsible products (Corporate customers)

	Product portfolio value (PLN)	Number of products in the portfolio
PolSEFF	189 261 777	431
Technological Loan	55 519 557	11
EFRWP Loans	2 988 300	8



# 5 Investors



## 5.1. Dialogue with Investors

In communication with the investor community, the Bank is very keen on assuring transparency and equal access to information for all its recipients.

### Best corporate governance practices

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. The principal standard, included in that document, is the comply or explain rule. It means that a violation of any of the principles described in Best Practices should be publicly announced by the company without delay in the form of a relevant report.

In 2013, the Bank observed the corporate governance principles set forth in the *Best Practice for WSE Listed Companies*. The only exception was the absence of two-way real-time communication during the Shareholder Meeting, which the Bank reported in the relevant communication no. EBI 1/2013. In the Bank's opinion, observation of this principle would entail technical and legal risks, which would prevent a proper and efficient course of the shareholder meeting, and avoiding those risks was of greater value to the Shareholders.

### Corporate communication

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 Shareholder Meetings. The current events connected with the Bank's operation constitute the subject of present reports or press releases. Additionally, the Bank maintains ongoing relations with the investor and analyst community through direct meetings and with economic journalists through systematically organized press conferences, responses to questions asked, and by sending out information. Some of the meetings, including Shareholder Meetings and quarterly meetings of the Bank's Management Board with market analysts, are broadcast on the Internet.

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.

### Communication channels with Investors

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

- **Regular conferences** with the participation of the Bank's Management Board on 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 the 2013);
- **Participation in conferences and road shows** organized for investors in Poland and abroad (9);
- **Individual and group meetings** with capital market participants (134);
- **Current stock exchange reports (67) and press releases;**
- **Dedicated website** in the Bank's portal on investor relations; Encouraging people to participate in the annual Shareholder Meeting (also a webcast is available on the Internet),
- **Ongoing contacts** with market participants (by e-mail or telephone).

Another important channel of information for the investor community are analyses of the Bank prepared by specialized teams in **brokerage houses**. In 2013, 13 brokerage houses prepared their reports regarding the Bank.



Meetings with Investors	2013	2012
Number of organized meetings	134	123
Number of meeting participants	283	301

## 5.2. Responsible investing



### Bank Millennium in the RESPECT Index

The year 2013 was Bank Millennium's sixth consecutive year as part of the **RESPECT Index** – Central and Eastern Europe's first index of socially responsible companies. RESPECT Index includes Polish companies from the Main Market of WSE that operate in accordance with the highest management standards of corporate governance, information governance and investor relations, also taking into account the environmental, social and employee-related factors. Companies in the RESPECT index have passed a three-tier review conducted by the Warsaw Stock Exchange (WSE) and the Association of Stock Exchange Issuers (SEG) in the areas mentioned above and an audit conducted by the project's partner, Deloitte.

### Promotion of the principles of responsible investing

Bank Millennium has become involved in activities promoting responsible investing in Poland, by taking part in the **Responsible Investing Working Group**. The Group has been organized within the framework of the Corporate Social Responsibility Group, established by the Prime Minister in 2009. Working Group Members included: financial market representatives, companies, regulators, state administration, industry organizations and independent experts. One of the effects of the Group's work was the development of Responsible investing guidelines for investors. The Bank was also a partner of **SRI Workshop Day 2013** – a seminar, during which it presented its experience in responsible investing trends and practices in Poland and in Europe.

### Promoting the reporting of non-financial data

Bank Millennium partnered with a CSRinfo consultancy to organize the seminar entitled **Trends in responsible business and sustainable development reporting**. During the seminar, the Bank's experience in the preparation of its CSR reports and the newest trends in non-financial reporting were presented. The changes related to the introduction of new GRI G4 reporting guidelines were discussed and the *Integrated Reporting Guidelines* were presented. Over 40 representatives of companies, NGOs and science organizations attended the meeting.



6

# Business partners



In its business activity, the Bank cooperates with many entities as the buyer of products and services from various market segments. The Bank's internal regulations formalize the procurement process, including the selection of suppliers, 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 suppliers in tender procedures include: good ratio of quality to cost of the 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 supplier is not one of the selection criteria. In justified cases, the Bank also includes environmental and social factors among the aspects that affect its choice of suppliers.

The performance of agreements of significance for the Bank is monitored. The quality and timeliness of services and goods and financial standing of the suppliers are evaluated. In justified cases, audits are conducted in suppliers' offices to assess their security and continuity of their business activity.

**Products and services purchased**

	2013	2012
Number of suppliers	5 142	5 529
% of amounts paid to local suppliers*	92%	90%

\* with registered offices in Poland

**Invoice payment term**

	2013	2012
Average invoice payment term*	30	30

\* days

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# Employees



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

## 7.1.1. Employment

### HR policy

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

### Employment in the Bank Millennium Group

#### Number of Employees by region and gender

Region	2013			2012		
	Women	Men	Total	Women	Men	Total
Dolnośląskie	188	70	258	197	72	269
Kujawsko-Pomorskie	232	57	289	246	64	310
Lubelskie	65	27	92	66	24	90
Lubuskie	43	17	60	47	14	61
Łódzkie	92	64	156	98	70	168
Małopolskie	146	76	222	153	80	233
Mazowieckie	1 840	1 003	2 843	1 815	1 023	2 838
Opolskie	26	11	37	23	11	34
Podkarpackie	37	16	53	36	17	53
Podlaskie	74	18	92	71	24	95
Pomorskie	725	183	908	738	194	932
Śląskie	237	100	337	244	100	344
Świętokrzyskie	17	11	28	17	13	30
Warmińsko-Mazurskie	158	34	192	161	32	193
Wielkopolskie	190	69	259	205	76	281
Zachodniopomorskie	96	34	130	103	39	142
<b>Total</b>	<b>4 166</b>	<b>1 790</b>	<b>5 956</b>	<b>4 220</b>	<b>1 853</b>	<b>6 073</b>

#### Employees by type of employment

Contract type	2013			2012		
	Women	Men	Total	Women	Men	Total
Assignment	1%	1%	1%	1%	1%	2%
Employment agreements	69%	30%	99%	68%	30%	98%
<b>Total</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>

Employment agreements	2013			2012		
	Women	Men	Total	Women	Men	Total
For an indefinite term	62%	26%	88%	59%	26%	85%
For a definite term	8%	4%	12%	10%	5%	15%
<b>Total</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>

## Newly employed

Region	2013								2012								2012 Sum	
	Women (age)				Men (age)				Women (age)				Men (age)					
	<30	30-50	>50	Sum	<30	30-50	>50	Sum	2013 Sum	<30	30-50	>50	Sum	<30	30-50	>50		Sum
Dolnośląskie	15	6	21	10	1	11	32	23	9	32	7	1	8	40				
Kujawsko-Pomorskie	7	6	13	3	3	6	19	19	6	1	26	4	3	7	33			
Lubelskie	4	5	9	5	2	7	16	3	5	8	1	1	9					
Lubuskie	1		1	1	1	3	4	9	5	14	6		6	20				
Łódzkie	5	2	7	2		2	9	3	6	9	10	2	12	21				
Maiopolskie	13	3	16	4	5	9	25	19	10	29	9	6	15	44				
Mazowieckie	139	52	1	192	113	52	165	357	127	54	1	182	114	43	1	158	340	
Opolskie	2	2	4	1	1	2	6	2	1	3	2		2	5				
Podkarpackie	1	2	3	1		1	4	2	3	5		1	1	6				
Podlaskie	7	4	1	12		0	12	11		11	4		4	15				
Pomorskie	36	6	1	43	11	6	17	60	35	4	39	10	5	15	54			
Śląskie	26	7	33	14	7	21	54	18	7	2	27	6	8	14	41			
Świętokrzyskie	1	1	2		1	1	3	6	1	7		2	2	9				
Warmińsko-Mazurskie	9	5	14	4	3	7	21	9	4	13	4	2	6	19				
Wielkopolskie	17	7	24	9	6	15	39	28	7	35	8	6	14	49				
Zachodniopomorskie	7	4	11	3		3	14	11	2	13	5		5	18				
<b>Grand total</b>	<b>290</b>	<b>112</b>	<b>3</b>	<b>405</b>	<b>181</b>	<b>88</b>	<b>1</b>	<b>270</b>	<b>675</b>	<b>325</b>	<b>124</b>	<b>4</b>	<b>453</b>	<b>190</b>	<b>79</b>	<b>1</b>	<b>270</b>	<b>723</b>

## Employee turnover ratio

Region	2013								2012								2012 Sum	
	Women (age)				Men (age)				Women (age)				Men (age)					
	<30	30-50	>50	Sum	<30	30-50	>50	Sum	2013 Sum	<30	30-50	>50	Sum	<30	30-50	>50		Sum
Dolnośląskie	3%	2%	8%	2%	4%	2%	0%	3%	2%	4%	2%	0%	3%	4%	3%	8%	4%	3%
Kujawsko-Pomorskie	3%	1%	1%	1%	6%	2%	2%	3%	2%	6%	1%	0%	2%	4%	2%	0%	3%	2%
Lubelskie	3%	2%	0%	2%	4%	3%	0%	4%	3%	5%	3%	0%	3%	10%	2%	0%	4%	3%
Lubuskie	3%	1%	0%	1%	3%	1%	8%	2%	2%	13%	4%	0%	5%	10%	6%	0%	8%	6%
Łódzkie	3%	1%	0%	2%	2%	1%	0%	1%	1%	2%	2%	0%	2%	6%	1%	0%	3%	2%
Małopolskie	4%	2%	0%	3%	3%	2%	0%	2%	2%	6%	2%	0%	3%	8%	2%	0%	4%	4%
Mazowieckie	3%	1%	1%	2%	5%	2%	1%	3%	2%	4%	1%	1%	2%	7%	2%	0%	3%	2%
Opolskie	1%	3%	0%	2%	6%	1%	0%	2%	2%	5%	3%	0%	4%	6%	2%	0%	3%	3%
Podkarpackie	3%	1%	0%	1%	6%	1%	0%	2%	2%	6%	2%	0%	2%	3%	2%	0%	2%	2%
Podlaskie	5%	2%	1%	2%	1%	3%	0%	2%	2%	9%	1%	0%	3%	7%	2%	0%	4%	3%
Pomorskie	3%	1%	1%	1%	4%	2%	1%	2%	1%	4%	1%	0%	1%	6%	1%	1%	2%	1%
Śląskie	3%	2%	0%	3%	5%	3%	0%	3%	3%	5%	2%	4%	2%	3%	4%	0%	4%	3%
Świętokrzyskie	1%	2%	0%	2%	4%	4%	0%	4%	3%	12%	5%	0%	7%	0%	6%	0%	4%	6%
Warmińsko-Mazurskie	4%	1%	1%	2%	6%	2%	0%	3%	2%	6%	1%	1%	2%	5%	4%	0%	4%	2%
Wielkopolskie	4%	2%	0%	3%	6%	3%	0%	4%	3%	5%	2%	1%	3%	7%	3%	0%	4%	4%
Zachodniopomorskie	4%	2%	2%	3%	3%	2%	0%	2%	3%	5%	2%	2%	3%	9%	1%	0%	4%	3%
<b>Grand total</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>5%</b>	<b>2%</b>	<b>1%</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>6%</b>	<b>2%</b>	<b>0%</b>	<b>3%</b>	<b>2%</b>

Number of Employees hired locally\*

	2013			2012		
	Men	Women	Total	Men	Women	Total
Number of Employees hired locally	97,0%	99,5%	98,8%	96,4%	99,5%	98,6%
Number of Management Board members and senior managers employed locally	86,5%	95,0%	88,9%	87,5%	94,7%	89,2%

\* Polish citizens working in Poland

Employees by position and gender

	2013			2012		
	Men	Women	Total	Men	Women	Total
Management Board	71%	29%		75%	25%	
Senior management	72%	28%	1%	77%	23%	1%
Management	38%	62%	15%	40%	60%	15%
Sales personnel	23%	77%	54%	23%	77%	54%
Technicians	39%	61%	20%	39%	61%	19%
Other Employees	33%	67%	10%	32%	68%	11%
<b>Total</b>	<b>30%</b>	<b>70%</b>	<b>100%</b>	<b>31%</b>	<b>69%</b>	<b>100%</b>

Employees by age groups

	2013			2012		
	Men	Women	Total	Men	Women	Total
<30	32%	68%	27%	32%	68%	30%
[30-50]	30%	70%	64%	31%	69%	61%
>=50	22%	78%	9%	22%	78%	9%
<b>Total</b>	<b>30%</b>	<b>70%</b>	<b>100%</b>	<b>31%</b>	<b>69%</b>	<b>100%</b>
Average Employee age	35,3	35,8	36	35	35	35

Management Board by age groups

	2013			2012		
	Men	Women	Total	Men	Women	Total
[30-50]	67%	33%	43%	75%	25%	50%
>=50	75%	25%	57%	75%	25%	50%
<b>Total</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

### Returning after a maternity leave

	2013			2012		
	Men	Women	Total	Men	Women	Total
Employees entitled to a leave*	1	477	478	2	507	509
Employees who used a leave*	1	318	319	2	375	377
Returned to work after the leave*	1	287	288	2	332	334
Employed 12 months after returning from the leave*	1	309	310	1	341	342
% returning after the leave*	100%	90%	90%	100%	89%	89%
% employees retained by the Bank who returned the leave*	100% **	93%	93%	50%**	89%	89%

\* maternity leave

\*\* high levels of the ratio due to a small sample size

### Recruitment policy

The recruitment processes in the Bank Millennium Group are optimized, 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 bulk of recruitment processes is related to the development of the retail and corporate sales network. The Bank offers employment opportunities also to those, who have little professional experience, by encouraging them to take part in programmes and internships addressed to university students and graduates (see page: 67).

The personal data of the candidates for jobs in the Bank Millennium Group are secure and their processing is monitored on an on-going basis and subject to internal audit. Each candidate invited to a job interview receives feedback with his or her recruitment results.

Recruitment offers for jobs in support departments are first directed to the current Bank Group employees, who wish to grow in other areas. The offers are published on a special Intranet site named *Internal Job Exchange*. The Group has a strict procedure in place, which regulates internal rotation and ensures high quality of the process for the Candidates and for Directors looking for Employees.

### Employees who changed their organizational unit as a result of internal recruitment

	2013	2012
Number and % of Employees	121 (2%)	267 (4%)

### Anti-discrimination practices

According to the *Bank Millennium Work Bylaws*, no Employee is allowed to engage in mobbing or any indirect or direct discriminatory practices against another Employee, in particular related to gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership or sexual orientation.

Any Employee, who believes to be a victim of discriminatory practices or mobbing, may notify any manager about this fact. Moreover, every Employee is required to immediately report any observed cases and circumstances that may indicate the occurrence of mobbing. This may be reported to the direct or indirect supervisor, but also, skipping the official route, to any member of the Management Board. A report may also be filed 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

	2013			2012		
	Men	Women	Total	Men	Women	Total
Employees with disabilities	13 (0,73%)	24 (0,58%)	37 (0,62%)	11 (0,59%)	24 (0,57%)	35 (0,58%)

### Ratio of basic salary of men to women

	2013	2012
Senior management	1,2	1,2
Management	1,2	1,2
Sales personnel	1,1	1,1
Technicians	1,3	1,3
Other Employees	1,7	1,3
Total	1,4	1,4

## 7.1.2. Working conditions

### Salary policy

The purpose of the Bank Millennium salary policy is to ensure that the salary matches the tasks performed, competence and responsibilities of the Employees. Special care is given to setting the right level of basic salaries. Salary levels are reviewed taking into account the periodic performance assessment and the possible change in the skill level involved in the performance of the organization's tasks. Information from financial market salary surveys is also analysed.

### Bonuses and performance assessment

The Bank conducts periodic performance assessments and their results influence the recommendations for future tasks, directions for improvement in daily work and may affect the periodic performance bonuses.

In 2013, Employees were covered by bonus systems adapted to the specific business goals of the individual units. The amount of the bonus pool set for quarterly periods in the individual units is conditional upon the Bank earning profit and on the extent to which the overall net profit plan of the Bank Millennium Group has been fulfilled.

The variable remuneration bonuses in the Bank's support units were on average about 1/5 of the total annual salary. In sales, performance-based bonus systems and bonus amounts are relatively more differentiated, but by default the salary amount cannot be less than 50% of the total salary, thus offering the Employee a stable base income.

An important part of salary management in the Bank is a separate policy of variable remuneration components for those in management positions, which is a tool that supports the Bank Millennium Group management system and encourages managers to pay special attention to the long-term welfare of the Bank and avoid excessive risk exposures.

#### Percentage of Employees subject to regular performance assessment

	2013			2012		
	Men	Women	Total	Men	Women	Total
Employees assessed	1 790	4 166	5 956	1 853	4 220	6 073
% Employees assessed	100%	100%	100%	100%	100%	100%

#### Policy of variable remuneration components

The goal of the policy is achieved by deferring a substantial portion of the variable remuneration of persons in management positions for three years and by re-evaluating the consequences of their management decisions after some time. In addition, 50% of the salary is paid in financial instruments, whose value depends on Bank Millennium's future stock price.

It has also been assumed that the total pool earmarked for variable remuneration components of Bank Millennium Management Board Members cannot exceed the percentage set by the Supervisory Board in the consolidated net profit of the Bank Millennium Group (2%); for other Employees, this limit is a set percentage of a benchmark level (100%) compared to the total annual basic salary.

#### 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).



CENTRUM MEDYCZNE

#### Private medical care plan

The Bank Millennium Group provided its Employees with access to a **private health care plan** set up in cooperation with ENEL-MED medical centre. 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.

In the interest of the health of family members of its Employees, Bank Millennium negotiated (as part of the medical agreement) **preferential medical package prices for the Employees' spouses, life partners and children up to 26 years of age**. The scope of medical packages makes it possible to carry out both 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**

	2013	2012
Number of medical partners	800	714
Number of towns with medical care	375	330
Employees covered by private medical care*	5941 (99%)	6018 (99%)

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

**Medical prevention**

In 2013, a cycle of medical prevention programs, entitled *Take Care of Your Diet* and *Your Health Day*, was implemented in the company's ENEL-MED clinic in Warsaw. By taking part in these programs, Employees could not only check their health condition, but also analyse their food preferences with the help of a diet specialist. Approximately 120 Employees of the Bank took part in 6 editions of this campaign.

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

**Sport and recreation activities**

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



**MilleKlub**

MilleKlub was established in order to promote among the Employees various types of initiatives carried out in the form of sports, travel, cultural or art projects. Once per quarter, Employees submit any project and make decisions on its character, standard and participants. The Club allows them to develop their passion and offers them an opportunity to see their ideas realized. They may receive co-financing up to 50% of the cost of the project.

**MilleKlub**

	2013	2012
Number and % of Employees who used the co-financing	2746 (46%)	2722 (44%)
Amount of co-financing (PLN)	276 399	362 260

### Cash benefits and loans for housing purposes

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

- **Hardship assistance** – every Employee of the Bank's Group, who, due to a random event encountered financial, family or life hardships, may apply for non-refundable financial aid.
- **Low-interest loans for housing purposes** – granted for a renovation or finishing of an apartment or building, purchase of an apartment or house, or for the repayment of a housing loan.

#### Benefits awarded to Employees\*

	2013	2012
<b>Financial assistance</b>		
PLN amount	369 976	292 400
Number of Employees	139	140
<b>Loans for housing purposes</b>		
PLN amount	1 413 831	1 805 606
Number of Employees	125	148

\* data for Bank Millennium Employees

#### Life insurance

Employees may join a group life insurance on preferential terms. The insurance covers life and health of the insured and his/her family members. Six insurance variants are available so that everyone can match the offer to their needs.

### Occupational health and safety

The Bank's activities in the area of occupational health and safety in 2013 focused mainly on current audits of the field network outlets and Employee training on OHS and fire protection.

#### Occupational health and safety

	2013	2012
Accidents at work	10	11
Fatal accidents at work	0	0
Lost days rate*	0,1%	0,1%
Absentee rate**	7,4%	7,8%
Periodic OHS training – number and % of participants	2925 (49%)	2537 (42%)
Audits of field network outlets	234	208

\* The impact of occupational accidents and diseases as reflected in time off work by the affected workers. It is expressed by comparing the total lost days to the total number of hours scheduled to be worked by the workforce in the reporting period.

\*\* Refers to a measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by the workforce for the same period.

## 7.2. Education and development

### Training activity

The training programs addressed to Bank Employees aim at enhancing the quality and efficiency of work in several major areas:

- **Retail Branch Employee Training** – focused on improving the quality of customer service in order to recognize Clients' needs, learning how to act in difficult situations with special consideration given to a Bank assault and the rules of giving first aid and e-learning on products, procedures and applications.
- **Corporate Banking** – focused on improving the skills of relationship managers in product knowledge and their skills in analysing Clients' needs. This programme consists of a number of e-learning product-related courses, training workshops run by external firms and knowledge-related tests.
- **Management Skills Development Academy** – the purpose of the programme is to improve internal communication in the organization and to develop management skills among the management staff, especially in the areas of 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 its matching with the needs of the organization and managers participating in the programme.

Just as in previous years, the policy of comprehensively **preparing new hires to perform their jobs** is being continued. These training sessions are adjusted on an ongoing basis to current business needs and the profile of the recruited employees. Moreover, the Bank conducts **internal training in all its areas on soft skills** and many internal **specialist training sessions**.

An important tool to assess training needs entails **knowledge tests** administered through e-learning, covering all the units that directly interface with the Bank's retail Clients (branches, e-banking, call centre, complaints).

### Average number of training hours, by gender and Employee category

	2013			2012		
	Men	Women	Total	Men	Women	Total
Management Board	26	9	21	56	0	42
Senior management	71	97	78	44	99	57
Management	34	32	33	39	42	40
Sales personnel	55	41	45	57	47	49
Other Employees	38	23	28	133	84	100
<b>Total</b>	<b>35</b>	<b>31</b>	<b>32</b>	<b>48</b>	<b>43</b>	<b>44</b>

### Development programs for students and graduates

Development training programmes are addressed to students and recent graduates starting their professional careers. In 2013, the following programmes were carried out:

**People Grow** is a management skills development programme for graduates and soon-to-graduate students. It is a 2-year on-the-job training programme, which offers an opportunity to obtain comprehensive knowledge of the bank's operations. The participants of the Programme supported by the Mentor – Bank's management board member – have the possibility of working in various departments and participating in selected projects or training sessions. Upon completion of the programme, the participant is employed in one of the Bank's departments.

**Expert Start Up** is a collection of internship programs, conducted in various departments of the Bank, for people with specific interests and a vision for their professional career. The interns are supported by managers and specialists in the area, in which the project is conducted. Following the internship, the best participants are offered jobs in the Bank. In 2013, *Expert Start Up* programs were implemented in the areas of web content design, IT, processes and risk.

#### Number of participants

	2013	2012
People Grow	10	7
Expert Start Up	15	8
<b>Total</b>	<b>25</b>	<b>15</b>

## 7.3. Dialogue with Employees

### Internal communication

Bank Employees may express their opinion during direct meetings with their superiors, assessment, regular satisfaction studies and on an ongoing basis using the available communication means:

## MilleForum

### MilleForum

MilleForum is a social platform whereby Employees can share experience relating to sales and customer service and share opinions on how different areas of the Bank operate. Thanks to the publications prepared by the Bank's experts, MilleForum is also a collection of practical knowledge pertaining to products, quality of service, sales techniques and cooperation with Clients.

Every Employee may freely comment on the published texts, initiate discussion, set up thematic groups and pose questions to experts. On this forum, Employees may also present their ideas to streamline internal bank processes and to develop the product offering. Employee ideas are analysed and the best ones are implemented. In 2013, 46 employees presented 55 ideas.

**MilleForum**

	2013
Number of registered Employees	<b>5430</b> (91%)
Number of Employees who reported ideas	<b>46</b>
Number of ideas submitted	<b>55</b>

**Intranet**

The intranet service available to all Employees makes it possible to communicate with the Bank's various units, while also providing extensive information and education opportunities. Through the intranet, Employees may pose questions and present applications through the HR service system, which is designated to respond to personnel and employee-related issues.

**Employee magazine**

The internal magazine of the Bank Millennium Group's employees, called the *World of Millennium*, reports the most important events related to the operations of the Bank, the international Millennium BCP Group and the financial market. This magazine devotes considerable space to Employee affairs and initiatives by publishing materials (texts and pictures) prepared by Employees.

**Communication in business segments**

Employees in the Corporate Banking business segment take advantage of an internal information portal called *Knowledge Interchange Platform*, where they can present their own materials and information.

This service is evolving in line with Employees' suggestions and ideas, as they communicate with one another through discussion panels for the purpose of presenting their current needs and opinions and sharing their sales experience and good practices when they interface with Clients. The quality and currency of the information presented are assessed by bank experts on a given subject matter. This means that the contents and the materials available on this platform can help users prepare well for Client meetings.

To update their knowledge about products, procedures and industry trends, Employees may also take advantage of the *Corporate banking bulletin* published on a monthly basis. The bulletin published in the intranet reports on current events and makes it possible to update knowledge related to products, procedures and industry trends.

**Special events**

Every year, Bank Millennium organizes information and integration events for Group Employees. In 2013, these included:

- The **Management Meeting**, of 800 managers from all management levels in the Bank Millennium Group. The meeting was devoted to the summary of the year 2013 and the business plans for 2014. The meeting was also an opportunity to award outstanding Employees.
- **Christmas Eve Meetings** organized for all the Bank Millennium Employees. In December 2013, 13 meetings took place in 12 cities, attended by approximately 4.5 thousand Employees.



## Employee survey

Employee surveys are used to gather valuable information needed for the implementation of new, practical solutions that improve the quality of work.

Each year, Employees voice their opinions through an electronic anonymous questionnaire on topics such as overall job satisfaction, satisfaction with their relationship with their boss, job motivation and willingness to recommend the Group as an employer. Survey results are analysed in detail and delivered to every unit of the Bank. The overall results of the analysis are reported to the Bank's Management Board. Meetings are also held with Unit Heads, in which the performance is discussed and measures are developed in order to improve the satisfaction and motivation of Employees.

### Employee satisfaction surveys

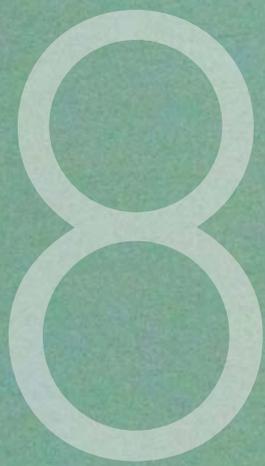
	2013	2012
% responses to the questionnaire	79%	82%
Overall Employee satisfaction level*	77%	72%
Willingness to recommend the Bank as an employer	64%	61%

\* percentage of satisfied and very satisfied employees

## Freedom of association

Bank Millennium Employees are not covered by collective bargaining agreements.

Through the Intranet, Employees are informed that they are entitled to elect the **Council of Bank Employees**. Moreover, all Employees of the Bank Millennium Group may submit their inquiries and requests through the HR service system. It is a workflow system used to respond to inquiries relating to personnel matters. Additionally, there is a team in the HR Department, which provides all the Employees with information on the principles of employment and labour law. Additionally, Employees may freely express their views on an internal social forum (see: MilleForum, page 59).



Society



In cooperation with non-governmental and social organizations, Bank Millennium is implementing programs to prevent social exclusion, support cultural development and youth education.

Social activities



Nikifory social program

Since 2009, Bank Millennium has been a standing partner of the United Way Poland Foundation in the pursuit of the *Nikifory* social program. The project's objective is to overcome the isolation of intellectually disabled persons by developing and promoting their creative activity. An exhibition of the works of disabled artists combined with an internet auction has been held to date under the auspices of this program in Bank Millennium. Approximately 400 Bank Employees have taken part in the auction as well as **4 Employee voluntarism** programs have been organised.

Bank volunteers could lend support to the Foundation by organizing an art contest called the *World of Nikifory*, by participating in artistic workshops together with the contest winners and by taking part in two charitable runs with the proceeds being transferred to the *Nikifory* program.

Nikifory program

Number of program beneficiaries	1 461
Number of Employees participating in the program	446

Charitable auction

Several hundred handmade products made by Employees were sold during a charitable auction organized by Bank Millennium. Auction participants bought 350 objects for a total exceeding PLN 10,000. The auction proceeds were matched by the Bank and transferred to the Children's Friends Society, Support Group of Children with Mobility Impairments. These funds will enable children to participate in rehabilitation camps planned in 2014.



Bank Employees for Children

In 2013, Bank Millennium Group Employees organized two collections of gifts for children care facilities located in small towns in Poland. The children received school supplies, personal hygiene articles, clothes, toys and Christmas gifts. The collections for the children care facilities have been organized in the Bank regularly since 2011.



### Ecco Walkathon

The Bank Millennium Group funded 150 tickets in the Ecco-Walkathon, Poland's largest charitable walk, for its Employees. By traversing a 6 or 10 kilometre course, they could „earn funds by walking” for one of three foundations: TVN „You Are Not Alone” Foundation, the Radio Zet Foundation and the Warsaw ZOO.

### Support for the hospital

The Bank distributed among its employees 100 tickets for the *Stag Party* show at Bagatela Theater. Proceeds from ticket sales were donated to the Specialist Holy Family Hospital in Warsaw and was added to the funds accumulated by the Hospital for medical equipment and assistance to Hospital patients.

### Value of donations and sponsoring (PLN)

	2013		2012	
	Donations	Sponsoring	Donations	Sponsoring
Culture	151 000	1 387 250	150 000	1 286 891
Education	993 600	10 520	169 900	
Charitable causes	45 804		48230	
Sport				8 610
<b>Total</b>	<b>1 190 404</b>	<b>1 397 770</b>	<b>368 130</b>	<b>1 295 501</b>

### Promotion of culture

The Bank's activity in culture is planned based on medium-term action plans and the following assumptions:

- Is accomplished solely at the program level (the Bank does not support institutions but only selected programs run by these institutions);
- The Bank prefers to cooperate in long-term programs with clearly defined goals and haute couture programs;
- The Bank does its utmost for the programs it supports to have as broad as possible social reception and to be accessible to its recipients through the media;
- The Bank's major partners in pursuing cultural programs are cultural institutions, non-governmental institutions and the media.

## Bank Millennium's most important cultural projects

Program	Description	Partner	Number of editions completed up to 2013	Number of recipients in 2013
<b>Golden Sceptre</b>	Annual prize for the Polish artist with outstanding artistic achievements and a concert accompanying the awards ceremony.	Polish Cultural Foundation	15	<b>500 000</b> (report in the TVP 2 channel)
<b>Millennium Pearls</b>	Series of programs aired in TVP 1 to present valuable artistic spectacles (in 2013 – Television Theater performances).	Polish Television	9	<b>17 000 000</b> (total number of viewers of the 17 Television Theater performances aired in TVP 1 under this program)
<b>Planete+ Doc Film Festival</b>	Patronage of the largest festival on global documentary filmmaking in Poland.	Against Gravity	9	<b>33 000</b> (total number of viewers at festival showings)
<b>Two Theatres Festival of Polish Radio Theater and Polish Television Theater</b>	Festival and contest for the best radio show and television performances.	Polish Television – Gdańsk Branch	11	<b>520 000</b> (total number of viewers of Television programs w TVP oraz imprez and related events)
<b>Artistic Colony in Kazimierz Dolny nad Wisłą</b>	Program to enroot the artistic accomplishments of the Artistic Colony in Kazimierz Dolny and its contemporary followers.	Vistula River Basin Museum in Kazimierz Dolny nad Wisłą	14	<b>13 000</b> (total number of viewers of 3 exhibitions of painting and 2 exhibitions of artistic photography in the program)
<b>Multicultural Gdańsk</b>	Presentation of the historical artistic accomplishments made by artists from poly-cultural Gdańsk and presentations of contemporary artists associated with this city.	National Museum in Gdańsk	15	<b>5 052</b> (total number of viewers of the <i>Anatolian Carpets Exhibition from the Brukenthal National Museum in Sibiu, Romania</i> )
<b>Artists and founders of the Sopot School</b>	Presentation of the artistic accomplishments of the founding artists of the Sopot School	Sopot Museum / Academy of Fine Arts in Gdańsk	2	<b>1 303</b> number of viewers of the Artur Nacht-Samborski 1898-1974 exhibition)
<b>Sacrum-Profanum contemporary music festival</b>	Festival of contemporary music and neighbouring currents.	Cracow Festival Office	2	<b>10 000</b> (total number of attendees to the festival's ticketed concerts)
<b>Let's remember Osiecka</b>	Festival and poetic song contest dedicated to the creativity of the poet Agnieszka Osiecka.	The Spectacles Wearers Foundation	7	<b>2 000</b> total number of attendees to the festival's concerts)
<b>Bank Millennium's New Year's Concert</b>	Annual concert at the Royal Castle in Warsaw organized for the Bank's Clients and partners.	Royal Castle in Warsaw	22	<b>240</b> (total number of the concert's attendees)
<b>Gdańsk Music Festival</b>	Presentation of outstanding performances of classic and contemporary music.	Forza Musical Association	1	<b>800</b> (total number of attendees of the festival's inaugural concert)
<b>Warsaw Photo Days</b>	Presentation of contemporary artistic photography, workshops and seminars	Association of Polish Artistic Photographers, Warsaw District.	1	<b>9 850</b> (total number of viewers in the festival's exhibitions)
<b>Total</b>				<b>18 095 245</b>



## Supporting education

The aim of the educational programs conducted by the Bank is to allow students and graduates to gain their first professional experience and knowledge in banking and finance. Bank Millennium also works with student organizations, providing merit-based and financial support in their activities.

### Educational programs implemented in 2013

Program	Module	Description	Number of participants
<b>Come and Grow with Us</b>  This program allows students to gain first work experiences and develop 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.	<b>Millennium Bankers</b>	Paid apprenticeship programme, whose purpose is to allow students to apply the knowledge gained in their studies. Through involvement in independent, complex projects, students acquire practical knowledge of the banking business. The best apprentices receive job offers from the Bank.	20
	<b>Millennium Academy</b>	The purpose of the free workshops and training for students run by the Bank's specialists is to show the specific character of job in banking and present the possible career paths. In 2013, training topics included: interpersonal communication, quality, of sales and financial assessment of companies.	219
	<b>Competitions</b>	By participating in competitions organized by the Bank, the students are able to implement their ideas and test their knowledge in practice. The best participants are rewarded with the opportunity to take a paid apprenticeship in selected departments of the Bank.	28
	<b>You Are Competing for an Internship</b>	For the second time, the Bank funded the award in the contest You Are Competing for an Internship organized by "Gazeta Wyborcza" and PricewaterhouseCoopers. The winner of the competition was accepted for a summer apprenticeship at a process and project management unit.	9
	<b>Economic Bridges</b>	Participation in the program allows students to integrate and gain economic and business knowledge.	130
<b>Total</b>			<b>406</b>

### Cooperation with student organizations in 2013

Organization	Implemented programs
AIESEC	<p><b>Ambassador Program</b> – during an annual period of cooperation, the ambassadors, i.e. AIESEC members, provide information to students on development opportunities in the Bank by promoting its programme of internships, contests, apprenticeships and development programs. In exchange, the ambassadors participate in training sessions and workshops organized by the Bank and receive the possibility of participating in a vacation internship in the Bank.</p> <p><b>Career Days</b> – Participation in the largest job fair is an effective form of exchange of expectations between the Bank and young people looking for a job.</p> <p>Both programs are delivered in 7 academic communities throughout Poland.</p>
CEMS Club Warsaw	<b>Graduate Programme Day</b> (Management Program Fairs) - the event was an opportunity for students to get acquainted with management programs of the leading companies, ask questions to potential employers and receive advice on how to select the best career development path.
Self-Government of Warsaw School of Economics Students	<b>Economic Bridges</b> – a project addressed at 7 best business schools in Poland. The purpose of the project was to allow students to integrate and expand their economic and business horizons.



# Environment



Bank Millennium displays care for the natural environment through managing materials rationally, monitoring the use of water, energy and fuels, introducing environmentally friendly solutions in its operations and encouraging Employees and Customers to participate in educational campaigns. In 2013 the Bank Millennium Group did not receive information on any case of its infringing environmental protection regulations.

### Resource management

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

#### Consumption of purchased materials

In 2013, despite an increase in the number of Customers, more than a 10% drop in the consumption of materials purchased by the Bank was recorded.

	2013	2012	Unit	Change 2013/2012	Reasons for change
Paper and paper rolls for operational needs	322 822	369 307	kg	-12,59%	Savings measures, which caused the consumption of paper and envelopes to fall even though the number of clients increased by 3.23% (see: page 73)
Envelopes	93 874	101 924	kg	-7,90%	
Plastic articles	12 689	13 421	kg	-5,45%	Discipline in ordering secure plastic envelopes.
Secure plastic envelopes. printing devices	1 677	1 708	kg	-1,79%	Effective management of resources and verification of each assortment item in the context of legitimacy of its purchase.
Batteries	434	541	kg	-19,82%	

#### Waste management

In 2013, the Bank recorded an increase in the quantities of waste it generated. It was associated with the decommissioning of equipment and devices unfit for further use. The Bank's branches were systematically cleared of unnecessary equipment and devices unsuitable for repair.

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



### Recycling and disposal of materials

	2013	2012	Unit.	Change 2013/2012	Reasons for change
Telecommunication and computer hardware	23 176	13 629	kg	70,05%	Replacement of the weakest computers (Lenovo) and monitors (15" CRT) in the Head Office and in branches.
Paper	262 312	203 657	kg	28,80%	Shredding documents, whose storage period in External Storage has expired in the current calendar year.
Metal waste	6 197	3 839	kg	61,42%	In 2013, the space was cleared of unnecessary equipment no longer used by the Bank (e.g. safety deposit boxes, metal cabinets, desk chairs, etc.) and devices for which a technical opinion has been issued that they are designated for destruction.
Plastic articles	1 195	552	kg	116,49%	
Glass	240	230	kg	4,35%	
Furniture	3 402	4 789	kg	-28,95%	
Magnetic and optical information carriers	25	515	kg	-95,15%	
Recycled waste*	92%	92%			

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

### 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: 73-74).

#### Consumption of energy and water

	2013	2012	Unit	Change 2013/2012	Reasons for change
Electricity purchased	30 242 556	31 008 557	kWh	-2,47%	Reduction measures (see page: 73-74)
Heating energy purchased	105 841	104 693	GJ	1,1%	Higher consumption in the winter
Natural gas	232 432	200 386	m <sup>3</sup>	16%	as above
Heating oil	69 279	75 818	L	-8,62%	Lower usage of the Bank's properties in Katowice.
Water	73 811	85 589	m <sup>3</sup>	-13,76%	Monitoring of water consumption

\* municipal water

#### Consumption of fuel

Fuel consumption by the Bank's car fleet has decreased by approximately **2%** compared to 2012. Company cars are gradually replaced with models that emit less exhaust gases (Euro 5 standard). Currently, **78%** of cars in the fleet is compliant with the **Euro 5** standard.

Consumption of fuel

	2013		2012		Unit	Change 2013/2012	
	Gasoline	Diesel	Gasoline	Diesel		Gasoline	Diesel
Kilometres travelled	6 142 414	4 149 098	6 509 213	3 833 091	km	-5,64%	8,24%
Number of cars	347	146	347	150	units	0%	-2,67%
Fuel consumption	491 393	228 200	520 737	210 820	litre	-5,64%	8,24%
CO2 emissions by the car fleet*		2013 1810	2012 1813		Unit ton		Change 2013/2012 -0,17%

\* assuming that CO2 emissions are: 169g/km for gasoline and 186g/km for diesel.

In 2013, the number of business trips decreased, which was caused mainly by a greater use of remote communication methods (phone and video conferencing, e-learning).

Business travel

	2013	2012	Unit	Change 2013/2012
Airline	329 725	318 079	km	3,66%
Railway	1 229 645	1 940 702	km	-36,64%
Taxis	1 203	3 524	km	-65,86%
Bus	73 966	87 598	km	-15,56%

Introduction of environmentally friendly solutions

Optimizing the consumption of materials purchased by the Bank

Plastic

Action	Description
<b>Limiting plastic consumption</b>	Discipline in ordering bottled mineral water, plastic cups and stirrers has been implemented. Water treatment purifiers have been installed in the Bank's Head Office.
<b>Verification of the need for secure plastic envelopes</b>	Based on the average number of special shipments sent, a limit for secure lastic envelopes was set for each of the Bank's organizational units.
<b>Efficient management of available resources</b>	Reuse 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).
<b>IT Tools</b>	An IT system has been used in the process of procuring materials necessary for the Bank's ongoing operation for the its organizational units. The system supports verification of each assortment item in terms of legitimacy of its purchase and defined limit, which contributes to a reduced consumption of resources.



## Paper

Action	Description
<b>Control over paper requirement</b>	The amount of paper used to print cash and treasury operations is controlled on an ongoing basis, based on monthly cash transaction reports. Moreover, a mailing is sent to all the Bank's outlets to remind them of a correct use of provided materials.
<b>Optimized distribution of marketing materials</b>	Paper consumption has been reduced through verification of the consistency of orders for marketing materials with the pre-agreed limits and through coordinated distribution of materials related to advertising campaigns.
<b>Limiting paper consumption</b>	The usage of print rooms, a default option of two-sided printouts and of scanning and mailing documents electronically are available.
<b>Implementation of Equitrac</b>	It is 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.
<b>Electronic workflow</b>	By introducing IT systems for processing internal documents, the circulation of most paper documents has been eliminated in the Bank. Similarly, processing Client documentation (e.g. loan applications) is based on electronic copies of documents.
<b>Limiting the number of printed documents delivered to Clients</b>	This is achieved by analysing the required documents and 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.
<b>Promoting on-line statements</b>	The default option for every new Customer opening a current account in Bank Millennium is an electronic bank statement. A welcome pop-up page has been created for Clients who still receive paper statements. It appears after a Client logs into the transaction system and allows him/her to define electronic statements instantly.
<b>Consolidated agreements</b>	A Client purchasing a bundle of banking services may sign a single consolidated agreement instead of several separate agreements for each product.

## Electricity - Bank's branches and the Head Office

Action	Description
<b>Replacement of light sources</b>	in external advertising panels of the Bank's outlets – from traditional fluorescent lamps to energy-saving LED light sources.
<b>Limited operation</b>	of external advertising panels (they are turned off at midnight).
<b>Energy-saving sources of light</b>	in new or upgraded branches.
<b>Automatic light switch off system</b>	(after 6 p.m.) in Head Office buildings.
<b>Ongoing monitoring of water and energy consumption</b>	is a continuous process. Based on the financial data, a ranking of energy recipient by its consumption is prepared. Branches with the highest energy consumption rates are controlled and, if possible, improvements and recommendations for building administrator companies are implemented. Similarly, in the event of high utility bills, it is verified whether the consumption is correct and whether or not any devices or installations have broken down.
<b>Rational management of energy consumption</b>	The Head Office and the Bank's Branches have implemented the recommendations that regulate 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, heating and ventilation devices to the period of the working hours. The turn-off methodology also prevents a simultaneous operation of heating and cooling devices.

	2013	2012
Branches with LED lighting	233 (53%)	100 (22%)
Branches with panels turned off at midnight	395 (90%)	349 (78%)
Energy-saving sources of light in branches	16 (4%)	8 (2%)

### Electricity - computer infrastructure

Action	Description
<b>Verdiem – electricity consumption monitoring system</b>	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 customization to the needs of branches open on weekends, Internet banking posts, standard Head Office users and CallCenter workstations operating in a shift system. Implementation of the system has allowed the Bank to reduce the overall electricity consumption by <b>-40%</b> .
<b>Virtualization of server infrastructure</b>	Replacement of the old server infrastructure with a virtualised environment has reduced significantly the number of physical machines on which the Bank's applications and services operate. In effect, by reducing the amount of IT devices emitting heat, the consumption of energy for air conditioning purposes has declined significantly. The savings are estimated at <b>20%</b> of all electricity used at the IT Centre.
<b>Plan to modernise computers</b>	The oldest desktop computers are replaced by new ones, which consume <b>30%</b> less energy than the old equipment.

### Fuels

Action	Description
<b>Cars with lower emissions</b>	Company cars with the highest standards of exhaust emissions are gradually replaced by ones that are less harmful for the environment. The Bank's car fleet only has cars compliant with the Euro 4 (22%) and Euro 5 standards (78%).
<b>Limiting the amount of business travel</b>	To reduce business travel, remote communication methods are used, e.g. tele- and videoconferencing, e-learning.

### Bank's environmentally friendly products and services

List of environmentally friendly products and services offered by Bank Millennium

Client segment	Product	Details (report page)
Individual clients	WWF Card	36
	Electronic bank statements	37
	Combined agreement and electronic documents	37
Prestige clients	Green mutual funds	38
Corporate clients	PoISEFF	39
	Technological Loan	39

## Environmental education campaigns



### Ecological Guide for Clients and Employees

This ecological guide, published in the Intranet and the Internet, is available to all Employees and Clients of the Bank Millennium Group. It concisely presents numerous specific pieces of advice on how to care for the natural environment, both in the office and at home. This brochure refers to segregating waste and electrical garbage as well as to the rational use of commodities, water and energy.

The publication of this guide was accompanied by an ecological knowledge contest, whose purpose was to encourage Employees to read the brochure. 265 people participated.



### “Earth Hour”

Each year since 2009, the Bank has participated in the “Earth Hour” environmental campaign organized 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 aspect of human impact on the natural environment. It has been made possible thanks to a voluntary involvement of our Employees. Clients and Employees are invited to participate in the event via the Internet and intranet.



### Collection of mobile telephone handsets under the *Clean the World* campaign

Bank Millennium Employees participated in the charitable campaign to collect used mobile telephone handsets within the framework of the global *Clean the World* campaign organized in Poland by the Our Earth Foundation. By returning their used handsets, people not only got rid of their electrical garbage, but above all they helped the recipients of the Care Society for the Blind in Laski. The proceeds from the sale of these handsets went toward this society's budget to help it conduct its statutory activity for blind children.

### Promoting energy-saving investments

By publishing articles in the press and topical supplements to newspapers, the Bank advances the cause for energy-saving investments under the PoISEFF Program. In 2013, information on this subject was published in 10 trade magazines.

### Protection areas

The Bank does not own any land neighbouring protected areas.



# About this report

C O R P O R A T E   R E S P O N S I B I L I T Y



### Methodology

The *Corporate Responsibility* Report presents activity of Bank Millennium and Bank Millennium Group in the period from 1 January 2013 to 31 December 2013, unless indicated otherwise in the Report. The Report has been prepared in keeping with Global Reporting Initiative G4 guidelines on Core application level. The Bank reports once a year.

### Report content defining process

G4 18b

The process of defining report content involved a review of former reporting issues, in keeping with the three steps required by GRI 4 standard i.e. identification, prioritisation and validation. First of all, identification was made

G4 18a

of reporting aspects, which reflected expectations of stakeholders. Feedback from stakeholders concerning the Bank's activity was obtained from analysis of customer and employee satisfaction surveys, questions addressed to the Bank by stakeholders, external auditors and research units, grades received in CSR rankings, CSR trends in the financial sector and interviews with customers, investors, business and social partners. Based on issues raised by the stakeholders as well as aspects of sustainable development, as reflected in GRI G4 standard and in the sector supplement, a list of aspects was put together and then prioritised. Analysis of the gathered aspects of sustainable development was based on three criteria: social and environmental burden of the aspect, its weight for the stakeholders as well as its impact on success of the Bank's business strategy. In result, a list of Bank Millennium sustainable development aspects was created, later approved by the CSR Manager.

G4 18a

Presented below is a list of reported aspects, which were selected from the reporting process, together with the boundaries of their impact. The aspects were divided into three groups, reflecting results of analysis according to the three aforementioned criteria. The first group are aspects, which apply to the highest degree to the Bank's activity. It is on these aspects that the company focuses in reporting, therefore they have been shown in the report in detail. Their description includes both the approach to management and output data. The second group of aspects are those, which pertain to the activity to a medium degree. Their description in the report has been limited to output data or a qualitative description. The third group of aspects are those, which pertain to the Bank's activity to a low degree. The analysis of aspects also comprised their nature and impact range. Internal boundaries of the aspects have been labelled (int), while external ones (ext). Some aspects impact the organisation both externally as well as internally.

G4 20a  
G4 21a

### Aspects of reporting on Bank Millennium's sustainable development

G4 19a  
G4 20a  
G4 21a

#### Group I: Key aspects

- Business results (int,ext)
- Market presence (int,ext)
- Ensuring security of entrusted funds (int,ext)
- Compliance with social and product regulations (int,ext)
- Customer's health and safety (ext)
- Protection of Customer's privacy (int,ext)
- Counteracting corruption (int,ext)
- Tagging of products and services (ext)
- Marketing communication (ext)
- Communication with the Customer (int,ext)
- Communication with Investors (int,ext)
- Employment (int)
- Advisor's competencies (int,ext)
- Education and training (int)
- Violation of principles of free competition (int,ext)
- Increasing availability of financial services (int,ext)

The report contains a description of the approach to managing these aspects as well as output data.

**Group 2: Aspects with medium weight**

- Relations between Employees and managers (int)
- Mechanisms for handling complaints regarding practices connected with the workplace (int)
- Procurement practices (int,ext)
- Commodities and materials (int,ext)
- Indirect economic impacts (ext)
- Equal remuneration of men and women (int)
- Counteracting discrimination (int)
- Compliance with environmental regulations (int,ext)

The report reflects output or descriptive data.

**Group 3: Aspects with lowest weight**

- Energy (int,ext)
- Emissions (int,ext)
- Products and services (ext)
- Diversity and equal opportunities (int)
- Investments in the context of human rights (ext)
- Security practices in the context of human rights (ext)
- Participation in public life (int,ext)
- Active ownership (int,ext)
- Products' portfolio (int,ext)
- Water (int,ext)
- Effluents and waste (int,ext)
- Transport (int,ext)
- Occupational health and safety (int)
- Evaluation of suppliers with a view to labour practices (int,ext)
- Freedom of association and right to collective bargaining (int)
- Evaluation of suppliers with a view to environmental criteria (int,ext)

Brief information in the report or reference to other documents.

Employees and managers responsible for individual reporting areas were involved in the reporting process. Report content validation, including selection of indicators as well as changes resulting from the new version of the standard, were consulted with CSRinfo. The Report was verified by Global Reporting Initiative.

**Changes with respect to the previous reporting period**

The last report of Bank Millennium was made for 2012 calendar year in keeping with GRI G3.1 standard. This report does not make corrections to the above-mentioned report. An important change, as compared with the last report, is a one, which results from application of the latest version of reporting guidelines. The new GRI G4 guidelines change the GRI G3.1 indicators, which were used in the previous year. The process of reporting in accordance with GRI G4 as well as concentration on the most important aspects of sustainable development changed somewhat the evaluation of key aspects of reporting. An innovation is also the reflection of sector aspects placed in the sector supplement for financial services.

## Contact

Thank you for reading our report.

If you want to share your opinion about it with us, please send your comments to:

**Anna Pulnar**

*CSR Consultant*

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## Index of GRI G4 indicators ("Core" application level) with the financial services supplement

### General standard disclosures

General Standard Disclosures	Description	Page in report	External Assurance
<b>Strategy and analysis</b>			
G4 1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	5	none
G4 2	Description of key impacts, risks and opportunities.	14	none
<b>Profile of the organization</b>			
G4 3	Name of the organization.	7	none
G4 4	Primary brands, products, and/or services.	10	none
G4 5	Location of organization's headquarters.	8	none
G4 6	Number of countries where the organization operates.	8	none
G4 7	Nature of ownership and legal form.	8	none
G4 8	Markets served.	8	none
G4 9	Scale of the reporting organization.	9	none
G4 10	Number of employees by employment contract, region and gender.	50	none
G4 11	Percentage of total employees covered by collective bargaining agreements.	61	none
G4 12	Organization's supply chain.	45	none
G4 13	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.	8, 47	none
G4 14	Explanation of whether and how the precautionary principle is addressed by the organization.	27	none
G4 15	Externally developed economic, environmental and social charters, principles, or other initiatives, to which the organization subscribes or which it endorses.	13	none
G4 16	Memberships of associations (such as industry associations) and national or international advocacy organizations.	9	none
<b>Identified material aspects and boundaries</b>			
G4 17	(a) List all entities included in the organization's consolidated financial statements or equivalent documents. (b) Entities included in the organization's consolidated financial statements or equivalent documents are not covered by the report.	8	brak
G4 18	(a) Process for defining the report content and Aspect Boundaries. (b) How the organization has implemented the Reporting Principles for Defining Report Content.	78	brak
G4 19	(a) List of all the material Aspects identified in the process for defining report content.	78-79	brak
G4 20	(a) Materiality of Aspects within the organization.	78-79	brak
G4 21	(a) Materiality of Aspects outside the organization.	78-79	brak
G4 22	(a) The effect of any restatements of information provided in previous reports, and the reasons for such restatements.	79	brak
G4 23	(a) Significant changes in the Scope and Aspect Boundaries.	79	brak
<b>Stakeholder engagement</b>			
G4 24	(a) List of stakeholder groups engaged by the organization.	19	brak
G4 25	(a) Basis for identification and selection of stakeholders with whom to engage.	17	brak
G4 26	(a) Organization's approach to stakeholder engagement.	20-21	brak
G4 27	(a) Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	20-21	brak

## About this report

General Standard Disclosures	Description	Page in report	External Assurance
<b>Report profile</b>			
G4 28	Reporting period.	77	none
G4 29	Date of the most recent previous report.	79	none
G4 30	Reporting cycle.	77	none
G4 31	Contact point for questions.	80	none
G4 32	GRI Content Index and 'in accordance' option.	81	none
G4 33	The organization's policy and current practice with regard to seeking external assurance for the report.	79	none
<b>Governance</b>			
G4 34	Governance structure of the organization.	12	none
G4 46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	12	none
G4 47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	12	none
<b>Ethics and integrity</b>			
G4 56	The organization's values, principles, standards and norms of behaviour, such as codes of conduct and codes of ethics.	13	none
G4 57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour.	13, 24-27	none
G4 58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour.	24-27	none

## Specific standard disclosures

Disclosures on Management Approach (DMA) and Indicators	Description	Page in report	Omissions	Reason for omission	External Assurance
<b>Category: economic</b>					
<b>Aspect: Economic performance</b>					
G4 DMA SECTOR		10			none
G4 EC1 SECTOR	Direct economic value generated and distributed.	9, 11			none
<b>Aspect: market presence</b>					
G4 DMA		29, 41, 45, 49			none
G4 EC6	Proportion of senior management hired from the local community.	52			none
<b>Aspect: indirect economic impacts</b>					
G4 EC7	Development and impact of infrastructure investments and services supported.	39			none
<b>Aspect: procurement practices</b>					
G4 EC9	Proportion of spending on local suppliers at significant locations of operation.	47			none
<b>Category: environmental</b>					
<b>Aspect: materials</b>					
G4 EN1	Materials used by weight or volume.	70			none
G4 EN3	Energy consumption within the organization.	71			none
G4 EN6	Reduction of energy consumption.	71, 73-74			none
<b>Aspect: water</b>					
G4 EN8	Total water withdrawal by source.	71			none
<b>Aspect: biodiversity</b>					
G4 EN11	Sites owned, leased, managed in, adjacent to or located in protected areas.	75			none
<b>Aspect: emissions</b>					
G4 EN15 SECTOR	Direct greenhouse gas (GHG) emissions.	72			none
<b>Aspect: effluents and waste</b>					
G4 EN23 SECTOR	Total weight of waste by type and disposal method.	71			none
<b>Aspect: products and services</b>					
G4 EN27	Extent of impact mitigation of environmental impacts of products and services.	74			none
<b>Aspect: compliance</b>					
G4 EN29	Fines for non-compliance with environmental laws and regulations.	69			none
<b>Aspect: transport</b>					
G4 EN30	Environmental impacts of transporting products, materials and the workforce for the organization's operations.	72			none

## About this report

Disclosures on Management Approach (DMA) and Indicators	Description	Page in report	Omissions	Reason for omission	External Assurance
<b>Category: social</b>					
<b>Sub-category: labour practices and decent work</b>					
G4 DMA	SECTOR	50			none
G4 LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	51			none
G4 LA2	Benefits provided to employees.	55-57			none
G4 LA3	Return to work and retention rates after parental leave, by gender.	53			none
<b>Aspect: occupational health and safety</b>					
G4 LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	57			none
<b>Aspect: training and education</b>					
G4 DMA		58-59			none
G4 LA9	Average hours of training per year per employee by gender and employee category.	58			none
G4 LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	58			none
G4 LA11	Percentage of employees receiving regular performance and career development reviews by gender and employee category.	55			none
<b>Aspect: diversity and equal opportunities</b>					
G4 DMA		54			none
G4 LA12	Composition of governance bodies and breakdown of employees per diversity indicators.	52, 54			none
<b>Aspect: diversity and equal opportunities</b>					
G4 LA13	Ratio of basic salary and remuneration of men to women by employee category.	54			none
<b>Sub-category: society</b>					
<b>Aspect: local communities</b>					
FS 13	Access points in low-populated or economically disadvantaged areas.	35			none
FS 14	Initiatives to improve access to financial services for disadvantaged people.	35			none
<b>Aspect: anti-corruption</b>					
G4 DMA		25			none
G4 SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	25			none
G4 SO5	Confirmed incidents of corruption and actions taken.	25			none

Disclosures on Management Approach (DMA) and Indicators	Description	Page in report	Omissions	Reason for omission	External Assurance
<b>Aspect: compliance</b>					
G4 DMA		24-27			none
G4 SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	24			none
<b>Sub-category: product responsibility</b>					
<b>Aspect: product and service labelling</b>					
G4 DMA SECTOR		30			none
G4 PR5	Results of surveys measuring customer satisfaction.	33			none
FS 15	Policies for the fair design and sale of financial products and services.	30			none
FS 16	Initiatives to enhance financial literacy by type of beneficiary.	30-31, 36-37			none
<b>Aspect: marketing communication</b>					
G4 DMA		30			none
G4 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.	30			none
<b>Aspect: client privacy protection</b>					
G4 DMA		35			none
G4 PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	34			none
<b>Specific standard disclosures related to sector specific aspects</b>					
<b>Sector-specific aspect: product portfolio</b>					
FS1	Policies with specific environmental and social components applied to business lines.	30, 39			none
FS5	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.	39, 43			none
FS7	Monetary value of products and services designed to deliver specific social benefit for each business line, broken down by purpose.	37, 39			none
FS8	Monetary value of products and services designed to deliver specific environmental benefit for each business line, broken down by purpose.	37, 39			none
<b>Sector-specific aspect: audit</b>					
G4 DMA		26-27			none
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	27			none

## Selected awards



### Bank Millennium in the RESPECT Index

The year 2013 was Bank Millennium's sixth consecutive year as part of the *RESPECT Index* – Central and Eastern Europe's first index of socially responsible companies. RESPECT Index includes Polish companies from the Main Market of Warsaw Stock Exchange that operate in accordance with the highest management standards of corporate governance, information governance and investor relations, also taking into account the fulfilment of CSR goals.



### Distinction in the 7<sup>th</sup> Ranking of CSR Firms

Bank Millennium received a distinction in the 7<sup>th</sup> Ranking of CSR Firms in 2013 – a list of the largest companies in Poland assessed with an eye to the quality with which they manage Corporate Social Responsibility (CSR).



### Website Without Barriers certificate

Bank Millennium was the first bank in Poland to have been awarded the *Website Without Barriers* certificate. *Website Without Barriers* is a quality mark identifying websites, which may be deemed accessible and adapted to the needs of persons threatened with digital exclusion, including disabled persons. This quality mark, granted by "The Visible Foundation", gives a guarantee of full compliance with international website accessibility standards.



#### Bank Millennium is the 2013 Quality of Service Star

Polish consumers named Bank Millennium as one of the top 100 friendliest firms operating on the Polish market. This prize is awarded to firms that pay the greatest attention to customer service.

#### Bankable quality

Bank Millennium climbed four spots, compared to last year, to number two in the *Bankable Quality* ranking of the best banks in 2013 prepared by TNS Polska for the Puls Biznesu daily.



#### Best Web Bank in Poland according to the Global Finance magazine

Bank Millennium once again took first place in the category as the *Best Retail Web Bank in Poland*. Its mobile banking offer for businesses was also distinguished; it took first place in the category *Best Corporate Mobile Banking in Central and Eastern Europe*. These awards were conferred by an independent financial magazine called "Global Finance".



#### First place in Newsweek's Friendly Bank ranking

Bank Millennium was victorious in the main ranking called *Retail Friendly Bank*, Newsweek's annual ranking of the best banks in Poland, thereby winning the coveted title of the most prestigious retail bank in Poland. Bank Millennium came in second in the *Web Friendly Bank*. This ranking is based on mystery client findings, evaluating nearly all the elements of customer service in conventional and electronic service channels.

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