



Corporate responsibility



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Letter from The Chairman of The Management Board of Bank Millennium



Dear Stakeholders,

I have the pleasure of inviting you to review the Bank Millennium Group's 2015 *Corporate Social Responsibility Report* in which we depict our impact on sustainable economic, social and environmental development. This year's report is the tenth publication of this type, and at the same time, it confirms that we have long upheld CSR principles in the conduct of our business.

According to Bank's business strategy we focus on offering the highest quality of customer service, ethical marketing and sales, ensuring the safety of the funds our customers deposit with us and implementing innovative products.

We also place emphasis on creating stable and attractive working conditions, our employees get involved in programs supporting local communities. We care about limiting the adverse impact on the natural environment.

Providing the highest quality of service is one of the Bank's priorities.

We design services driven by customer expectations using the findings from our survey research, third party audits and analysis of our customers' feedback. We endeavor to furnish

innovative solutions to our customers so that they can utilize our financial services in any and every time and place in the easiest manner possible. We are keen on making all customer groups, including disabled persons feel comfortable as they interface with the Bank. That is why we have introduced a host of conveniences such as branches, ATMs and a method of service catering to the needs of disabled persons.

We also respond to the needs of customers who face tough financial circumstances.

To curtail the adverse repercussions ensuing from the growth in the Swiss franc exchange rate at the outset of 2015 we introduced a number of solutions incorporating the Polish Bank Association's recommendations facilitating the debt service of mortgage loans extended in this currency. In addition, every customer holding a mortgage loan in Swiss francs received a proposal of special conditions for swapping the currency and early loan repayment.

The solutions we rolled out in the quality of service area have contributed not only to enhanced customer satisfaction but also to market recognition. In 2015, **Bank Millennium was the**



Bank Millennium



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leader in all the major service quality rankings: *Quality Star, Quality You Can Bank On* and *Newsweek's Friendly Bank*, the most prestigious ranking (victory in 3 categories: *Bank of Choice for Mr. Smith, Web Bank* and *Mortgage Banking*).

Motivated employees play the most important role in building a culture of quality. Their efforts contribute to customer satisfaction. We build employee relations predicated on open communication to appreciate their expectations and to be able to respond to them. **We strive to provide employees with satisfactory conditions to do their jobs and for their development as well as to promote work-life balance.** The training and skills development programs we run in the Bank and the project entitled *Endorsing Parents* serve this purpose. This latter project has been implemented to support employees who are parents.

Employees also participate in events supporting local communities with the Bank's participation. Bank volunteers lend their support to disabled artists in the program entitled *Nikifory*, they run classes in finance for middle school students under the *Catch the Bug* program

and they run their own social projects in the program entitled *Volunteerism 55+*.

An important role played by the Bank is its action to enhance Poles' financial awareness and knowledge. We are engaged in this process by educating customers about financial services, by providing school students with practical financial knowledge in the *Bakcyl* program and by supporting the *Economic Knowledge Olympics* organized by the Polish Economic Society. **The idea of supporting entrepreneurship and innovation is also something we consider to be dear.** Last year we were a partner and a member of the jury in the *Eagles of Innovation* contests organized by the *Rzeczpospolita* daily whose purpose was to select young Polish firms with the best prospects offering innovative products and services.

On top of supporting local communities assistance programs **we are also a long-term partner of many institutions involved in running high culture initiatives.** Nearly 700 thousand people attended the concerts, musical and theatrical festivals, museum and gallery exhibitions and documentary film reviews we supported in 2015.

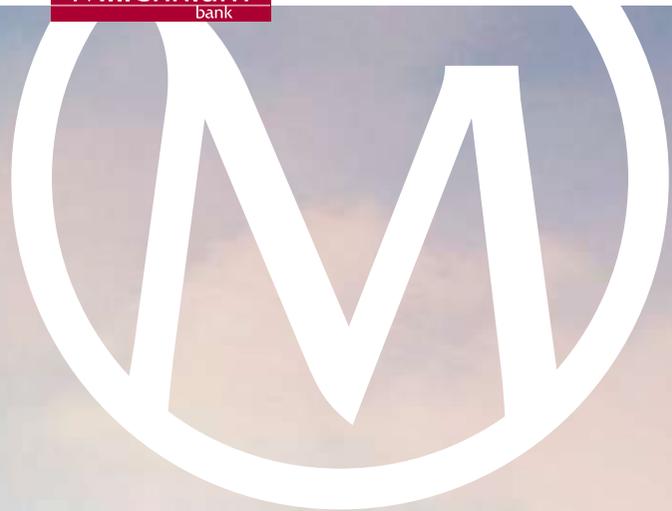
For the past 17 years the Bank has also been the founder of the *Golden Sceptre* annual award for a Polish artist conferred by the Polish Culture Foundation for outstanding artistic achievements.

The Bank's adherence to sustainable development and ethical business principles has also been confirmed by external assessments. Since 2011 the Bank has been in the RESPECT Index consisting of socially responsible companies listed on the Warsaw Stock Exchange. The Bank also received *POLITYKA's 2014 CSR Silver Leaf* – a distinction awarded to companies implementing sustainable development measures and it earned the title of being an *Ethical Company* in the contest organized by the *Puls Biznesu* daily.

I would like to encourage you to peruse this report and garner information concerning the specific measures we are pursuing in response to the expectations of our stakeholders. **[G4-I]**

Joao Bras Jorge

Chairman of the Management Board of Bank Millennium



01

Bank Millennium

Bank Millennium, through its chain of outlets and telephone, Internet and mobile banking channels offers modern financial services and products to individual and business clients. The Bank is the core of the Bank Millennium Group, which includes: Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych.

[G4-I7a]



I.I. PROFILE OF THE ORGANIZATION

Scheme of Bank Millennium S.A. Capital Group

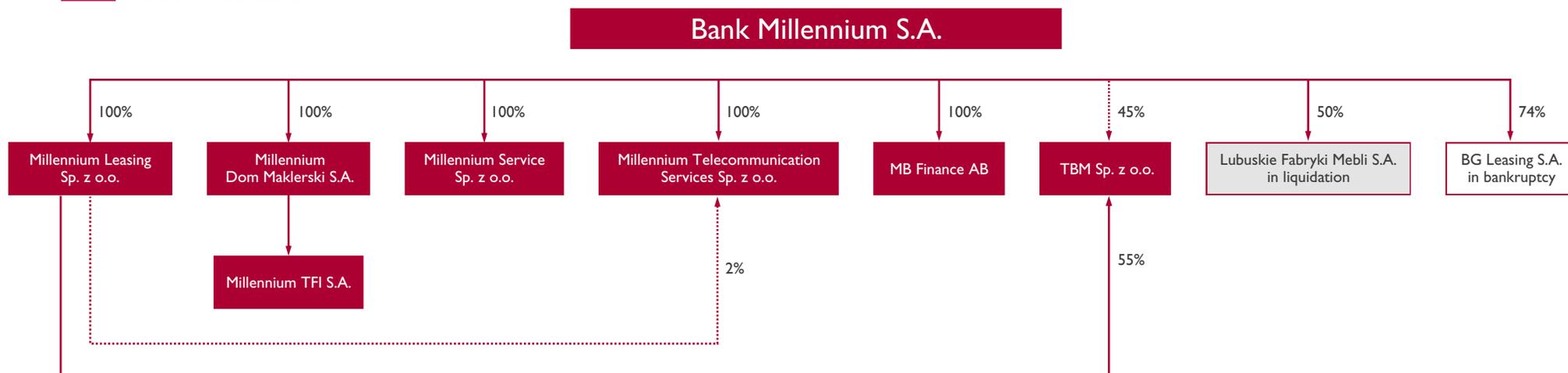
as on 31.12.2015

Legend

- subsidiaries
- associates
- entities consolidated applying the full method
- entities valued applying equity method
- entities not consolidated

I.I.I. Bank Millennium Group [G4-3]

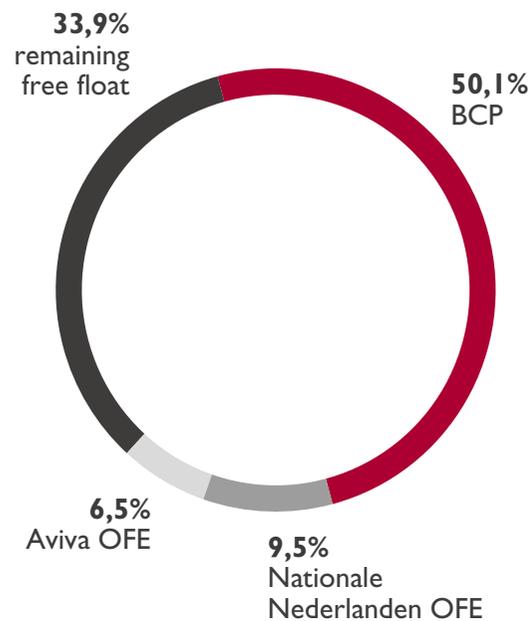
For 26 years, Bank Millennium has been providing universal financial services to clients from all market segments through the national chain of branches, individual relationship managers and electronic banking channels. The Bank's market offering is supplemented by Bank Millennium Group companies: Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. The activity of the remaining Group companies supports the execution of infrastructural projects and is not described in this report. **[G4-17b]** Compared to 2014, there was only one change in the structure of the Bank Millennium Capital Group – Lubuskie Fabryki Mebli SA has been in liquidation since February 2015.



Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. **[G4-7]** The Bank and its subsidiaries operate in the Republic of Poland. **[G4-6]** The Bank's Head Office is located in Warsaw while some of its head office functions are also performed in Gdańsk. **[G4-5]**

Ownership structure of Bank Millennium

as at 31 December 2015



Bank Millennium shareholders

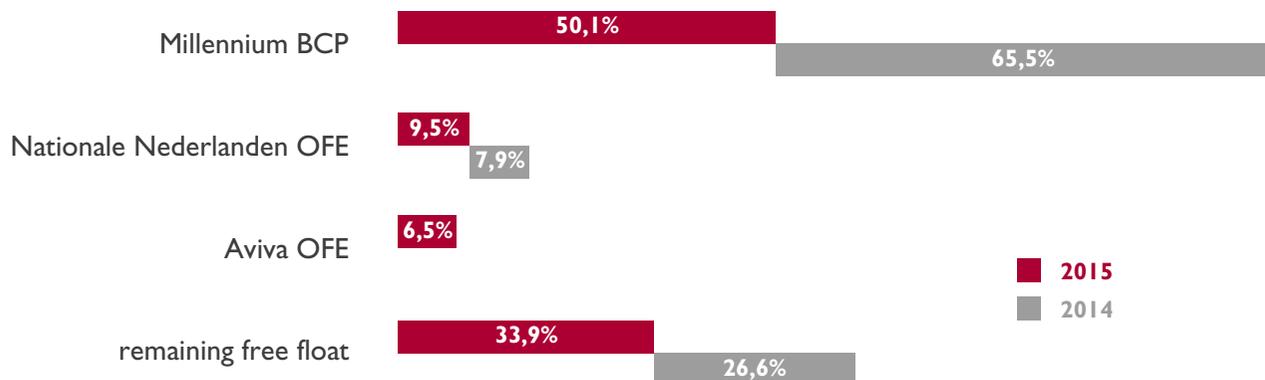
As at 31 December 2015, Bank Millennium had three major shareholders with over 5% of votes at the Shareholder Meeting.

In 2014 Millennium bcp, the largest private bank in Portugal and the Bank's strategic investor since 2000 announced the sale of 15,41% of the company's share capital through an accelerated bookbuilding (ABB) deal. After the transaction was completed, Millennium bcp held 50.1% of the share capital. During the ABB, the European Bank

for Reconstruction and Development (EBRD) purchased 2.6% of the Bank's shares.

The second largest shareholder is Poland's largest pension fund, Nationale-Nederlanden OFE (formerly ING OFE), which holds 9.53% of the Bank's shares and Aviva OFE, the second largest pension fund, which holds 6,46% of the share capital. The remaining shares, i.e. 33.9% of the share capital are dispersed among the Polish and foreign shareholding, both institutional and individual. **[G4-I3]**

Changes in the shareholding of Bank Millennium



1.1.2. Scale of the reporting organization

The Bank operates throughout Poland and has no branches outside of its borders. **[G4-8]**
Services are offered through a chain of



413 outlets

across Poland, through the Millenet web banking system, through the telephone banking channel and a chain of



519 proprietary ATMs.

Thanks to the numerous distribution channels, the Bank's products and services can be accessed in Poland 7 days a week and 24 hours a day. **[G4-9]**

Scale of Bank Millennium Group's business activity	2015	2014	2013	2012
Number of individual clients	1.4 m	1.3 m	1.2 m	1.2 m
Number of corporate clients	13.5 thous.	13 thous.	10.5 thous.	10 thous.
Number of branches	413	423	439	447
Number of ATMs	519	539	555	566
Number of Internet banking clients	1 688 147 (83%)	1 536 260 (74%)	1 438 813 (62%)	1 433 726 (54%)
Number of mobile banking clients	402 689 (20%)	145 000 (21%)	79 183 (13%)	51 395 (8%)
Number of employees	5992	6183	5956	6073
Number of suppliers	5623	5357	5142	5529
Sponsoring and grants	PLN 883 thousand	PLN 1.79 million	PLN 2.59 million	PLN 1.67 million

1.1.3. Membership in organizations [G4-I6]

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

Polish Bank Association (ZBP)

The Chairman of the Management Board of Bank Millennium is a member of the Board of ZBP, an organization associating and representing the interests of all banks operating in Poland. Additionally, the Bank's representatives are members of, among others: the Banking Ethics Commission, the Electronic Banking Council and the Financial Services Quality Committee operating at the Polish Bank Association.

LEWIATAN Confederation

It represents the interests of employers in Poland and in the European Union, strives for competitive conditions for business, sustainable economic growth, better law, increased employment and consolidation of the social capital.

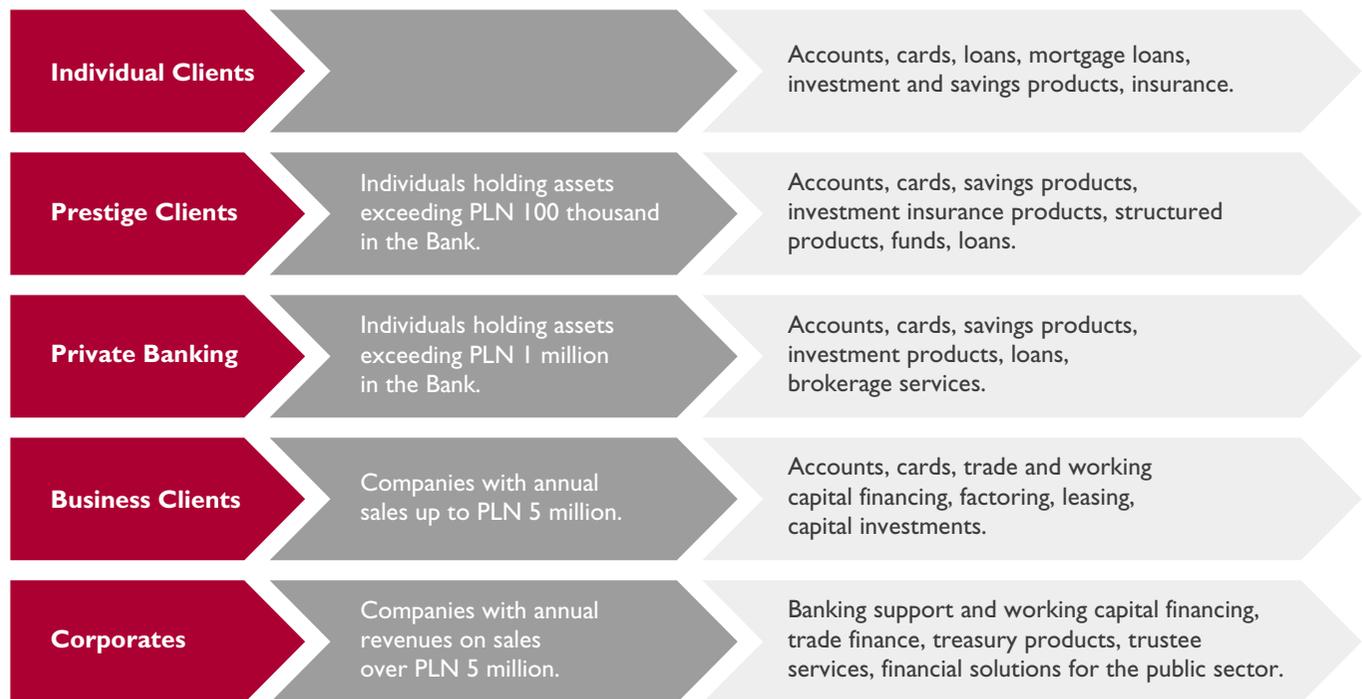
Stock Exchange Issuers Association (SEG)

It serves the community of stock exchange issuers by sharing knowledge and advice with respect to stock market regulations, promotes exchange of knowledge fostering development of the capital market and a modern market economy in Poland.

1.1.4. Bank's products and services

The products offered by Bank Millennium address all market segments: Individual Clients, Small and Medium Enterprises, Corporate Clients and Private Banking Clients. In responding to the expectations of different groups of clients, the Bank offers every segment different products tailored to its needs. Any changes and innovations are introduced on the basis of feedback received from clients through various contact channels.

Client segments and offered products [G4-4]



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

1.1.5. Business performance

The Bank Millennium Group achieves its economic goals striving to balance the needs of the key Shareholders, in accordance with its medium-term growth strategy, taking into account the principles declared in the Code of Ethics.

[G4-DMA ECI, G4-DMA EC6]



Detailed information and financial data pertaining to the activity of the Bank Millennium Group are available in the *2015 Annual Report of Bank Millennium* available on the Bank's website.

Highlights of the Bank Millennium Group business performance (in millions of PLN) [G4-EC1]	2015	2014	2013	2012
Operating income	2 239.2	2 308.4	2 080.1	2 008.2
Operating expenses	1 550.3	1 469.7	1 397.4	1 414.4
Net sales	1 961.4	2 065.8	1 808.8	1 707.2
Payroll expenses	547	547	547	558.3
Income tax	141	187.5	144.8	123.8
Loans and advances to customers (gross)	46 369.4	44 142.7	41 765.7	40 232.2
Customer funds	59 894	54 353	51 872	46 792
Share in the loan market*	4.7%	4.7%	4.8%	6.4%
Share in the deposits market*	5.2%	5.1%	5.3%	5.3%
Equity	6 443	5 765	5 363	4 824
Capital adequacy ratio	16.7%	15.2%	14.5%	14.5%
Net profit	546.5	650.9	535.8	472.2
Distribution of profit				
Dividend	0**	0	50%	0
Reserve capital	100%**	100%	50%	100%

* share in the Polish banking market

** The Management Board of the Bank will submit to the Annual General Shareholders Meeting a proposal to retain 100% of the profit of 2015 in equity.



1.2. MANAGEMENT SYSTEM

1.2.1. Bank's governing bodies

According to the Articles of Association of Bank Millennium, the Bank's governing bodies include: Shareholder Meeting, Supervisory Board and Management Board. **[G4-34]**

Supervisory Board:

12 members



9 men



3 women

7 members



Polish citizens

Shareholder Meeting

is the highest governing body of the Bank; its powers include, among others: examination and approval of financial statements and the activity report for the financial year adopting a resolution on distribution of profit or coverage of loss, discharging members of the Bank's governing bodies on the performance of their duties, selection and dismissal of Supervisory Board members and setting their compensation.

Supervisory Board

exercises permanent supervision over the Bank's operations, including the operation of risk management and internal control systems. It also defines the number of the Bank's Management Board members, appoints and dismisses the Chairman, Deputy Chairmen and the Bank's Management Board members and sets their compensation.

The Supervisory Board may establish standing or ad hoc committees to perform specific activities. **The Supervisory Board's standing committees are: the Audit Committee, the Personnel Committee and the Strategic Committee.** The Audit Committee consists of at least two independent members and at least one of them must have qualifications in accounting or financial audit.

The Supervisory Board has 12 members (9 men and 3 women). Seven members of the Supervisory Board, including its Chairman, are Polish citizens. **Seven of the Supervisory Board members satisfy the criteria for being independent, meaning that they are not related to any shareholder holding 5% of the Bank's shares.**

The Supervisory Board's term of office is 3 years. The Chair of the Supervisory Board is not a chairman of the Management Board.

The Management Board

manages all of the Bank's operations and represents it externally. Powers of the Management Board include, among others, representing the Bank in relations with the Supervisory Board and with shareholders, defining the Bank's organizational structure, rules of operation and organization of work, developing and submitting reports and other documents describing the Bank's operations to the Supervisory Board and the Shareholder Meeting, convening a Shareholder Meeting, establishing the Bank's internal regulations, determining the principles of personnel policy, appointing committees authorized to monitor specified matters in a continuous manner.

The Management Board of the Bank has **6 members (5 men and 1 woman)**. **Three members of the Management Board are the citizens of Poland.** Management Board members are appointed for three years.

Management Board

6 members



5 men



1 woman

3 members



Polish citizens

Management Board by age groups [G4-LA12]

2015	30-50	>=50	Total
Females	17%	0%	17%
Males	33%	50%	83%
Total	50%	50%	100%

Conflict of interest prevention in the Bank's Governing Bodies

In order to prevent the conflict of interest, the Bank's representatives submit:

Supervisory Board Members:

- ✓ Representation on existence/non-existence of a link and independence within the meaning of the *Corporate Governance Rules for Supervised Institutions* issued by KNF and *Best Practices of Companies Listed on WSE*, in which they declare, among others, that they do not conduct any business competitive to the Bank as shareholders or members in competitive companies or as members of their governing bodies.
- ✓ Information on their participation in entities outside the Millennium BCP Capital Group and the Bank Millennium S.A. Capital Group, including their membership in the statutory bodies of an entity (e.g. management board member, supervisory board member, etc.) and holding the majority of votes as a shareholder.

Management Board Members:

- ✓ Representation submitted to the Chairman of the Bank's Management Board and to the Chairman of the Bank's Supervisory Board on the absence of any legal and statutory counter-indications for a given person to act in the capacity of a Management Board member.
- ✓ Questionnaire, in which they are obligated to state, among others, the names of all the organizations for which they worked and the nature of their functions and the period when they were performed, including sitting on supervisory boards. Description of any interests or financial and non-financial relations, of themselves and their close relatives with members of the managing body and the persons discharging senior functions in the same credit institution, parent institution and subsidiaries and controlling shareholders.

Additionally, the powers of the Supervisory Board's Personnel Committee include, among others, assessing candidates to become members of the Bank's Management Board. Other documents in the Bank regulate the issue of a conflict of interests, such as *Compliance Policy – Principles and Guidelines* and the *Regulations for Lending to Persons Affiliated with the Bank*. [G4-41]



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1.2.2 Standards applied by the Bank

Mission, Vision and Values [G4-56]

Our corporate social responsibility activities and principles are embodied by the Bank's plans and the Group's updated growth strategy for 2015-2017. It is the priority of the Bank to conduct its business in a sustainable way on the basis of trust and observance of ethical principles and openness and dialogue with all stakeholder groups.

Vision

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

Mission

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

Values



Trustworthiness:

the Bank must observe high ethical standards and take responsibility for its actions



Openness to the customer

learning and meeting customers' expectations and needs



Ethics and Responsibility in action



Innovation:

striving and searching for new solutions in customer service and on the financial market

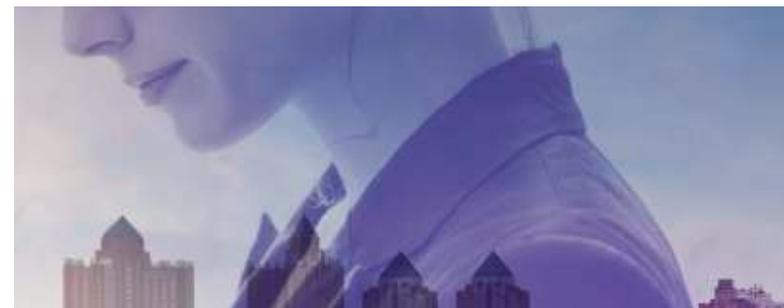


Excellence:

high quality of services rendered



Respect for stakeholders



Ethical standards [G4-56, G4-57]

Internal codes of conducts are guidelines for employees setting the standards for professional and ethical conduct. Every employee must become familiar and observe the rules prescribed by the Code of Ethics and the Book of Standards in everyday work.



The Bank Millennium Code of Ethics describes the values and general principles that should provide guidance to the Bank's employees and business partners in their cooperation with the Bank.

The document contains the requirements that should govern relations with the internal and external environment (including clients, suppliers,

the market) and the rules relating to the observance of human rights and to the running of business activity in a transparent and honest manner (including ethical lobbying, ban on corruption, rules for representing the Bank in contacts with public institutions and political parties). **The Code also describes a procedure for reporting unethical behavior through the Whistleblowing system. [G4-58]**

Every employee is obligated, by completing a mandatory e-learning course, to become familiar with the Code, confirm its knowledge and apply the rules included in the Code in their daily work.

Employees undergoing a Code of Ethics training*

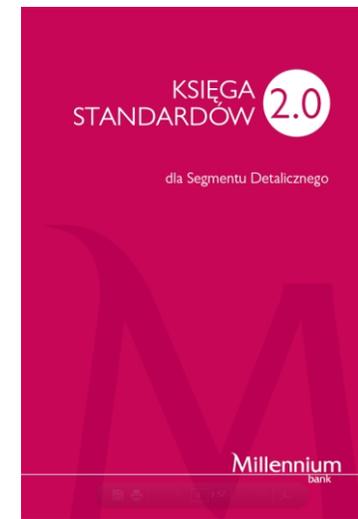
	2015	2014
Management staff	16 (2%)	733 (86%)
Other employees	349 (7%)	5134 (96%)

* all employees were trained in 2014 and new ones in 2015

The Code of Ethics is also provided to the Bank's suppliers. Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank's Code of Ethics, by signing a representation to that effect.

Books of Standards for Bank Millennium Group employees –

are collections of good practices which, when observed, will ensure high quality of service for clients and ethical selling and facilitate cooperation between employees.



Compliance Policy

The laws, principles and standards pertaining to compliance concern matters such as: observance of appropriate market behaviour standards, managing conflicts of interest, fair treatment of clients and providing them with appropriate advice.



External regulations observed by the Bank [G4-I5, G4-57]

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

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

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



Best Practices in Banking – the document issued by the Polish Bank Association describes the rules of behavior of banks to their customers and other banks, the rules of behavior for a bank employee and also principles to govern advertising, personal data processing and handling of customer complaint and claims.

MIFID Directive – the Bank observes the requirements of the MiFID Directive (Markets in Financial Instruments Directive), the aim of which is to protect clients' investments, increase consistency and transparency of operation of banks and increase competition on the market for financial instruments.

1.2.3. Management approach to sustainable development

The main aspects of management of sustainable development issues

**in Bank Millennium were
included in the growth
strategy for**

2015-2017

and are implemented in individual areas of the Bank's operations.

Sustainable development elements in the Bank Millennium Strategy for years 2015-2017



Customers

- ✓ Product and service offer tailored to customer needs, individual approach to client
- ✓ Outstanding quality of service
- ✓ Innovative products and technology
- ✓ Safety of intrusted funds
- ✓ Ethical marketing and sales
- ✓ Increased easiness of access to products and services through omnichannel approach

Strategy continues to focus on balancing needs of the main stakeholders:



- Balance business growth
- Compliance with good practises, legal and ethical rules
- Dialogue with stakeholders



Employees

- ✓ Stable and solid employer
- ✓ Attractive employment conditions
- ✓ Personal accomplishment, development and job satisfaction
- ✓ Promotion of dialogue culture
- ✓ Non discriminatory policy



Investors

- ✓ Improved market position
- ✓ Growing profitability and efficiency
- ✓ Safe solvency and liquidity ratios
- ✓ Adequate risk and capital management
- ✓ Solid information policy



Environment, Society, Governance

- ✓ Environmental friendliness
- ✓ Social engagement program
- ✓ Promoting ESG rules compliance among business partners

* ESG-Environment, Social, Governance



Oversight, identification and management of economic, environmental and social issues [G4-46, G4-47]

Bank Millennium achieves its economic, environmental and social objectives on the basis of the plans prepared by the Bank's Management Board and approved by the Bank's Supervisory Board with a **one-year time horizon and in the medium term (usually three years)**. Achievement of these plans is subject to regular reviews and assessments.

They are made by the Bank's Management Board, based on information prepared by the entities responsible for their implementation and by the Bank's Supervisory Board, based on information presented by the Management Board.

Based on the current assessment of critical points and the possible unexpected events that may affect the **achievement of the assumed objectives, the objectives or the policies used to implement them** are adjusted at the working levels. These decisions are noted in minutes prepared during the meetings of the Bank's Management Board and Supervisory Board. They may also be subject to an independent review conducted by the internal audit function.

Global assessment of the Bank's activities, including the management of economic, environmental and social matters, is performed by the Supervisory Board based on the Bank's published statements. They are analyzed and presented to the Shareholders at the Shareholder Meeting and form the basis for granting a discharge to the Bank's Management Board on the performance of its duties in the financial year.

Management of risks associated with the impact of environmental and social factors [G4-I4]

The following categories of social and economic factors are taken into account in the operational risk management process:

- ✓ **Human risk** – arising from conscious actions or omissions by an employee or a risk arising from relations between the Bank and its employees;
- ✓ **Litigation risk** – associated with the execution of transactions and different aspects of business activity, including products and services;

- ✓ **External risk** – arising from damage to physical property or loss of assets due to natural or unnatural reasons, including risk arising from actions by third parties, such as fraud or, in the case of regulators, implementation of a change that could change the organization's capacity to continue its business activity on certain markets;
- ✓ **Organizational risk** – risk arising from issues such as project management, non-compliance with regulatory requirements, corporate culture and risk arising from communication and improper market practices.

When analyzing the risks associated with the financing of companies, the Bank additionally identified high risk industries.

One of the criteria for a branch to be classified in this category is a negative outlook related, among others, with environmental threats.

The Bank has default exposure limits for clients in respective industry categories, where the limit levels are the most restrictive for high risk industries.



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Impact of the Bank's activity on sustainable development and stakeholder rights [G4-2]

The Bank has identified the key areas of its impact on sustainable economic, social and environmental development and the related risks, challenges and opportunities. The key aspects of the Bank's impact have been classified by their **significance for Stakeholders and the scope of impact.**



CLIENTS

Impact on:

ensuring security of deposited funds, ethical marketing and selling practices, offering high quality products and services, access for people threatened with exclusion

Challenges:

continuous monitoring of client opinions and correctness of processes in the Bank and introduction of improvements in response to clients' needs

Benefits:

gaining competitive advantage as a Bank with a good reputation, offering high service quality and accessible to a wide group of clients

Actions taken:

introducing regulations to ensure product safety and protection of client's funds; continuous dialogue with clients to respond to their expectations; obligating employees to observe the ethical marketing and selling practices, ensuring access for excluded individuals



EMPLOYEES

Impact on:

employee rights to fair remuneration, rewards, employment stability and development and opportunity to express opinions

Challenges:

developing solutions that take into account both: expectations of employees but also the economic capacity of the company

Benefits:

gaining dedicated and loyal employees and reputation of a good employer

Actions taken:

observing the principles of the HR policy; creating capacity of employees to express their opinions; preference for employment for an indefinite term



INVESTORS

Impact on:

transparent information policy
enabling investors to make
investment decisions

Challenges:

creating modern platforms enabling
rapid exchange of information
between the company and investors

Benefits:

increasing confidence in the company
and consequently growth of brand
value

Actions taken:

observing Best Practices for WSE-
Listed Companies and reporting
regularly conducting ongoing
communication with investors



SUPPLIERS

Impact on:

monitoring the supply chain and
obligating the suppliers to observe
ethical and environmental standards

Challenges:

monitoring the observance of ethical
and environmental standards
throughout the supply chain

Benefits:

reducing the risk of cooperation with
suppliers who fail to observe the
ethical or environmental principles

Actions taken:

applying ethical and environmental
clauses in selected contracts with
suppliers, obligating suppliers to
observe the Bank Millennium Code
of Ethics





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Safety
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SOCIETY

Impact on:

preventing social exclusion through the implementation of social and educational programs and providing access to products and services for the disabled persons

Challenges:

boosting the Bank's impact on resolution of social problems

Benefits:

impact on resolution of social problems (e.g. exclusion of the disabled or elderly, low financial literacy in society)

Actions taken:

introducing facilities for disabled persons, social and educational programs to prevent the problem of exclusion



ENVIRONMENT

Impact on:

monitoring the environmental impact and managing resources in a sustainable manner; environmental education of the stakeholders

Challenges:

developing and implementing an environmental policy and a comprehensive tool for reporting and monitoring environmental data

Benefits:

optimization of processes in the company and the associated savings of e.g. energy, fuel and water reducing fees for pollution

Actions taken:

monitoring the use of resources and implementation of reduction measures, conducting environmental education programs





Bank
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Bank's
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Safety
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Clients



Investors



Business
Partners



Employees



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**Objectives relating
to the implementation of CSR**

MANAGEMENT



Targets for 2013-2015

Actions taken

To be deployed

Develop, approve and implement the CSR policy.

Review CSR activities, define the CSR policy and incorporate it in the Bank's business strategy.

Completed

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.

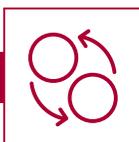
Approve and implement the document.

Maintain presence in the Respect Index.

Presence in the Respect Index.

Continuous process

COMMUNICATION



Targets for 2013-2015

Actions taken

To be deployed

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

Define types and frequency of contacts with each key stakeholder group, regularly collect feedback from stakeholders and consider their opinions in activities of the company.

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.

Continuous process



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ENVIRONMENT



Targets for 2013-2015

Actions taken

To be deployed

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

Define key areas of impact on the environment and the methods used to measure them.

Approve and implement the environmental policy.

Introduce tools for monitoring of environmental impact.

Implement a system to measure key environmental impact ratios.

Completed

Reduce the company's negative impact on the environment.

Implement activities reducing its negative impact on the environment.

Continuous process

SUPPLIERS



Targets for 2013-2015

Actions taken

To be deployed

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

Include ethical and environmental clauses in selected contracts with suppliers; obligate suppliers to observe provisions of the Bank Millennium Code of Ethics.

Increase the number of suppliers subject to environmental and ethical audits.

SOCIETY



Targets for 2013-2015

Actions taken

To be deployed

Increase the scale of participation of the company and its employees in social engagement programs.

Employee participation in volunteering and community projects.

Continuous process



02

Bank's Stakeholders

Stakeholders may express their opinions about their cooperation with the Bank through various contact channels. Their expectations are taken into account when innovations and improvements are made to the Bank's products, services and operations.

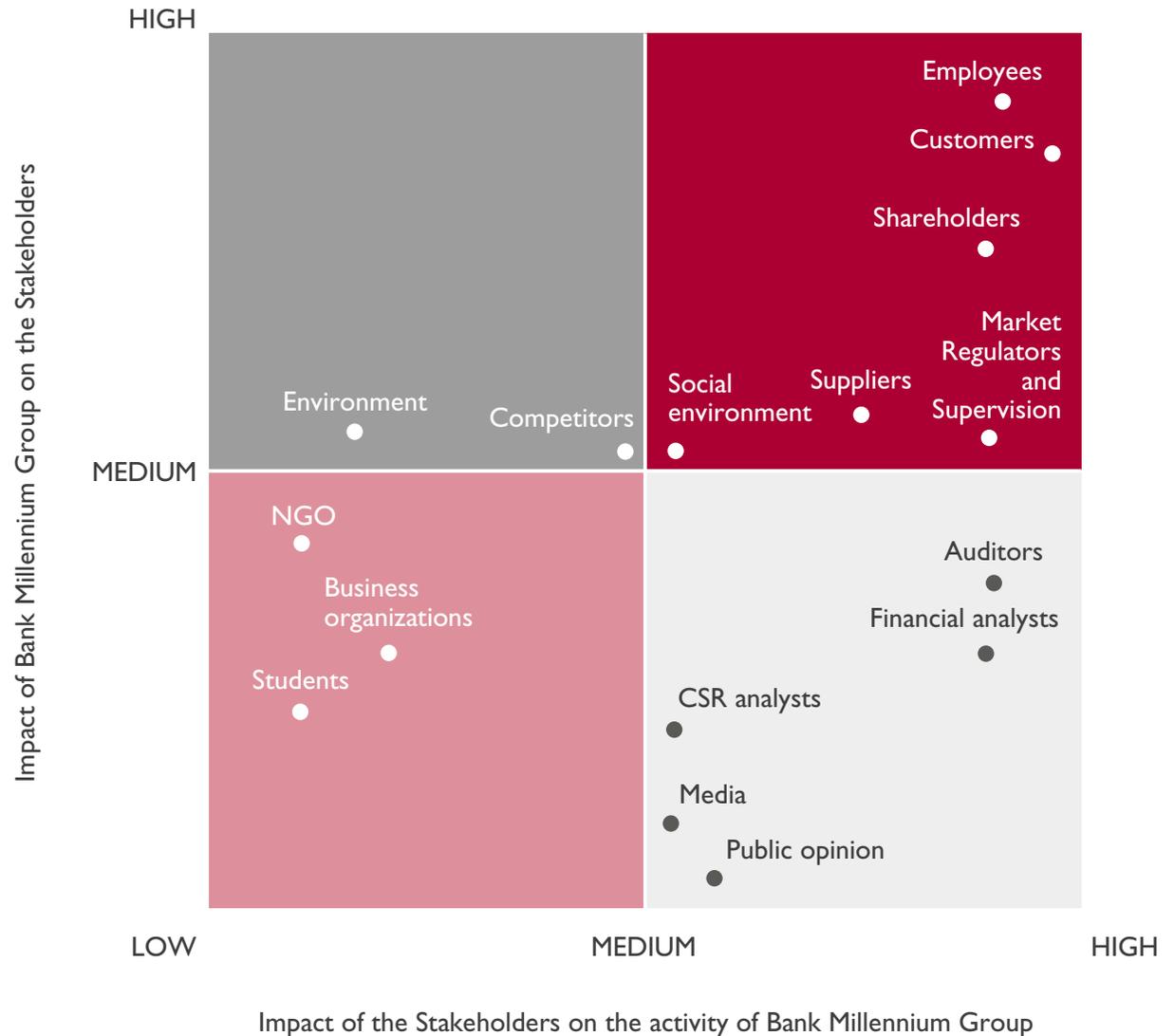


2.1. IDENTIFICATION OF STAKEHOLDERS

Stakeholder groups have been selected following a mapping process. This process was conducted based on the results of internal survey to determine the influence of respective stakeholder groups in the Bank and the Bank's influence on those stakeholder groups.

The survey was completed by the people running the company's units with highest involvement in the implementation of the Bank's CSR policy. 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.**

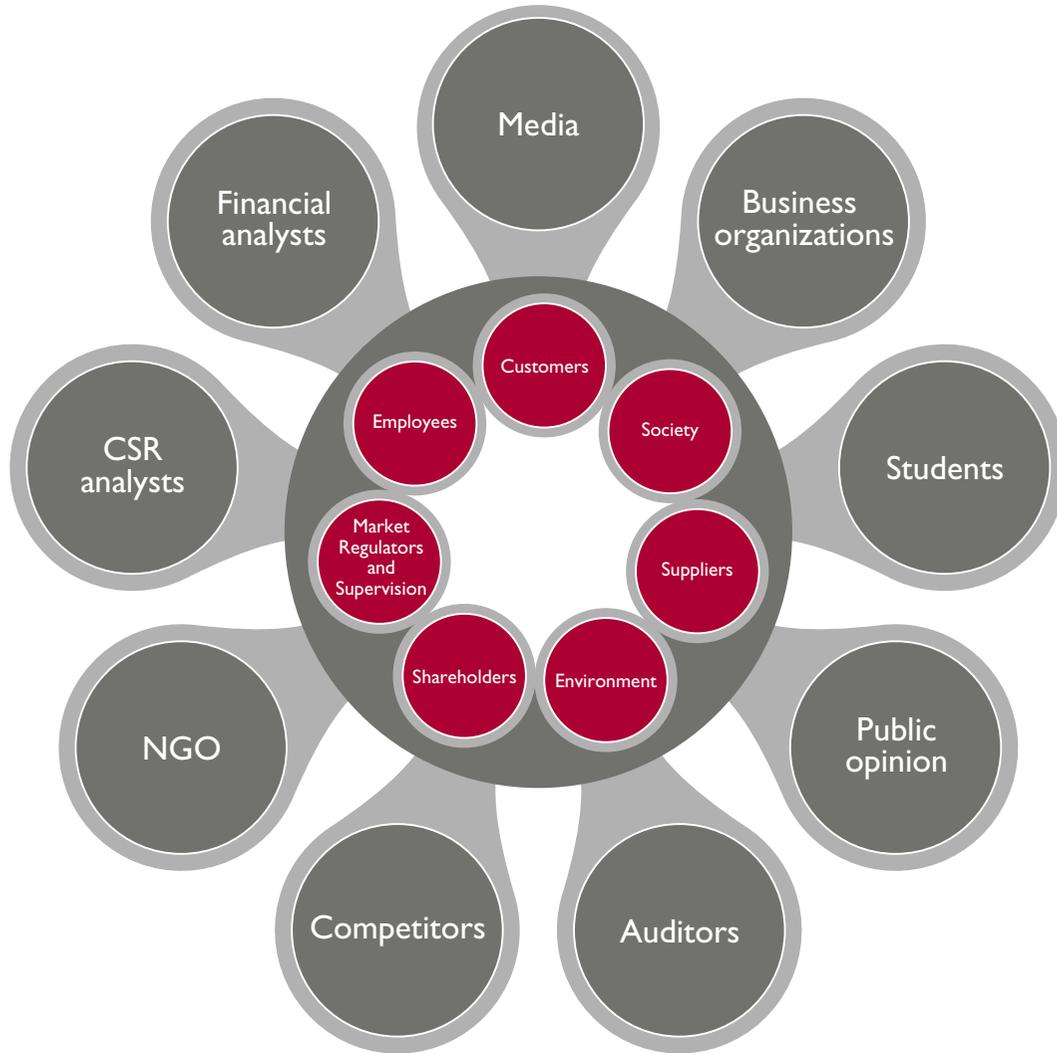
Mapping of Stakeholders [G4-25a]



- Focus
- Inform
- Monitor
- Support



Stakeholder of Bank Millennium Group [G4-24a]



2.2. DIALOGUE WITH STAKEHOLDERS

The Company carries out a dialogue with key stakeholder groups, aimed at learning their opinions and expectations from their cooperation with the Bank.

[G4-26a]:





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Main topics reported by stakeholders [G4-26a, G4-27a]

INVESTORS AND ANALYSTS

Communication channels

- ✓ Shareholder Meeting
- ✓ Roadshows and conferences
- ✓ Meetings
- ✓ Stock exchange communication and press releases
- ✓ Contact through Internet, e-mail, phone

Frequency of dialogue

- Once a year
- Several times a year
- Several hundred times a year
- Ongoing
- Ongoing

Topics raised

Transparent activity, quick and easy access to information about the Bank, ethical and socially responsible business.

Bank's actions

Observance of external standards for listed companies, Compliance Policy, ensuring transparency and security of ethical character of operations, quick exchange of information through multiple communication channels with Shareholders.



CLIENTS

Communication channels

- ✓ Branches, Internet and mobile banking,
- ✓ Website, social networks,
- ✓ Hotline
- ✓ Complaints
- ✓ Product and service satisfaction surveys and customer service quality surveys
- ✓ Meetings with clients

Frequency of dialogue

- Ongoing
- Ongoing
- Ongoing
- Monthly/quarterly/yearly and ad hoc
- More than ten times a year

Topics raised

High quality of products and services offered, ethical marketing and selling practices, fair consumer practices, safety of deposited funds, ease of use of products and communication with the Bank, improvement in accessibility of the Bank's services.

Bank's actions

Running quality improvement projects, introducing solutions in response to client needs, application of ethical selling and marketing principles, ensuring safety of client funds and improvements in access to services and ability to contact the Bank quickly.



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EMPLOYEES

Communication channels

- ✓ Intranet, community forum, chats other internal publications
- ✓ Corporate meeting with the participation of the Management Board
- ✓ Employee evaluation system
- ✓ Satisfaction and motivation surveys

Frequency of dialogue

Ongoing

Once a year

Once a quarter

Once a year

Topics raised

Stability of employment and professional development opportunities, fair salary and rewards, responding to requests submitted by employees.

Bank's actions

Regular monitoring of goals included in the HR policy, surveying the needs, motivation and satisfaction of employees, allowing employees to express their opinion through different communication tools.



SUPPLIERS

Communication channels

- ✓ Periodic meetings
- ✓ Telephone, e-mail
- ✓ Negotiation and performance of agreements

Frequency of dialogue

Several hundred times a year

Ongoing

Ongoing

Topics raised

Fair rules for selecting and cooperating with suppliers.

Bank's actions

Use of objective procedures for selecting suppliers; timely performance of agreements.



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SOCIAL ENVIRONMENT

Communication channels

- ✓ Offers of cooperation
- ✓ Contests and training for students
- ✓ Conferences with representatives of the social side and NGOs
- ✓ Employee volunteerism

Frequency of dialogue

Several hundred times a year

Several dozens a year

Several dozens a year

A few times a year

Topics raised

Supporting social projects by the company and employees.

Bank's actions

Merit-based and financial support for social projects; encouraging employees to take part in social and volunteering campaigns.



ENVIRONMENT

Communication channels

- ✓ Environmental rankings
- ✓ Environmental reports for state administration authorities.

Frequency of dialogue

Several dozens a year

More than ten a year

Topics raised

Reducing the negative impact on the environment, environmental education of clients and employees.

Bank's actions

Monitoring and lowering impact on the environment, environmental education programs.



03

Safety of client funds

Ensuring safety of funds deposited by clients is one of the sustainable business priorities defined in the Bank's current business strategy. The Bank operates on the basis of the applicable legal regulations, the code of ethical behavior and best market practices. Special importance is attached to the matters related to risk management and security of operations.





3.1. INTERNAL REGULATIONS

The Bank's internal regulators serve the prevention and identification of various risks related to the conduct of banking business. Employees are trained regularly on the rules for preventing abuse and ensuring protection of the clients' funds and data.



3.1.1. Compliance policy

When monitoring compliance with internal and external regulations, the following issues are considered by Bank Millennium as particularly important:

- ✓ counteracting 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 of interest;
- ✓ observing the ethical principles;

- ✓ restrictions on 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 ensuring compliance with respect to investment products covered by the EU MiFID directive.

Report on the adequacy and effectiveness of the compliance supervision system is presented quarterly to the Bank's Management Board and the Supervisory Board's Audit Committee and annually to the Supervisory Board.

[G4-57, G4-DMA EN29, G4-DMA S08]



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Legal cases

Class action of mortgage clients

Insurance of the low down payment for mortgage loans

2015

On 25 September 2015, a class action suit was filed with the Regional Court in Warsaw concerning mortgage loans indexed to CHF with a low down payment insurance. A group of the Bank's borrowers (454 people), represented by a Municipal Consumer Ombudsman in Olsztyn, demands payment of a total amount of PLN 3.5 million.

The group members believe that the regulations of the low downpayment insurance are impermissible and therefore they are not binding for the borrowers. The Bank is currently preparing a response to the statement of claim.

Mortgage loan indexation

2014

On 21 October 2014, the Bank received a class action suit in which a group of borrowers seeks a ruling of the Bank's liability for unjustified enrichment in connection with CHF-indexed mortgage loan agreements. The group believes that the Bank allegedly charged excessive amounts for repayment of loans.

On 21 September 2015, the Court of Appeals in Warsaw quashed the ruling of the Regional Court in Warsaw dismissing the class action suit. The Bank awaits for a new decision to be issued by the Regional Court whether examination of the case in class action lawsuits should be permitted.

The value of penalties [G4-SO8]

Amount (PLN)

12,158,370

2015

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 practice 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 a judgment of 6 October 2015 handed down by the Court of Appeals in Warsaw, the Bank was obligated to pay the fine.

Amount (PLN)

850,000

2014

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. On account of these violations, the President of UOKiK fined the Bank PLN 2,857,389. The Bank has appealed against the Office's decision. On 25 November 2014, the Court reduced the fine to the aggregated amount of PLN 850,000. The judgment is not final.





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3.1.2. Fraud prevention

The **Fraud Risk Management Program** has been created to effectively fight and prevent abuses and is the basis for the currently existing and continuously updated fraud prevention system. The system enables coordination of actions taken by the Bank's units involved in fraud prevention in the area of fraud detection, analysis and prevention, while providing professional tools to ensure effective protection of the Bank.

One of the elements of the program is **Branch employee training**, since branch employees have ongoing contact with clients and have the opportunity to identify suspicious behavior. In addition to training for new Network employees (484 people trained in 2015), a site is available on the Bank's Intranet containing all the necessary information and materials; new information is also sent out to employees about new procedures and methods used by criminals.

Another element of the program is an **e-mail account created especially for this purpose and an alert hotline** operating 24/7/365 to

ensure that any Bank employee could immediately clear up any doubt related to a suspicion of abuse. This solution has proven effective in particular when an employee identifies a "grandson fraud" since it has allowed the Bank to react quickly in such cases.

Anti-Money Laundering and Combating Terrorism Financing

The Bank's **Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) Program is a comprehensive system to identify risk areas related to the money laundering crime.**

The activities taken in the program involve, among others the use of financial security measures depending on the evaluation of money laundering risk, registration and reporting of transactions, selection of suspicious transactions, cooperation with the Inspectorate General of Financial Information.

Bank Millennium has adjusted its reports on an ongoing basis to the results of analysis of suspicious transactions, by adding the schemes operating in the given period (sectors, money flow directions, client behavior) in order to effectively identify and report transactions that may be related money laundering operations.

Efficient operation of the Program is ensured through internal procedures, organizational solutions in place and the employee training programs.



22% employees
trained on the **AML/CTF program**





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Anti-Money Laundering Program	2015	2014	2013	2012
Number and % of employees trained	1259 (22%)	1256 (22%)	1539 (28%)	1346 (22%)
Number of Suspicious Activity Reports (SARs) sent to GIIF*	152	134	155	187
Number of clients reported in SARs	472	502	640	844

* General Inspectorate of Financial Information

Anti-corruption regulations

The anti-corruption regulations described in the internal compliance policies and the Code of Ethics of the Bank Millennium Group pertain to the **acceptance and offering of benefits by Bank employees, rules for contacting people discharging public functions, public institutions and political parties.**

These regulations also apply to the Bank's suppliers and business partners. Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank's Code of Ethics, by signing a representation to that effect.

Employees may voice questions and observed irregularities concerning the breach of law, regulations and ethical norms via a **dedicated**

telephone line or e-mail inbox or they may contact their immediate supervisor or the person running 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. **[G4-DMA SO3, G4-DMA SO5],**



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Risk of corruption [G4-SO3, G4-SO5]	2015	2014	2013	2012
Number and % of organizational units analyzed 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.			
Actions taken after corruption cases are found	No corruption cases found	I	No corruption cases found	

Information Security

The information security system in place in the Bank is **modeled after the international ISO/IEC 27001 standard** which defines the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving information security management in the organization.

The accepted information security management model determines the comprehensive system for protecting all information processed in the Bank,

including information on clients, employees and transactions. In order to achieve this goal, the Bank has used organizational, IT and telecommunication measures, in particular the mechanisms to protect devices, systems, applications, databases and communication channels.

The Bank continuously analyzes new threats and methods employed by criminals to be able to prevent them effectively. It also actively collaborates with other financial sector entities in Poland and internationally, sharing its knowledge

about contemporary threats, trends and the evolving methods of abuse.

Special care is exercised to ensure continuity of the services provided by the Bank. The **Business Continuity Management System** implemented in the Bank serves to ensure availability of the key processes and IT systems, regardless of any chance events. Resistance to threats is further increased by the dispersed architecture of the information technology environment.



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Internal and external audit

Internal audit

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

The Internal Audit Department is an independent unit reporting to the Chairman of the Bank's Management Board, which delivers results of its activities to the Audit Committee of the Bank's Supervisory Board and to the Supervisory Board itself. **Results of the operating review of the entire internal control system and of its selected elements are presented regularly and evaluated by the Audit Committee of the Bank's Supervisory Board.** **[G4-DMA FS9, G4-FS9]**

Internal audit – activities in 2015

Process audits	64
Financial audits	5
Audit of outlets	161
Compliance audits: IRF/MiFID	10
Ad hoc audit	9
ICP review, inspections from KNF, BION	5
TOTAL:	254
Preventive inspections	56
Explanatory proceedings (ad hoc)	303

External audit

In 2015, PwC 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, respectively, the Bank cooperates with PwC in implementing the concept of ongoing monitoring and consulting economic events in the context of their correct presentation in other financial statements. As a result of this approach, information in interim statements is presented in the same manner as in the annual statements. **[G4-58]**





3.2. RISK MANAGEMENT

The mission of the risk management function in the Bank Millennium Group is to ensure that all risk types are managed, monitored and controlled in accordance with the accepted risk profile (risk appetite) and the character and scale of the Group's activity. Mission goals are achieved through implementation of the following activities:

- ✓ Developing risk management strategy, credit policy, processes and procedures defining the rules for accepting the permitted levels of respective risks;
- ✓ Implementing, to an increasing extent, IT tools used to identify, control and measure risk;
- ✓ Increasing awareness of responsibility for proper risk management among employees.

The initiatives undertaken by the Bank's Group in 2015 focused mainly on activities related to further improvement of the credit risk identification, measurement, monitoring and reporting process.

Detailed information on risk management is described in the 2015 Annual Report available on the Bank's website. **[G4-14]**



3.3. COOPERATION WITH MARKET REGULATORS AND SUPERVISION

In 2015, there were inspections carried out in the Bank by the Polish Financial Supervision Commission and audits carried out by the National Depository of Securities (KDPW) and the National Labor Inspection. For each post-inspection recommendation received by the Bank, a unit responsible for its implementation is appointed, who regularly reports on the implementation status.

A permanent element of cooperation with the regulatory authorities is the activity conducted by selected employees of the Bank's Legal Department, which includes opening draft versions of regulations and initiating discussions on topics of importance according to Bank experts. These activities are carried out through sector organizations, such as the Polish Banking Association and Lewiatan. **[G4-58]**



04

clients



The undertakings expressed to clients included in the Bank's current business strategy relate to the assurance of security of deposited funds, observance of ethical principles in the marketing and selling process, offering products adjusted to client's needs, ensuring high quality of service and providing access to services to excluded groups (e.g. the disabled or elderly).





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4.1. RESPONSIBLE SALES OF PRODUCTS AND SERVICES [G4-FSI5]

4.1.1. Reliable marketing communication



Marketing communication standards

Marketing materials prepared by the Bank are compliant with the laws and regulations applicable to this area, including the **Canon of Best Financial Market Practices and guidelines of the guidelines laid down by the Financial Supervision Commission**. Bank tracks the recommendations formulated by the Financial Supervision Commission and adapts its advertising message to those recommendations on an ongoing basis. The employees of Bank Millennium 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.

Clear and advertising messages

Any change or introduction of a document or marketing material for buyers of respective products is preceded by consultations within the Bank, verification by the legal team, compliance, marketing communication and product, in order to provide clients with a clear and reliable, legally-required information about the products offered.

In accordance with the principles of advertising banking services, which were 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 message focuses on a promotional offer, its conditions and term of its validity are specified. Clients also receive information where they can learn about the details of the promotion. **[G4-DMA PR7]**

In 2015, there were no cases of non-compliance of Bank Millennium with regulations relating to marketing communications. **[G4-PR7]**



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4.1.2. Transparent information about products and services

In addition to the reliable marketing communication, clients are offered tools that make it easier for them to select a product to match their needs. The Bank also applies solutions that are aimed at protecting the client's investments.

Assistance in selection of financial products

In order to give the clients an easier choice of product matching the needs, the Bank's website offers two solutions:

- ✓ Your Needs section, where the client receives directions on products and services that would be the most adequate for his/her financial requirements;
- ✓ tools to assist the client in selecting the most adequate product, such as a deposit comparison tool or a cash loan calculator.

Security of investments

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 provide reliable and not misleading information about products and risks associated with investments in those products and to apply the policy of acting to the best interest of its clients and the policy to prevent the conflict of interest.

Every Relationship Manager who offers investment products must undergo a **mandatory product training**. It includes presentation of product features as well as risks associated with investments in each product or financial instrument.

Additionally, Relationship Managers take advantage of regular market conference calls and have constant access to current product presentations.

All the marketing publications prepared by the Bank describe, among others, the risks associated with investments and sample scenarios related to the financial instrument or product.

Clients are also presented with 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, letters sent to clients are drafted in a precise, comprehensible and transparent manner. **[G4-DMA PR3, G4-PR3]**



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4.1.3. Ethical standards in customer service

Standards of selling products and services

Employees of the Bank's branches are obligated to observe ethical selling standards included in the **Code of Ethics** and in the **Book of Customer Service Standards** and sales standards for individual products, such as **personal accounts** and **credit products**.

These standards contain elements such as e.g. reliable analysis of client needs, presenting the product offering with all related costs and conditions required to obtain one, diagnosing the client's concerns, providing clarification and finally making sure that the client is familiar with the principles of the product's operation before the agreement is concluded.

Employees have also been trained in practical application of the standards.

Compliance with standards and the scope of information provided to clients by employees is regularly controlled during the evaluation of

quality of the selling process using a Mystery Shopper study. All of the Bank's outlets are subject to inspection. **[G4-DMA FS15, G4-FS15]**

Assistance in repayment of debt

If a liability has become overdue, a client may request from the Bank to enter into an annex amending the initial agreement or, if the liability has become due and payable in full – to enter into a composition agreement for the repayment of the matured liability. If both parties accept the terms and conditions of repayment, it is possible, among others, to: reduce the repayment amount for some time, change the payment date, extend the lending period, reduce interest rates, change the order of crediting payments and, in the case of mortgage loans, a monthly repayment break.

In 2015, 6.8% of clients with significant delays in repayment took advantage of the above assistance.

Solutions for clients with a CHF loan

To curtail the adverse consequences for clients ensuing from the growth in the Swiss franc (CHF) exchange rate at the outset of 2015 we introduced a number of solutions incorporating the Polish Bank Association's recommendations facilitating the debt service of mortgage loans:

- ✓ The negative level of the Libor reference rates was taken into consideration in the calculation of mortgage loan rates. This caused a reduction of interest rates charged on the loans. The negative level of the reference rate drives down the CHF installment amount for clients, which offsets the increase of the installment amount (after conversion to PLN) caused by the higher CHF exchange rate.





- ✓ The spread for CHF used to settle CHF loan-related transactions was reduced to 3%.

- ✓ For clients interested in converting the loan from CHF to PLN, the Bank introduced the possibility to convert it using the exchange rate equal to the average NBP rate on the date the conversion application is submitted.

- ✓ In the case of changes where an annex must be concluded to the loan agreement, the Bank decided not to charge fees.

- ✓ Subsidies to installments were introduced in the cases where the negative reference rate exceeded the margin.

In addition, every client holding a mortgage loan in CHF received a proposal of special conditions for converting the currency and early repayment of CHF loans.

- ✓ currency conversion of the loan from CHF to PLN with a simultaneous reduction of the current margin by 0.2% points;

- ✓ split of the current CHF loan to two loans: one loan equal to 50% of the outstanding CHF debt on the same terms and conditions and the other equal to 50% of the currently outstanding CHF debt converted into PLN with a margin reduced by 0.2% points;

- ✓ reduction of the CHF loan margin as a result of prepayment of a portion of the current debt.

4.1.4. Education programs for clients [G4-FSI 6]

Publications in the media

The media publish educational and guidance statements by the Bank's experts. In 2015, the subjects of such publications included, among others: effective saving methods, criteria to consider when applying for a cash loan or when shopping for a good personal account or a credit card, as well as convenient solutions for electronic banking.

Guide for Corporate Clients

Corporate clients receive a bulletin along with their monthly account statements containing a legal calendar including legislative changes affecting the operation of businesses, macroeconomic forecasts and an article on a specific Bank product or service.

The bulletin is also available on the Bank's website at <http://www.bankmillennium.pl/przedsiębiorstwa/wsparcie>

Meetings for Corporate Clients

Meetings with clients are aimed at **spreading economic knowledge**, in particular knowledge about trends existing in the economy and macroeconomic forecasts.

In 2015, the meetings of the Bank's Chief Economist with representatives of companies addressed issues such as the economic growth outlook for Poland, risks and their impact on Polish companies, and many others.



Bank Millennium



Bank's Stakeholders



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Meetings for Corporate Clients	2015	2014	2013	2012
Number of meetings	10	9	12	24
Number of participants	152	117	140	275

Financial Manager – household budget management assistant

Every client of the Bank's Millenet web banking and mobile application may access, free of charge, an extensive Financial Manager, which makes it possible to manage a home budget in a simple and transparent manner. The tool offers an additional function of creating a Savings Plan based on the history of transactions from previous months.



152 participants
in meetings for Corporate Clients

Financial Manager	2015	2014	2013
Number and percentage of users	774 000 (46%)	683,438 (44%)	631,175 (44%)



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4.2. CONVENIENT COMMUNICATION WITH THE BANK

Clients may contact the Bank through a number of channels:



a chain of **413** branches across the country



a call center



the Internet



and mobile banking

Telemillennium

TeleMillennium, which is a telephone channel of contact with the Bank, makes it possible not just to submit orders relating to the service of 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 give instructions to open an account or a credit card.

In 2015, to improve the quality of customer service:

- ✓ a “return verification option” was added, which is an option available for verified calls, which can now be handled from the beginning till the end by a single consultant;
- ✓ telephone service processes were optimized to avoid repeated client calls and unnecessary call transfers;
- ✓ options available in the automatic service were modified to make it more transparent and user-friendly;
- ✓ the option of servicing clients in Russian and Ukrainian was added.

Internet and mobile banking

Internet and mobile banking clients **may contact the Bank quickly** via multiple channels, e.g. by sending a message from the website or from the transaction system, using a chat feature on the website or assistance of a Virtual Advisor. If any problem occurs in the operation of Internet or mobile banking, a client may contact a special assistance hotline for electronic banking clients.

All **comments and suggestions submitted by clients** via electronic and telephone channels are monitored and analyzed on a continuous basis and subsequently used to plan development of internet and mobile banking.

In 2015, clients' suggestions were used, among others, in developing the new mobile app and the internet banking system using the RWD (responsive web design) technology. The implementation of those solutions had been preceded by numerous focus and eye-tracking studies and interviews with the Bank's clients.



Bank Millennium



Bank's Stakeholders



Safety of Deposited Funds



Clients



Investors



Business Partners



Employees



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Natural Environment

Internet and mobile banking clients	2015	2014	2013	2012
Clients using Millenet	1,688,147 (83%)	1,536,260 (74%)	1,438,813 (62%)	1,433,726 (54%)
Clients using mobile banking	402,689 (20%)	145,000 (21%)	79,183 (13%)	51,395 (8%)
Clients using MilleSMS	353,551 (21%)	206,501 (13%)	204,596 (14%)	198,580 (14%)
Clients using online statements	1,141,113 (68%)	950,789 (62%)	779,399 (54%)	670,693 (47%)

Multi-channel customer service

Irrespective of the service channel used – be it a branch, TeleMillennium or the Millenet internet banking system, clients have continuous access to the history of their cooperation with the Bank and may, at any suitable moment, continue a process started earlier.

Multi-channel service allows the Bank to save the progress of an application at different stages and continue working on it at any moment and through any channel chosen by the client.

For example, a client may start filing a Cash Loan application in the Millenet system, do a credit simulation and if any doubts arise – save the application and finish the process for example by telephone. Additionally, clients may view in the Millenet system any application they filed along with their current status and the possible actions.

For implementing such a multi-channel service, the Bank won the Cool Business Awards Gartner competition in the Most

promising digital business transformation initiative category. The project was also ranked among 10 best initiatives of 2015 in the Distribution & Marketing Innovation competition organized by EFMA and Accenture.

The Bank was also among the top contenders in the Channel Innovation category in the BAI-Finacle Global Banking Innovation competition for the most innovative banking institutions.



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4.3. CUSTOMER SERVICE QUALITY

4.3.1. Research of client needs

Service Design for high quality of customer service

A new customer service model named Daily Banking was implemented in 2015 for a client opening an account in Bank Millennium.

The model was developed using the Service Design methodology in which the starting point for designing solutions was an in-depth understanding of client issues and needs achieved through analysis of successive steps that they must take to use a service. Service Design was also used to design a model conversation with clients about savings, investment and credit products.

The implementation of those new conversation models was combined **with the practical training for branch employees** (over 3000 people were trained in the application of the Daily Banking model).

Proposed conversations with clients in the form of training video clips were also posted in the Intranet.

Analysis of customer expectations

In order to learn more about customers' expectations, the **Voice of customer project** was launched to accept and respond to customer suggestions put forward to the Bank through the telephone service and complaint reports. These suggestions concern, among others, the quality of service in branches, proposed changes in processes or requests for new products and services. Employees are also able to **convey customers' opinions in the internal social forum.** These opinions are then analyzed in the context of innovations and improvements that can be implemented in the Bank.

The projects have borne fruit not just in the form of improved internal quality ratios but have also won third party recognition. **In 2015, Bank Millennium was the leader in all the major service quality rankings:** Quality Star, Quality You Can Bank On and Newsweek's Friendly Bank, the most prestigious ranking (victory in 3 categories: Bank of Choice for Mr. Smith, Web Bank and Mortgage Banking).

Customer satisfaction and service quality surveys

Regular evaluation of customer satisfaction and recommendations is a measure to monitor the quality of customer service provided by the Bank. Such evaluation is conducted using a research model, which consists of 3 main aspects:

Overall evaluation of customer satisfaction

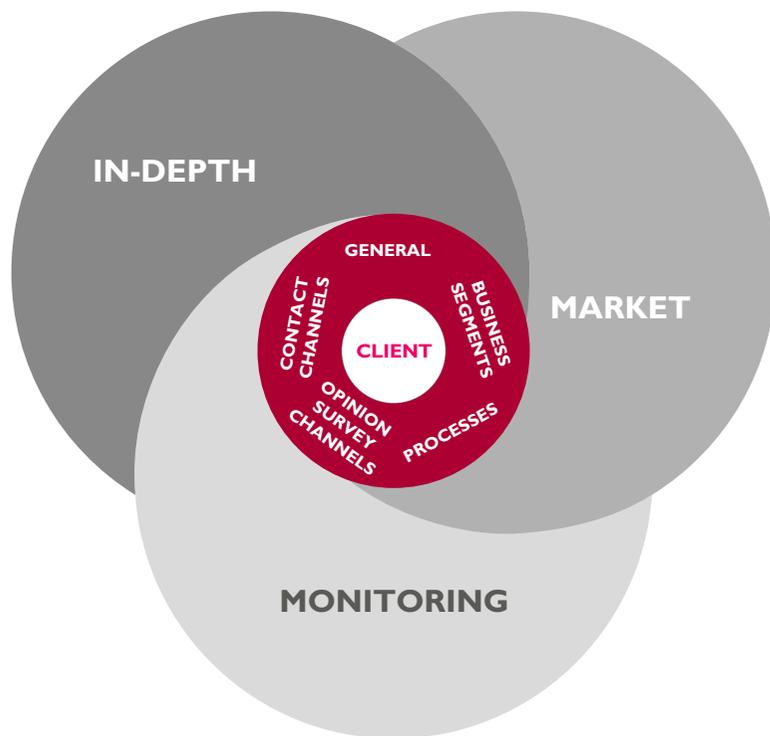
– surveys are conducted for each business segment: Retail customers, Corporate customers and the Prestige business line. In addition to overall satisfaction surveys, the Bank carries out satisfaction surveys for specific contact channels with the Bank (outlets, website, phone and mobile banking) and for cooperation with relationship managers.

Detailed surveys of key processes, e.g. satisfaction with the complaint process, monitoring of satisfaction for new customers.

In-depth surveys arising from business needs, e.g. evaluation of the loan granting process.



The types of customer satisfaction and service quality surveys [G4-DMA PR5]



In order to maintain high quality of customer service in the outlets, the Bank conducts **Mystery Shopping** surveys in cooperation with an external company. Each month, all of the Bank's outlets are visited by auditors, who evaluate compliance of the customer service quality level with the accepted standards.

Customers satisfied or very satisfied [G4-PR5]	2015	2014	2013	2012
with their cooperation with the Bank	89%	87%	90%	89%
with the product offering	83%	84%	85%	83%
with service quality	92%	89%	92%	91%
NPS ratio*	31	33	32	-

* indicates the willingness to recommend the Bank's products and services

Quality and satisfaction survey	2015	2014	2013	2012
Surveys conducted	24	15	10	16
Number of customers surveyed	65,207	102,000	138,743	130,201
Number and % of responses	25,070 (38%)	34,000 (33%)	35,336 (25%)	28,355 (22%)
Number of Mystery Shopping visits	4000	4200	4300	4800



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4.3.2. Complaints management

In 2015, the Bank focused on **analyzing and eliminating the underlying causes for complaints**. The most critical change involved the implementation of two complaints handling paths: a quick path to handle standard reports and the other path to handle non-standard cases.

Following the introduction of the quick path, almost 50% of the complaints are not handled within 2 days.

Other important improvements included: creation of the process for handling client objections to amendments introduced to rules and regulations, sending out information about non-renewal of a credit card, displaying additional information about the fee charged when a transaction is concluded in the mobile app and making it easier for clients to deliver a notification with confirmation that a seizure by bailiff has been lifted, by sending it to a fax number.

Complaint reports are forwarded monthly to people responsible for individual products and processes. This allows the Bank to analyze the quality of services it offers and to take optimization measures.

The performance of the complaints handling process is presented at the Process and Operational Risk Committee meetings and also at the Supervisory Board meetings.

Complaints filed	2015	2014	2013	2012
Number of complaints filed	43,188	41,696	44,738	48,177
Number and % of complaints handled in favor of customers	24,866 (57%)	23,711 (57%)	25,067 (56%)	25,708 (53%)
Number and % of complaints submitted concerning privacy breaches or loss of customer data [G4-PR8]	333 (0.8%)	365 (0.9%)	329 (0.7%)	277 (0.6%)
Number and % of overdue complaints*	42 (0.1%)	446 (1%)	1,812 (4%)	4,647 (10%)

* not handled within the deadline anticipated by the rules and regulations. The long time of handling complaints is caused by the need to contact external institutions.



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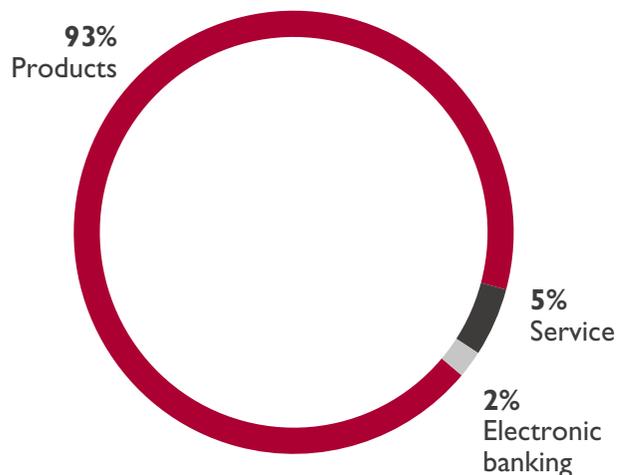


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Complaints by category



17% of complaints
handled within 24 hours



76% clients
satisfied with the complaint process

Time of examining complaints	2015	2014	2013	2012
Up to 3 days	19%	24%	19%	22%
4 to 7 days	26%	30%	29%	33%
Above 7 days	38%	46%	52%	45%
Average time of examining a complaint	13	15	17	14

Client's satisfaction with the complaint process	2015	2014	2013
Clients satisfied and very satisfied with the complaint process	76%	72%	66%
Clients who recommend the Bank	44%	41%	36%
NPS ratio*	21	18	5

* indicates the willingness to recommend the Bank's products and services



4.4. CLIENT PRIVACY PROTECTION

Bank's employees are obligated to protect private and confidential information pertaining to its clients and its proper usage. To this end, **information systems are being improved** on an ongoing basis and the **pertinent employee training is 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.

In particular, clients' personal data, account and transaction-related data as well as related to all banking operations are subject to protection.

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

[G4-DMA PR8]

Training on protection of personal data and information*	2015	2014	2013	2012
Classification, processing and protection of information at the Bank	923 (15%)	937 (15%)	1,217 (20%)	1,216 (20%)
Personal data protection	2,987 (50%)	3,407 (55%)	3,680 (62%)	4,742 (79%)

* number and % of employees trained



4.5. ACCESSIBILITY OF FINANCIAL SERVICES FOR THE DISABLED

In addition to the chain of 413 outlets, we provide our services through the Internet, mobile and telephone banking system and a chain of 519 of our own ATMs. The services are offered 24 hours a day and 7 days a week and thanks to the multiple distribution channels, access to our products and services is virtually unlimited.

[G4-FSI 3]

In order to increase accessibility of financial services for the disabled, we have introduced the following solutions:

- ✓ **access to outlets** where architectural barriers may occur;
- ✓ **sitting customer service stations** accessible to wheelchairs;

- ✓ **ATMs** with facilities for people with impairment of vision and movement. 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 Bank's website and the Bank's Internet application contain an A+ button, which enlarges the presented text, allowing vision-impaired persons to use the application;

- ✓ **service over the phone** – clients using the the Bank's Hotline can use the voice command feature during the call instead of using the phone's keypad;
- ✓ **easier signing of agreements** – blind or visually impaired persons or people who cannot read can still sign an agreement with the Bank on their own 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.
- ✓ **agreement forms** on the website, easy to read by text-to-speech applications
- ✓ **service standards of the disabled** – detailed guidelines regarding the service of disabled clients, which are binding on the employees of all of the Bank's outlets.
[G4-DMA FS14, G4-FSI 4]



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Accessibility of services	2015	2014	2013	2012
Number of outlets	413	423	439	447
% of outlets accessible to disabled persons	89%	89%	88%	87%
Number of ATMs	519	539	555	566
% ATMs accessible to disabled persons	100%	100%	89%	89%

Development of best practices

Bank's employees took part in the work of a Polish Bank Association Committee preparing the second version of the **Best Disabled Customer Service Practices for Banks**. In addition to submitting opinions about the whole document,

the Mobile Banking chapter was prepared. In 2015, also as part of the work of the Polish Bank Association Committee, the Bank's employees participated in the work on online sign language translations.



89% outlets
accessible to disabled persons



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4.6. SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES



The products and services offered by Bank Millennium support the achievement of social and environmental goals.

4.6.1. Individual Clients

360° Account

Bank Millennium offers a 360° account, after certain easy to satisfy conditions are met, may be maintained **free of charge**. The conditions offering a release from maintenance charges have been designed to be easy to satisfy, also by clients with less funds, including those who earn minimum wages. The Bank does not require funds to be received from a specific source or a single transfer in a full amount: the sum of proceeds is taken into accounts (including social support) and

cash payments during the month for the minimum amount of PLN 1000.

In emergencies, the **Very Helpful Package** provided along with the 360° account (which is free for 12 months after the account is opened) may offer an alternative for clients who cannot afford private doctor's visits. In such situations, the client may use 7 interventions per year.

The Bank also offers preferential terms of the 360° Student account for younger clients (from 18 to 26 years of age) and the 360° Junior account for minors (from 13 to 18 years of age) who are getting acquainted with the world of finance and who cannot afford to pay for the account; in this case, one card transaction for any amount is enough to keep the account and the card free of charge.

WWF Millennium MasterCard Credit Card

WWF Millennium MasterCard Credit Card is a credit card, which **supports protection of the natural environment**.

Bank Millennium transfers to WWF Polska, the largest international environmental foundation, half of the monthly fee for handling the card and a certain percentage of the amount of transactions made with the card.

Additionally, the card is made using an environmentally-friendly PETG polyester which may be recycled.



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Millennium MasterCard prepaid card – learning personal finance management

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

This card may be re-loaded multiple times by family and friends. It may be used to execute transactions up to the amount of paid in funds. Each card user gains access to the web banking system in conjunction with the card, gaining the ability to check their spending by themselves.

Parents after logging into their account may also see how their children manage the entrusted funds.



Recycling with the Wiewiórka card

Bank Millennium cooperates with Wiewiórka.pl, an internet platform connecting natural persons who segregate their trash with specialized companies processing secondary raw materials.

By using the Wiewiórka.pl website you can get rid of unnecessary items by handing them over free of charge to a requested messenger. The contents of the package is valued and the due amount is transferred to a pre-paid card issued by Bank Millennium, which the website user receives earlier in a start-up package.

Participants of the program may also decide to transfer the money they earned to a foundation of their choice.

Flat for the Young mortgage loan

Bank Millennium offers mortgage loans granted under the governmental Flat for the Young programme. **Under the programme, the downpayment is co-funded by the state budget and additional financial support is provided as repayment of a portion of the loan.**

Buyers eligible for the co-funding take out a loan to purchase an apartment to satisfy their own residential needs. **The Flat for the Young** loan is granted to those buying their first apartment or house; these requirements do not apply to people raising at least three children. The real property may be purchased by married couples, unmarried individuals or persons raising children on their own.

Under the Flat for the Young loan, the **co-funding may reach even 30% of the downpayment amount** – for the people buying an apartment or a house, who raise at least three children as at the date of filing the application.



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4.6.2. Prestige and Private Banking Clients

Bank Millennium's offering includes **SRI (Socially Responsible Investing)** mutual funds:



BlackRock GF New Energy Fund	BlackRock GF World Healthscience Fund	UniAkcje Biopharma	PZU Energia Medycyna Ekologia
Invests in equities of companies operating on the alternative energy and energy technology sectors.	Invests in equities of companies with substantial interests in healthcare, pharmaceuticals and medical technology and equipment as well as biotechnology development.	Invests mainly in shares of biotech, pharmaceutical and medical companies.	Focuses on the companies that run a business associated with power, healthcare and protection of the natural environment.



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4.6.3. Corporate Clients

The Bank's offering for Corporate clients includes products to finance infrastructure development in rural areas, environmentally friendly investments and solutions supporting development of small and medium enterprises.

[G4-DMA EC7]

Environmentally and socially responsible lending

Project financing rules

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

The rules and regulations contain certain restrictions regarding the financing of socially harmful activity featured on the EBRD Environmental and Social Exclusion List.

The limitations commit all the Borrowers not to use the funding received from the loans for projects associated with forced labor and all forms of discrimination in employment and production and trade in various substances recognized as dangerous and harmful for the environment.

Moreover, the Borrowers are obliged to run their businesses in compliance with environmental protection regulations and other health and safety regulations and the principles of social co-existence.

Environmental criteria for granting loans

The Bank also considers environmental criteria when it grants financing under specific products:

- ✓ **Leasing Eko Energia** – the client signs a declaration of the estimated energy efficiency of the planned investment project.
 - ✓ **Loan for technological innovations** – one important element in the assessment of the client's application assessment is whether the project contributes to the implementation of sustainable development principles (i.e. whether the manufactured product has an extended life cycle, product is recyclable, product has a positive effect on the environment or whether its manufacturing process produces lower quantity of waste).
- [G4-FSI, G4-FS5, G4-DMA FSI, G4-DMA FS5, G4-DMA FS7, G4-DMA FS8]**



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Financing of environmental and social projects

Bank Millennium's corporate clients may use the offering of products to finance environmental and social undertakings.



PolSEFF Polish Sustainable Energy Financing Programme

The purpose of the project, which is managed by the European Bank for Reconstruction and Development (EBRD) is to **raise energy efficiency** and allow small and medium enterprises to reduce the cost of energy by having them use machinery, equipment and installations with advanced energy efficiency.

The programme is addressed at the Bank's clients using the leasing financing through Millennium Leasing.

Leasing Eko Energia Program

The purpose of this program is to support Polish businesses in financing energy efficient technologies by encouraging them to invest in energy efficient machinery and equipment.

The Leasing Eko Energia Program offers the clients up to 5% of investment premium upon the end of the lease contract.





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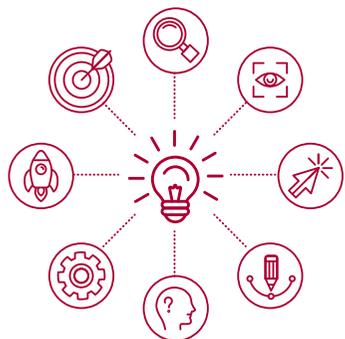
Employees



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Loan for Technological Innovations

The loan for technological innovations, which is provided in cooperation with Bank Gospodarstwa Krajowego (BGK) within the framework of the EU funds, **is designated for the implementation of a new technology of manufacturing goods, processes or services that are new or much better than previously produced in Poland.**

Under this loan, clients may receive a non-refundable support up to PLN 6 million in the form of a technological premium, which is awarded by BGK for partial repayment of a loan granted by Bank Millennium. The project's positive effect on the implementation of sustainable development principles is an important element considered in the loan application evaluation process.



De Minimis guarantees

Bank Millennium takes part in the government entrepreneurship support programs using guarantees from Bank Gospodarstwa Krajowego.

A business from the SME sector may use de minimis guarantees to secure a PLN loan granted to finance current operations and investments. Advantages of the program include: high amount of the guarantee (up to 60% of the loan amount and up to PLN 3.5 million) and a long financing period of up to 24 months in the case of working capital loans or up to 96 months for investment loans.



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

For 20 years now, Bank Millennium **has been cooperating** with the European Fund for the Development of Polish Villages (EFRWP) Foundation **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 Foundation is a non-governmental organization. Its goals include, among others, development of technical and social infrastructure of rural areas and development of broadly defined non-agricultural small and medium entrepreneurship in rural areas. **[G4-EC7]**



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PLN 580 million

financing sustainable investments

Value of socially responsible products in 2015 [G4-FS7, G4-FS8]	Product portfolio value (PLN)	Number of products in the portfolio
Loans with de minimis guarantees	275,131,106	220
EFRWP Loans	2,134,300	5
PoISEFF	211,190,771	461
Leasing Eko Energia	51,995,831	392
Technological Loan	38,940,020	9



05

Investors

The Investor Relations Department is responsible for fair and timely communication of the strategy, business and financial performance of the entire Bank Millennium Capital Group.





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5.1. DIALOGUE 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 (there were 4 such conferences in 2015),
- ✓ **Participation in conferences and road shows** organized for investors in Poland and abroad (17),

- ✓ **Individual and group meetings** with capital market participants (206),
- ✓ **Current stock exchange reports** (79) 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).

To ensure best practice in equal access to information, since 2006 the Bank has enabled unlimited access to these conferences via the web (audio-visual transmission in Polish and English) and by telephone. The recording of each conference is available on the Bank's website at least for a quarter after the conference. The Bank also prepares a webcast from the Shareholder Meeting. The recording of the discussion along with the resolutions is also available from the Bank's website.



206 meetings
with investors

Meetings with Investors	2015	2014	2013	2012
Number of meetings	206	208	134	123
Number of participants	418	410	283	301



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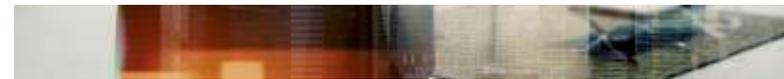
Employees



Society



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5.2. GOOD ESG PRACTICES

The Bank's activities are conducted based on good ESG (Environmental, Social, Governance) practices.

The Bank observes corporate governance principles, is a long-standing member of the Respect Index and reports on corporate social responsibility issues.



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 2015 the Bank observed the corporate governance principles set forth in the *Best Practices 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.



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ANALIZA **ESG**
SPÓŁEK W POLSCE

Bank Millennium in the RESPECT Index

The year 2015 was Bank Millennium's eight consecutive year as part of the RESPECT Index – the 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 and it also takes 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 and the Association of Stock Exchange Issuers in the areas mentioned above and an audit conducted by Deloitte.

Reporting on ESG issues

Bank Millennium was included in the list of the public companies with the best ESG (Environmental, Social, Governance) reporting in 2015. **The Bank was classified as one of top 3 reporting companies in the Financial Sector category.**

The winners were selected in the fourth edition of the educational project ESG Analysis of companies in Poland organized by the Association of Stock Exchange Issuers and GES.

The analysis covered 143 companies, which will probably be covered by the non-financial reporting obligation, whose shares were listed on the Warsaw Stock Exchange on 30 June 2015.

The study was conducted using the GES Risk Rating method, which involves an evaluation of environmental protection, social responsibility and corporate governance management systems based on publicly available documents and information about the company.





06 Business partners

The Bank cooperates with many business partners as the buyer of products and services from various market segments. The key partners provide services associated with the lease of and support for branches and office space, services and purchase of IT equipment and security and marketing services.

[G4-I2, G4-DMA EC6]





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Procurement policy

Suppliers are selected in tenders, which allows the Bank to use objective selection criteria. To ensure transparency of the procurement process, it has been formalized by internal regulations which require that the evaluation of the substantive and commercial bids is done by independent units at the Bank. **[G4-DMA EC9]**

Criteria for selecting suppliers

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.**

Ethical and environmental standards

The requirement to apply ethical and/or environmental clauses in agreements, where applicable, is an important element of the regulation pertaining to the procurement process.

Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank Millennium Code of Ethics, by signing a representation to that effect.

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.

In 2015, the quantity and quality of goods and services was monitored for 1430 agreements. In the case of 35 agreements the suppliers' financial standing and their contingency plans were also monitored. **[G4-FS5]**





Dialogue with business partners

In the case of long-term agreements, meetings are organized to discuss cooperation issues. Bank employees remain in touch with the representatives of suppliers to discuss logistics, billing and payments.



5 623
suppliers



93% amounts
paid to local suppliers

Products and services purchased	2015	2014	2013	2012
Number of suppliers [G4-I3]	5623	5357	5142	5529
% of amounts paid to local suppliers * [G4-EC9]	93%	93%	92%	90%

* with registered offices in Poland

Invoice payment term*	2015	2014	2013
Up to 30 days	72%	83%	77%
31-60 days	25%	14%	17%
Over 60 days	3%	3%	6%

* Percentage of suppliers who were paid within the specified term



07

Employees

Obligations towards employees included in the Bank's strategy for the years 2015-2017 focus on dialogue to learn about employees' expectations and to provide them with stable and satisfactory terms of employment, which also allow for their self-fulfillment.





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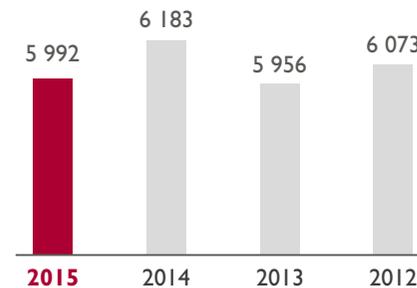
7.1. EMPLOYMENT AND WORKING CONDITIONS

7.1.1. HR POLICY

The Bank Millennium Group has in place a HR policy, setting forth the general principles related to recruitment, evaluation, development and retention of employees. The principles of the policy have been defined in a document approved by the 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.

Bank Millennium Group employees



In executing its HR policy, the Bank monitors of all the elements that affect its execution, in particular: personnel expenses and changes in headcount, employee turnover and its causes, scope and quality of training and development programs and actions supporting development of the employer's image.

[G4-DMA LA1, G4-DMA LA2, G4-DMA LA3]



7.1.2. Headcount

In 2015, the headcount at the Bank Millennium Group fell by about 3%. Most of the employees have signed an employment agreement (99%). The employee turnover ratio is maintained at 3%. Women constitute the majority of employees (69%) and an average employee is 37 years old.

[G4-DMA EC6]



99%
employment agreement



**Number of employees
by region, age and gender [G4-I0]**

Voivodship	Females				Males			Total 2015	
	<30 yrs	30-50 yrs	>50 yrs	Females total	<30 yrs	30-50 yrs	>50 yrs		Males total
Dolnośląskie	47	131	5	183	29	43	2	74	257
Kujawsko-pomorskie	25	153	40	218	8	37	8	53	271
Lubelskie	7	53	6	66	2	15	2	19	85
Lubuskie	6	25	8	39	0	10	1	11	50
Łódzkie	13	72	3	88	5	47	1	53	141
Małopolskie	36	94	0	130	15	55	2	72	202
Mazowieckie	407	1,375	163	1,945	266	759	101	1,126	3,071
Opolskie	7	14	3	24	2	6	2	10	34
Podkarpackie	2	27	4	33	3	12	1	16	49
Podlaskie	17	46	11	74	5	14	2	21	95
Pomorskie	80	446	161	687	20	120	35	175	862
Śląskie	51	164	3	218	24	64	2	90	308
Świętokrzyskie	4	11	0	15	1	6	0	7	22
Warmińsko-mazurskie	20	91	40	151	8	16	4	28	179
Wielkopolskie	48	111	11	170	20	44	3	67	237
Zachodniopomorskie	27	68	4	99	8	19	3	30	129
Total	797	2 881	462	4,140	416	1 267	169	1,852	5,992

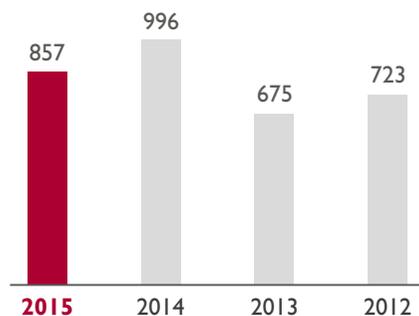


Employees by type of employment [G4-I0]

Type of contract	Females	Males	Total 2015
Mandate agreement	1%	1%	1%
Employment agreement	68%	31%	99%
Total	69%	31%	100%

Employment agreement	Females	Males	Total 2015
For an indefinite term	59%	25%	84%
For a definite term	10%	5%	16%
Total	69%	31%	100%

New employees [G4-LA1]



New employees	Females	Males	Total 2015
Dolnośląskie	33	19	52
Kujawsko-pomorskie	17	5	22
Lubelskie	8	0	8
Lubuskie	8	0	8
Łódzkie	9	2	11
Małopolskie	32	15	47
Mazowieckie	265	220	485
Opolskie	7	3	10
Podkarpackie	3	2	5
Podlaskie	11	5	16
Pomorskie	45	24	69
Śląskie	33	10	43
Świętokrzyskie	0	1	1
Warmińsko-mazurskie	12	6	18
Wielkopolskie	26	13	39
Zachodniopomorskie	19	4	23
Total	528	329	857



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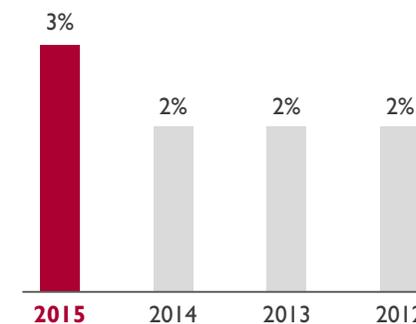
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Employee turnover ratio	Females	Males	Total 2015
Dolnośląskie	3%	5%	4%
Kujawsko-pomorskie	2%	2%	2%
Lubelskie	2%	3%	2%
Lubuskie	4%	2%	3%
Łódzkie	2%	2%	2%
Małopolskie	4%	4%	4%
Mazowieckie	2%	3%	3%
Opolskie	5%	4%	5%
Podkarpackie	3%	3%	3%
Podlaskie	3%	3%	3%
Pomorskie	1%	2%	2%
Śląskie	3%	3%	3%
Świętokrzyskie	0%	6%	2%
Warmińsko-mazurskie	2%	4%	2%
Wielkopolskie	3%	4%	4%
Zachodniopomorskie	3%	3%	3%
Total	2%	3%	3%

Employee turnover ratio [G4-LA1]



Employees by position and gender	Females	Males	Total 2015
Management Board	17%	83%	0%
Upper management	27%	73%	1%
Management	61%	39%	14%
Sales personnel	75%	25%	56%
Technicians	60%	40%	21%
Other employees	70%	30%	7%
Total	69%	31%	100%



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Employees hired locally* [G4-EC6]	Females	Males	Total 2015	Total 2014	Total 2013	Total 2012
% of employees hired locally	99%	97%	99%	99%	99%	99%
% of Management Board members and senior managers hired locally	95%	89%	90%	89%	89%	89%

* Polish citizens working in Poland

Employees by age groups [G4-LA12]	Females	Males	Total 2015	Total 2014	Total 2013	Total 2012
<30	15%	8%	23%	26%	27%	30%
[30-50]	47%	20%	67%	65%	64%	61%
>=50	7%	3%	10%	9%	9%	9%
Total	69%	31%	100%	100%	100%	100%
Average employee age	37	36	37	36	36	35
Average tenure	8	7	8	7	7	6



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Internal recruitment	2015	2014	2013	2012
Number and % of employees recruited internally	98 (1.6%)	72 (1.2%)	121 (2%)	267 (4.4%)

7.1.3. Recruitment policy

In selecting employees, no criteria associated with age, race, color, gender, ethnic or national origin, sexual orientation and health condition are considered.

These rules also apply to the termination of employment, terms of employment, promotions and access to training to raise professional qualification. **Candidates are selected based on objective criteria**, such as education, professional experience, general and specific competence, proficiency in foreign languages and overall match with the profile.

Communication of job offers

The process of communicating job 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. The bulk of recruitment processes is related to the development of the 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.** In 2015, over 50 thousand people expressed their willingness to start working for the Bank.

Internal recruitment

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*.



98 employees
from internal recruitment



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Employees with disabilities [G4-LA12]	2015	2014	2013	2012
Number and % of employees	39 (0.65%)	43 (0.70%)	37 (0.62%)	35 (0.58%)

7.1.4. Counteracting discrimination

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 and sexual orientation. In 2015 668 (80%) of managers of the Bank were trained on discrimination and mobbing.

[G4-DMA LA12, G4-DMA LA13]

0,65% 
employees with disabilities

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 made anonymously. In this case, the events and circumstances should be described in a way that allows the employer to obtain evidence confirming them.

80% 
of managers trained on discrimination and mobbing

The company has a register of employee claims, where are notifications on employee matters are recorded. These notifications are reported to the Process and Operational Risk Committee. In 2015, two reports were registered concerning discrimination.



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Ratio of basic salary of men to women* [G4-LA13]	2015	2014	2013	2012
Upper management	1,2	1,2	1,2	1,2
Management	1,2	1,2	1,2	1,2
Sales personnel	1,1	1,1	1,1	1,1
Technicians	1,4	1,4	1,3	1,3
Other employees	1,3	1,8	1,7	1,3
Total	1,5	1,4	1,4	1,4

* Weighted average, taking into account the group size and the percentage of women in the group. The difference in remuneration levels arises from the calculation method: a category contains positions with different responsibilities and different pay.



Facilities for working parents

Under the **Yes to Parenting** project, the Bank takes measures to promote balance between professional and private lives of employees, promote knowledge on parents rights and ensure

universal respect for these rights. The Yes to Parenting project comprises a number of initiatives addressed to parents and children:

- ✓ A website was launched with information on rights and formal matters related to parenthood and guidelines to support communication between managers with pregnant employees.
- ✓ The project allows employees to submit cultural and sports projects that promote spending time with the family. 50% of the cost

of the projects is co-financed by the employer.

- ✓ Three nursing rooms have been made available at the Bank's head office Warsaw;
- ✓ Articles on child health, safety and development authored by specialists are published on the Intranet;
- ✓ Events and competitions for children and/or parents are organized.



Returning after a maternity/parental leave [G4-LA3]	Females	Males	Total 2015	Total 2014	Total 2013	Total 2012
Employees entitled to a leave	645	4	649	619	478	509
Employees who used a leave	325	3	328	349	319	377
Returned to work after the leave	288	3	291	326	288	334
Employed 12 months after returning from the leave	256	2	258	313	264	290
Proportion returning after the leave	89%	100%	89%	93%	90%	89%
Proportion of employees retained by the Bank who returned from the leave	89%	67%	89%	96%	92%	87%



89% of employees
return to work after
a maternity/parental leave



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7.2. WORKING CONDITIONS



7.2.1. Compensation policy

Bank Millennium sets its remuneration policy taking into account, in particular: best practices for developing remuneration systems, corporate governance requirements and the necessity to match the salary to the Group's condition, scale of business and growth potential.

Regular salary and position reviews are conducted twice a year. **Salary levels are reviewed taking into account the periodic assessment of performance and skills and are compared with salary information presented in salary studies on the financial markets.**

The bonus systems and periodic evaluation criteria have been adapted to the specific nature of work performed by each employee. In addition to efficiency and quality criteria, the assessment consider the employee's attitude to risk mitigation, in particular his/her reliable reporting of risks.

An important part of this approach is a separate assessment for those in management positions, which encourages managers to pay special attention to the long-term welfare of the Bank and avoid excessive risk exposures.

Policy of variable remuneration components

Basic salary is the foundation of an employment contract; on average, it amounts to about 84% of the employee's total salary. The bonus pool amount depends on overall results and on the general condition of the Bank. Bonuses are paid out monthly in the Bank's sales network and other head office units involved in the customer service of retail clients or quarterly for employees of the Bank's Head Office.



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Medical care	2015	2014	2013	2012
Number of medical partners	1,099	1,300	800	714
Number of towns with medical care	408	410	375	330
Employees covered by private medical care*	5,924 (99%)	6,126 (99%)	5,941 (99%)	6,018 (99%)

* Employees on child-rearing leaves and unpaid leaves and employed for less than 1/2 FTE are not eligible for these benefits.

7.2.2. Social benefits [G4-LA2]

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).

The amount and scope of benefits depends on the employee's life and financial situation. A private medical care plan is offered to employees employed for at least one half of a full time equivalent. The range of the plan varies for different positions.



Private medical care plan

Since 2006, the Bank Millennium Group has provided its employees with access to a private **health care plan** set up in cooperation with ENEL-MED medical centers. The plan offers access to medical consultations, detailed diagnostic tests and prevention programs.

Additionally, there is an ENEL-MED medical practice operating at the Bank Millennium Head Office in Warsaw, offering basic medical care and outpatient assistance.



99% of employees covered by private medical care

Under the medical agreement, the Bank also negotiated preferential prices for medical packages for the spouses, life partners, children up to 26 years of age and parents of the Bank's employees and **retiring employees**.

These persons may use private medical care for an attractive additional monthly fee.



MilleKlub	2015	2014	2013	2012
Number and % of employees who used the co-financing	1,535 (26%)	2,031 (33%)	2,746 (46%)	2,722 (44%)
Amount of co-financing (PLN)	260,000	239,000	276,399	362,260



26% of employees used the co-financing from a MilleKlub



MilleKlub

Medical prevention

Every autumn, a nationwide campaign of **vaccination against influenza** is 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 centers in Poland's other cities.

Sport and recreation activities

Bank Millennium Group employees are offered two types of sport and leisure benefits:

MultiSport pass which offers the employees unlimited access to sports facilities throughout Poland or **cinema tickets**. Once per two quarters, employees may select the activity of their choice.

MilleKlub is to promote among the employees various types of initiatives carried out in the form of sports, travel, cultural or art projects. The Club allows them to develop their passion; they may receive co-funding up to 50% of the cost of the project. Additionally, under **Kids projects** the employees may submit cultural and sports projects that promote spending time with the family.



Benefits awarded to employees	2015	2014	2013	2012
Hardship assistance				
PLN amount	561,000	415,000	369,976	292,400
Number of employees	163	158	139	140
Loans for housing purposes				
PLN amount	1,547,795	1,348,712	1,413,831	1,805,606
Number of employees	117	117	125	148
Life insurance				
Number and % of employees who used the offer	3,437 (57%)	3,239 (52%)	3,156 (53%)	3,044 (50%)

Cash benefits and loans for housing purposes

Within the framework of social assistance, 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.



PLN 2.1 million hardship assistance and loans to employees

Low-interest loans for housing purposes - granted for a renovation or finishing of an apartment, building or purchase of an apartment or a house or repayment of a housing loan. These social benefits are also available to employees who retired or went on disability benefit immediately after the cessation of the labor relationship.

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.



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7.2.3. Occupational health and safety

Occupational health and safety tasks are performed by an external provider SEKA under an agreement signed with the Bank. The main activities of the company include: regular audits of all of the Bank's outlets (at least once in two years), running post-accident proceedings and preparation of documentation and

recommendations. The company additionally evaluates fire safety conditions in the facilities owned by the Bank.

These activities are supervised and coordinated by the internal OHS division, which is additionally responsible for issuing opinions, conducting

2 264 employees
with OHS training



consultations of legal and technical solutions related to employee and facility safety. All the materials from reports, post-inspection recommendations or post-accident documentation are then used by the Bank's relevant organizational units for improvement of safety. **[G4-DMA LA6]**

Occupational health and safety [G4-LA6]	2015	2014	2013	2012
Accidents at work	9	9	10	11
Fatal accidents at work	0	0	0	0
Lost days ratio*	0.05%	0.06%	0.07%	0.06%
Absence ratio**	7.32%	6.53%	7.40%	7.80%
OHS training*** – number and % of participants	2,264 (38%)	2,448 (40%)	2,925 (49%)	2,537 (42%)
Audits of field network outlets	218	210	234	208

* Impact exerted by accidents and occupational disease on employee absenteeism. This indicator is computed by comparing the total number of days lost with the total number of hours planned to be worked.

** Indicator measuring an absent employee's actual number of days lost expressed as a percentage of the total number of days planned to be worked by employees in this same timeframe.

*** Introductory and periodic training (conducted once in 5 years)



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7.3. EMPLOYEE EVALUATION AND DEVELOPMENT

7.3.1. Employee evaluation system

All the Bank employees, excluding those who are on long-term holiday and other leaves, are subject to regular evaluation. **[G4-LA11]**

Evaluation is conducted on the basis of previously communicated, objective criteria. The accepted evaluation criteria cannot discriminate against an employee or be contrary to the Bank's values and the nature and purpose of work of the evaluated person. The evaluation should be conducted and communicated with respect for the employee's dignity and take into account his/her attitude towards risk mitigation.

Periodic employee evaluation may form grounds for an opinion about an employee, promotion, transfer between organizational units, change of tasks and responsibilities, preparation of individual professional growth and training plans, decision to change terms of employment and continuation of employment. Evaluation of work quality is also one of the key factors considered in setting the amount of the bonus awarded periodically to employees.

Above average customer service quality is rewarded under the bonus system for branch employees. When evaluating sales performance, sales network supervisors review them against the reports presenting periodic customer service quality (Mystery Shopping) studies. In the case of Head Office employees, important evaluation criteria include quality and ethical conduct in cooperation with other employees and clients.



**IMPAKT
2015**

The Bank also has in place an **Employee Reward Program IMPAKT** in which employees reward their colleagues. In 2015, 40 employees were recognized for their commitment, improvement of quality, innovative solutions and accepting challenges that inspire others.



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Promotions*	2015			2014			2013			2012		
	Females	Males	Total									
Upper management	1(5%)	2(4%)	3(4%)	0	2(4%)	2(3%)	0	0	0	0	3(5%)	3(4%)
Management	59(11%)	35(10%)	94(11%)	66(12%)	37(11%)	103(12%)	75(14%)	56(17%)	131(15%)	79(15%)	57(16%)	136(15%)
Sales personnel	279(11%)	140(17%)	419(12%)	327(12%)	141(15%)	468(13%)	315(13%)	115(16%)	430(13%)	479(19%)	199(26%)	678(21%)
Technicians	100(13%)	76(15%)	176(14%)	130(18%)	73(15%)	203(17%)	126(17%)	103(22%)	229(19%)	83(12%)	33(7%)	116(10%)
Other employees	34(12%)	21(18%)	55(14%)	58(18%)	25(17%)	83(17%)	78(20%)	34(17%)	112(19%)	74(16%)	33(15%)	107(16%)
Total	473(11%)	274(15%)	747(12%)	581(14%)	278(14%)	859(14%)	594(14%)	308(17%)	902(15%)	715(17%)	325(18%)	1,040(17%)

* number and % of employees in the group who were promoted

7.3.2. Employee training

The training programs addressed to Bank employees aim at enhancing the quality and efficiency of work.

[G4-DMA LA9, G4-DMA LA11]

HEAD OFFICE:

- ✓ professional training specific to individual units and their tasks.

TRAINING PROGRAMS CONDUCTED IN 2015

RETAIL BANKING:

- ✓ training introducing a new standard and tools for talking to the bank's clients - for credit and investment products and a model conversation with the bank's new client;
- ✓ e-learning product training - mainly for cash loans, mortgage products and investment products;
- ✓ orientation for new employees: knowledge of products, procedures, customer service, operation of banking applications, recognition of currency and money laundering prevention.

CORPORATE BANKING:

- ✓ analysis of investment undertakings in the context of bank financing;
- ✓ EU funds;
- ✓ effective phone conversation;
- ✓ Professional Bank Advisor – relationship manager certification program

MANAGEMENT:

- ✓ M#leaders leadership development program attended by 129 managers and directors;
- ✓ Corporate Banking Leader – a program for managers of the Corporate Banking Department;
- ✓ feedback skills training for Regional Directors of the retail sales network.





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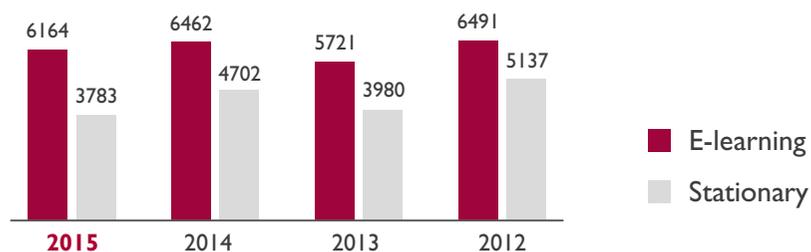
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Average number of training hours by gender and position [G4-LA9]	2015			2014			2013			2012		
	Females	Males	Total									
Management Board	0	11	10	0	45	32	9	26	21	0	56	42
Upper management	67	44	50	36	23	27	97	71	78	99	44	57
Management	37	32	35	46	36	42	32	34	33	42	39	40
Sales personnel	43	44	44	44	51	46	41	55	45	47	57	49
Other employees	100	184	125	44	67	51	23	38	28	84	133	100
Total	39	39	39	36	36	36	31	35	32	43	48	44

Number of employees taking part in the training, by method*



39 – average number of training hours per employee



* the following calculation criterion was used: Employee participated/not participated in training of this type



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7.4. DIALOGUE WITH EMPLOYEES

7.4.1. Internal communication

Employees may convey information, initiate discussion, share knowledge and experience using various methods of communication.

MilleForum

Milleforum is an internal social platform through which Employees exchange knowledge and good practices about working for the Bank and building relationships with clients. Many expert articles are also published on MilleForum, which are the source of knowledge about products, service quality, sales techniques and cooperation with clients.

Every employee may comment on the published texts, initiate discussion, set up thematic groups and ask 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 analyzed and the best ones are implemented.

Milleforum	2015	2014	2013	2012
Number of registered employees	4,649 (78%)	6,091 (98%)	5,430 (91%)	5,183 (85%)



78% employees
registered in MilleForum



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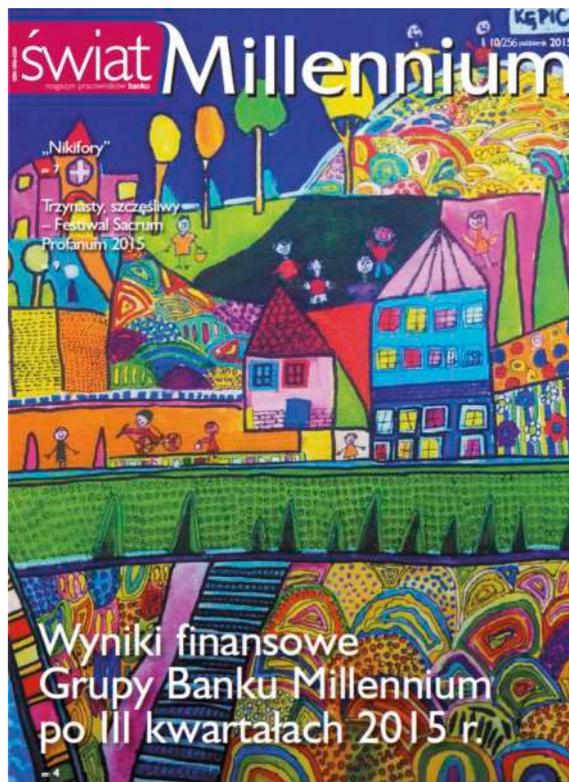
Intranet

Intranet is the main place where information about banking events, policies and structure of the Bank are published; it is the source of knowledge about products, processes and trends in the individual business lines.

In addition to a well-developed information and education part, the Intranet portal makes it possible to communicate with the Bank's various units. 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.

Knowledge exchange platform

Knowledge Exchange Platform is an information portal for Corporate Banking employees, which **offers the possibility 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.



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 prepared by employees.

Meetings with employees

Every year, two major meetings of employees are organized, which serve the purpose of information and integration:



The **Management Meeting** of over 750 managers from all management levels in the Bank Millennium Group. The meeting was devoted to the summary of the year 2014 and the business plans for 2015. The meeting was also an opportunity to award outstanding employees.



Christmas Eve Meetings organized for all the Bank Millennium employees. In December 2015, 12 meetings were held in 11 cities, attended by over 3500 employees.



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7.4.2. Freedom of association

The Bank has no trade unions or collective bargaining agreements. **[G4-I1]**

Dialogue with employees is conducted using internal communication measures. Through the Intranet, employees are informed that they are entitled to elect the **Council of Bank Employees**.

The HR Department runs a **HR Zone** intranet site, where it regularly posts all the necessary information about employee matters.

Every employee has access to his/her HR information through the Milliludzie Intranet system. If this information is not sufficient, an employee may file a direct inquiry to the HR Department using the HR Service employee service system or talk to his/her HR assistant – a HR Department employee assigned to his/her service.

Information and opinions are exchanged with employees also through **Milleforum**, a discussion forum. Employees are able to ask questions about not only the products offered by the Bank but also different solutions applied throughout the Bank. On the forum, employees ask questions to experts from a given area and exchange opinions on various solutions used in the Bank, such as e.g. the bonus system, working time, social benefits.



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Society

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





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8.1. SOCIAL ACTIVITIES

Volunteerism



Nikifory social program

Since 2009 Bank Millennium has been a standing partner of the United Way 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.**

In 2015, employees, with the Bank's participation, became involved in a number of events supporting the Nikifory program:

- ✓ two employee volunteering projects were carried out during which the volunteers participated in the organization of the *World of Nikifory* art competition and art workshops for competition winners;
- ✓ an exhibition of disabled artists was presented in the seat of the Bank's Head Office and an intranet auction was held. The funds raised during the auction were donated for support and development of disabled artists;
- ✓ with the Foundation's assistance, internal workshops were organized for bank employees, promoting the benefits of volunteerism;

- ✓ the coronation of these united efforts was embodied by the United Way Foundation Gala and the awards ceremony for the winners of the annual contest called *Nikifory's World* with prizes funded by Bank Millennium.

Nikifory program	2009-2015
Number of Bank's volunteers	93
Number of program beneficiaries	1,922





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NAPEŁZA NAS DOŚWIADCZENIE

BAKCYL - Bankers for Financial Education of the Youth [G4-FSI 6]

Volunteers from Bank Millennium take part in a joint project of the Polish banking sector: BAKCYL - Bankers for Financial Education of the Youth. The project has been devised and organized by the Warsaw Banking Institute.

BAKCYL is based on the involvement of bank employees as volunteer trainers and aims at teaching practical financial knowledge and ability to use financial services to junior high school students.

Four curriculums have been developed under the project: **Your money, Borrow wisely, Smart investing and Finance for life., which constitute a basic course of financial knowledge for young people.**

Since 2013, a total of 145 volunteers ran 746 classes under the BAKCYL program. Over 16,5 students attended.

Bank Millennium in BAKCYL 2013-2015	
Number of volunteers	18
Number of classes run	89
Number of students trained	1,780

Volunteerism 55+

Bank Employees aged over 55 take part in the Engage for Change program carried out by the Volunteerism Center Association.

The purpose of the program is to activate and grow its participants and use their experience for public activism purposes.

Program participants are offered training and consulting, which prepare them to being a volunteer and help them develop a concept and a method for implementing an idea for public activism. The project will end in 2016 and will be finalized by each participant executing their own public or volunteerism program.



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Charitable activity



Charity Corporate Run

92 Bank Millennium employees took part in the Corporate Run organized by the Everest Foundation in Warsaw and Wrocław.

Proceeds from the event, attended by over 5 thousand employees from various industries, were used for treatment and rehabilitation of disabled children.



Corporate Run

2015

Number of run participants 5,300

Amount donated to charity (PLN) 52,000



Charitable Craft Auction

Starting from 2013, each year before Christmas the Bank has organized a Charitable Christmas Auction. **Several hundred items made by employees are posted on an intranet auction.**

The amount collected from the auction is matched by the bank and transferred for treatment of disabled children of the bank's employees.

In 2015, about PLN 49 thousand was used for this purpose.



Bank Employees for Children

In 2015, 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, toys and Christmas gifts. The collections for the children care facilities have been organized in the Bank regularly since 2011.





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Eagle of Innovation

The Eagle of Innovation is an initiative of the Rzeczpospolita daily and its partners: Bank Millennium, RWE Polska, Agency for Enterprise Development and the Stanford University, Warsaw School of Technology, Business Link and EasyPack.

The competition in which the Bank was a jury member, was aimed at promoting the spirit of innovation and entrepreneurship in the Polish economy. It consisted of two stages:

1. Polish Innovation – Eagle of Innovation

competition to select a medium-sized or large company, which introduced the most innovative solutions in respect to products or organization. The winner was CD Projekt RED, a developer and publisher of the action game The Witcher.

2. Eagle of Innovation – Start Up

competition to select Polish start-ups with the best outlook, offering innovative products and services that create new value. The winner was GeniCore, a technology company specializing in innovative sintering of composite materials.



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Value of donations and sponsoring (PLN)

	2015		2014		2013		2012	
	Donations	Sponsoring	Donations	Sponsoring	Donations	Sponsoring	Donations	Sponsoring
Culture	150,000	587,684	145,000	1,407,764	151,000	1,387,250	150,000	1,286,891
Education	103,236		121,700	24,678	993,600	10,520	169,900	
Charitable causes	41,168		61,900		45,804		48,230	
Sports			30,000					8,610
Total	294,404	587,684	358,600	1,432,442	1,190,404	1,397,770	368,130	1,295,501



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8.2. PROMOTION OF CULTURE

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

- ✓ support is extended not to institutions but to specific programs executed by them,
- ✓ cooperation in long-term programs with clearly defined goals is preferred,

- ✓ supported programs should have broad public audience and be available also through the media,
- ✓ major partners in pursuing cultural programs should be first of all cultural institutions, non-governmental institutions and the media.

Bank Millennium's cultural projects	Description	Partner	Number of editions completed up to 2015	Audience in 2015	Details
Golden Sceptre	Annual prize for the Polish artist with outstanding artistic achievements.	Polish Cultural Foundation	17	102,262	number of viewers of a reportage in TVP 2
Docs Against Gravity Film Festival	Patronage of the largest festival on global documentary filmmaking in Poland.	Against Gravity	11	40,000	number of viewers at festival showings
Two Theaters Festival of Polish Radio Theater and Polish Television Theater	Festival and contest for the best radio show and television performances.	Polish Television – Gdańsk Branch	13	499,874	audience of programs broadcast by TVP and participants in competitions and accompanying events
Artistic Colony in Kazimierz Dolny nad Wisłą	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	16	8,208	Number of viewers in painting exhibitions



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Bank Millennium's cultural projects	Description	Partner	Number of editions completed up to 2015	Audience in 2015	Details
Sacrum-Profanum contemporary music festival	Festival of contemporary music and neighboring currents.	Cracow Festival Office	4	5,000	number of attendees to the festival's concerts
Let's remember Osiecka	Festival and poetic song contest dedicated to the creativity of the poet Agnieszka Osiecka.	The Spectacles Wearers Foundation	9	1,800	number of attendees to the festival's concerts
Bank Millennium's New Year's Concert	Annual concert at the Royal Castle in Warsaw organized for the Bank's clients and partners.	Royal Castle in Warsaw	24	220	number of attendees to the concert
Gdańsk Music Festival	Presentation of outstanding performances of classic and contemporary music.	Forza Musical Association	3	10,000	number of attendees to the concerts
Paganini Millennium Tour	Concerts presenting excellent performances of classic violin music.	Sylwin Management/ Philharmonic venues in Cracow, Katowice and Poznań	2	1,950	number of attendees to the concerts
Total				669,314	



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8.3. SUPPORTING EDUCATION



251 participants
of educational programs

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, spread knowledge of economics and share best practices from the company's area of activity.

Student and graduate educational programs

Number of participants

Program	2015	2014	2013	2012
Millennium Bankers				
Paid apprenticeship program , which enables involvement in independent, complex projects, in which students acquire practical knowledge of the banking business. The best apprentices receive job offers from the Bank.	34	24	20	24
Millennium Academy				
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 2015, the subjects of training included sales negotiation and communication.	204	211	219	240
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 that 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 – work for various departments on selected projects and training sessions. After completion of the programme, the participant is employed in one of the Bank's departments.	6	8	10	7
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 2015, Expert Start Up programs were implemented in the areas of web design, e-commerce and mobile banking.	4	9	15	8
You Are Competing for an Internship				
For the fifth time the Bank funded the award in the contest You Are Competing for an Internship organized by Gazeta Wyborcza and PwC. The winner of the competition was accepted for a summer apprenticeship at a corporate banking marketing unit.	3	4	9	42
Total	251	256	273	321



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Cooperation with student organizations in 2015

Organization	Implemented programs
<p>AIESEC</p>	<p>Ambassador Program – 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>Career Days – Participation in the largest job fair is an effective form of exchange of expectations between the Bank and the young people looking for a job.</p> <p>Both programs were delivered in 5 academic communities across Poland.</p>
<p>NZS SGH</p>	<p>Direction: Bank! – this is the third edition of the project organized by the Independent Association of Students of the Warsaw School of Economics. The project was addressed mainly to economics major students, who expected to make their career in the financial sector. During the event, the Bank's employees talked to students about the possibility of a career in the Bank and conducted a workshop entitled <i>Analysis of credit risk of companies</i>.</p>



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Spreading economic knowledge

The Bank Millennium Foundation is a partner of the Economic Knowledge Olympics, a contest organized by the Polish Economic Society.

The purpose of the contest is to ensure economic education of young people, strengthen knowledge about modern economy and assist in the development of particularly talented students.

The contest is open for high school students. Over 300 thousand participants took part in 28 previous editions of the contest.

The main theme of this edition is Social Inequality and Economic Growth.

In addition to the support given to economic education in high schools, the Bank also supports financial education in junior high schools. Since 2013, volunteers from the Bank have participated in the BAKCYL program aimed at teaching students practical financial knowledge and ability to use financial services. **[G4-FSI 6]**

Best practices at post-graduate studies

We share our knowledge not only with university students and graduates but also with post-graduate students. During a lecture at Collegium Civitas in Warsaw, the attending students learned about the best practices of social responsibility reporting at Bank Millennium. In addition to presenting the changes that occurred over time in the Bank's approach to reporting, the lecture also discussed the required contents of the publication and provided a step by step guide on how to implement reporting in a company.



09

Natural environment

Bank Millennium minimizes its environmental footprint through rational management of materials, monitoring the use of water, energy and fuels, introducing environmentally-friendly solutions in its operations, by encouraging employees and customers to participate in educational campaigns.





The indicators of the Bank's impact on the environment are measured regularly. Environmental campaigns are conducted based on analyses of changes in these indicators.

Environmental objectives relating to the consumption limits for materials, energy, fuels and water are included in the objectives imposed on managers of individual departments at the Bank. Fulfillment of these objectives is monitored on a regular basis and reported to the Management Board.

[G4-DMA EN1, G4-DMA EN3, G4-DMA EN6, G4-DMA EN8, G4-DMA EN15, G4-DMA EN23, G4-DMA EN27]

9.1. RESOURCE MANAGEMENT

The rational resource management policy involves continuous monitoring and reduction of the consumption of materials, by way of:

- ✓ analysis of fulfillment of the budgets for the purchase of office materials,
- ✓ verification of the need for each purchase ordered,
- ✓ introduction of purchase caps at current consumption levels,
- ✓ reuse of redundant elements of equipment, which reduces the quantity of waste.

Consumption of purchased materials

In 2015, the quantity of materials purchased by the Bank increased by 1%. This was driven by the increase in the number of clients by about 6.5% and introduction of new goods for customer service tasks (including notes to analyze client needs, schedulers, new envelope design).

The policy of reusing the Bank's own resources has allowed us to limit purchases of new devices, equipment and materials required for the business activity.



1% increase
in the quantity of purchased materials



In 2015 the Bank Millennium Group did not receive information on any case of its infringing environmental protection regulations.

[G4-EN29]



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Natural Environment

Consumption of purchased materials [G4-EN1]

Article (kg)	2015	2014	2013	2012	Change 2015/2014
Paper and paper rolls for operational needs	302,991	300,750	322,822	369,307	0.75%
Envelopes	73,208	71,533	93,874	101,924	2.34%
Plastics	12,155	11,793	12,689	13,421	3.07%
Consumable materials for printing devices	1,326	1,469	1,677	1,708	-9.70%
Batteries	411	420	434	541	-1.93%

Oversight over waste management

In 2014, the Bank recorded an 18% drop in the volume of waste it generated.

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. 88% of the waste is recycled.

Municipal waste from the Bank's Head Office in Warsaw is collected by a specialized company. 80% of the waste is recycled. Materials, compost

and also energy are recovered (RDF fuel). Social rooms in branches are equipped with built-in trash segregation waste bins.



18% decrease
in the volume of waste



Recycling and disposal of materials [G4-EN23]

Article (kg)	2015	2014	2013	2012	Change 2015/2014	Reasons for change
Tele IT equipment	19,913	10,001	23,176	13,629	99.11%	periodic replacement of telecommunications and IT equipment, which is no longer fit for use (incl. computers, monitors, UPS units, modems, notebooks, printers, phone exchanges)
Paper	249,311	342,379	262,312	203,657	-27.18%	shredding documents from external storage, whose storage period has expired in the current calendar year
Metal waste and cable	7,162	3,060	6,197	3,839	134.05%	removing redundant equipment (among others: safes, metal cabinets, office chairs, counting machines, shredders, glass walls etc.) and devices with a technical opinion to be destroyed from the Bank's outlets.
Plastics	770	1,049	1,195	552	-26.60%	
Glass	3,690	1,354	240	230	172.53%	
Furniture	8,841	4,877	3,402	4,789	81.28%	
Lead batteries	4,448	n/a	n/a	n/a	n/a	
Recycled waste*	88%	92%	92%	92%	-4%	more waste, which is not fit for processing.

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



Monitoring energy and water consumption [G4-EN3]

After an analysis of the consumption of water, energy and fuels, reduction measures are implemented to reduce consumption of these resources.



25% drop
in energy consumption

Energy and water consumption [G4-EN3, G4-EN6]

Material	2015	2014	2013	2012	Entity	Change 2015/2014	Reasons for change
Electricity purchased	22,730,441	30368048	30242556	31008557	kWh	-25.15 %	installation of LED lighting, sale of a building in Katowice and closure of branches
Heating energy purchased	81,417	98684	105841	104693	GJ	-17.5 %	mild winter, closure of branches
Natural gas	152,726	186651	232432	200386	M3	-18.18 %	as above
Heating oil	13,832	37459	69279	75818	L	-63%	sale of a building in Katowice
Hydro [G4-EN8]	70,703	71307	73811	85589	M3	- 0.85 %	monitoring of water consumption

* municipal water



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Consumption of fuel [G4-EN30]

Car fleet

Fuel consumption by the car fleet has decreased by about 5% compared to 2014. All the company cars are compliant with the Euro 5 exhaust emission level standard.



Consumption of fuel	2015		2014		2013		2012		Change 2015/2014	
	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Number of cars	301	195	314	177	347	146	347	150	-4.1%	10.2%
Fuel consumption (l)	444,291	249,010	502,748	233,555	491,393	228,200	520,737	210,820	-11.6%	6.6%

Business travel

Limits for the use of individual types of transportation are applied in order to rationalize the number of business trips. Employees use mainly railway and bus transportation. If they travel by plane, they need approval from the Chairman of the Management Board and if a private car is used – approval from a Management Board member.

[G4-DMA EN30]

Business travel (km)	2015	2014	2013	2012	Change 2015/2014	Reasons for change
Air	241,638	302,348	329,725	318,079	- 20%	Greater use of Pendolino train connections.
Taxis	1,317	2,059	1,203	3,524	- 36%	
Railway	1,794,890	1,587,130	1,229,645	1,940,702	13%	
Bus	199,432	176,348	73,966	87,598	13%	The increase was driven by the need to organize stationary training for branch employees.



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Greenhouse gas emissions [G4-EN15]

In 2015, over 92% of the Bank's entire carbon footprint came from indirect emissions related to the consumption of electricity and heat in the Bank's facilities (about 58% and 34%, respectively), while some 7% came from the combustion of fuel in its own power installations and vehicles and

approximately 0.5% from indirect emissions associated with the use of public transportation. In 2015, the organization's CO₂ emissions were reduced by about 23% as compared with 2014. This was driven by the lower consumption of electricity (by about 25% 2015/2014) and heat (by

about 17% 2015/2014) as a result of the following activities: installation of LED lighting in successive branches, reduction of space used due to closures of branches and the sale of a building in Katowice and due to the mild weather in the winter. **[G4-EN27]**

Total carbon footprint	2015	2014	2013	2012	2011	2010
Total CO ₂ emission* (tons)	33,636	42,388	43,346	43,879	39,659	41,854

* CO₂ equivalent, which includes carbon dioxide (CO₂) emissions resulting from direct emissions from combustion of fuel and indirect emissions resulting from business travel plus emission of other greenhouse gases, that is methane (CH₄) and dinitrogen monoxide (N₂O) emitted in trace amounts in the above combustion processes.



23% decrease
in CO₂ emissions

Calculation methodology

The Carbon Footprint data were calculated on the basis of the methodology entitled Green House Gas Protocol A Corporate Accounting and Reporting Standard.

The reporting on CO₂ emissions concerns direct emissions from the combustion of fuel in own energy sources and vehicles (according to Scope

1 GHG Protocol), indirect emissions from combustion of fuels to generate electricity and heat purchased by the organization (according to Scope 2 GHG Protocol) and other indirect emissions resulting from the combustion of fuel in the means of transportations not managed by the organizations, i.e. in taxis, planes, trains and buses (according to Scope 2 GHG Protocol).

In order to measure the carbon footprint emissions, the organization has adopted the principle of control (having control on the organization's decisions) and therefore the data on greenhouse gas emissions (CO₂, CH₄ and N₂O) come from the Bank's own outlets and refer to the activity of its employees.



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9.2. INTRODUCTION OF ENVIRONMENTALLY FRIENDLY SOLUTIONS [G4-EN27]

In order to optimize the consumption of energy, water, fuel and materials purchased by the Bank, a number of solutions has been introduced.



PLASTIC

Limiting plastic consumption

- ✓ limits for bottled mineral water, plastic cup and stirrer orders. Water treatment purifiers have been installed in the Bank's Head Office.
- ✓ based on the average number of shipments sent out, a limit for secure plastic envelope orders was set for each of the Bank's organizational units.

Efficient management of available resources

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).

IT Tools

The IT system supports verification of each order in terms of legitimacy of its purchase and defined limit, which contributes to a reduced consumption of resources.

PAPER

Restrictions on printing of transaction documents

- ✓ the quantity of paper ordered to print cash and treasury transactions is controlled on an ongoing basis, based on monthly cash transaction reports;
- ✓ through automation of the ATM settlement process, the related documents no longer have to be printed out.

Optimized distribution of marketing materials

Paper consumption is 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.



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Follow me printing

functionality, which limits the quantity of unnecessary printouts. A document is stored on a server and printed only when an Employee logs into a specific device and executes a print command.

Electronic workflow

- ✓ by introducing IT systems for processing internal documents, the circulation of most paper documents has been eliminated in the Bank;
- ✓ processing client documentation (e.g. loan applications) is based on electronic copies of documents;
- ✓ corporate clients may deliver and authorize the documents, which are required from them on an ongoing basis, by uploading the scanned document into the internet banking system.

Limiting the number of printed documents

- ✓ Information materials (price lists, regulations) are not presented on displays in branches but rather printed upon a client's request and as a mandatory element of contracts signed with a client;
- ✓ TV displays are installed in the outlets, which drives the reduction of paper-based marketing materials (posters, flyers);
- ✓ some documents are posted on the Bank's website, which makes them directly accessible to the clients;
- ✓ a client purchasing a bundle of banking services may sign a single consolidated agreement instead of several separate agreements for each product. Additionally it is possible to receive a consolidated statement containing information on all products held in the Bank;
- ✓ To improve customer service, the format was changed, the language was simplified and the number of pages was reduced in the internal regulations used by employees for customer service (reduction by a total of 1130 pages);
- ✓ online statements are promoted: 95% of new clients decide to use such statements as they open an account. In 2015, over 150 thousand additional clients decided to use on-line statements.



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**Product sales
via remote channels**

- ✓ Retail Clients may apply for credit and savings products using remote channels where paper documentation does not exist at all.
- ✓ Corporate Clients are encouraged to apply for loans and payment cards through the web banking system, in which the entire documentation is uploaded remotely. In 2015, the percentage of cards applied for electronically rose from 5% to 61%.

**Marking
in branches**

- ✓ paper posters replaced by an image wall with graphics;
- ✓ one information sticker on the door, instead of several;
- ✓ permanent marking of ATM's/deposit ATMs instead of non-durable stickers.

On-line bank statements	2015	2014	2013	2012
Number and % of clients	1,141,113 (68%)	950,789 (62%)	779,399 (54%)	670,693 (47%)



68% of clients
use on-line statements



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ELECTRICITY AND WATER [G4-EN6]

Energy savings in branches

- ✓ replacement of light sources in external advertising panels of the branches, from traditional fluorescent lamps to energy-saving LED light sources;
- ✓ limited operation of external advertising panels (they are turned off at midnight);
- ✓ energy-efficient light sources in new or upgraded branches.

Energy-efficient building of the Bank's Head Office

- ✓ LED lighting in halls and garage parts (60%);
- ✓ energy recovery ventilation in air handling units;
- ✓ fancoils switched to an economic mode at night;
- ✓ silent operation of the central heating unit at night;
- ✓ light turned off on a temporary basis after 6 p.m.;
- ✓ rainwater collection and use system;
- ✓ BREEAM certificate for environmentally-friendly buildings.

Ongoing monitoring of water and energy consumption

is a continuous process. Based on the financial data, a ranking of energy consumers by consumption level is prepared. Branches with the highest energy consumption rates are controlled 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.



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ELECTRICITY AND WATER [G4-EN6]

Rational management of energy consumption

- ✓ 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 to the period of the working hours. The turn-off methodology also prevents a simultaneous operation of heating and cooling devices;
- ✓ virtualization of servers has made it possible to reduce the number of physical hardware in the computer center, which drove down energy consumption for power supply and air conditioning;
- ✓ regular replacement of computer hardware with newer hardware offering lower power consumption.

Energy savings in branches	2015	2014	2013	2012
Branches with LED lighting	410 (99%)	316 (74%)	233 (53%)	100 (22%)
Branches with panels turned off at midnight	363 (87%)*	377 (89%)*	395 (90%)	349 (78%)
Energy-saving sources of light in branches	49 (12%)	27 (6%)	16 (4%)	8 (2%)

* the remaining panels are lit up for the entire opening time of the shopping malls in which they are located



99% branches
with LED lighting



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FUELS

Cars with lower emissions

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 5 standards.

Limiting the amount of business travel

In order to minimize business travel, limits are used for respective types of transportation and remote communication methods are used, such as: e-learning courses, teleconferencing and videoconferencing. About 900 video conference calls were held in 2015.

9.3. BANK'S PRO-ENVIRONMENTAL PRODUCTS



The Bank offers certain products, which are used to implement environmental measures or finance environmental undertakings.

List of pro-environmental products offered by the Bank

Client segment	Product
Individual Clients	WWF Card Wiewiórka Card
Prestige Clients	Green Mutual Funds
Corporate Clients	PoISEFF Leasing Eko Energia Loan for Technological Innovations



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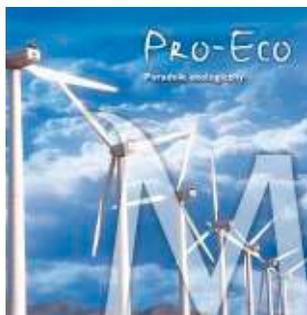


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9.4. ENVIRONMENTAL EDUCATION CAMPAIGNS



Environmental Guide for clients and employees

The environmental guide for clients and employees published in the Intranet and on the website is a concise presentation of many 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.



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. Clients and employees are invited to participate in the event via the Internet and intranet.



ABOUT THIS REPORT

Methodology

The tenth edition of the Corporate Social Responsibility Report depicts the operations of the Bank and the Bank Millennium Group during the period from 1 January 2015 to 31 December 2015 unless stated otherwise. **[G4-28]**

The report has been prepared in accordance with the Global Reporting Initiative Sustainability Guidelines (GRI G4) standard with the Core application level and summarizes key areas of the Bank's influence on sustainable economic, social and environmental growth. The Bank reports annually. **[G4-30]**

Process of defining the report's contents

The process of defining the report's contents conducted in 2014 and revised in 2015 entailed a review of the hitherto reporting issues in accordance with the three steps required by the GRI 4 standard, i.e. identification, prioritization and validation. **[G4-18b]**

Reporting aspects were first identified to give consideration to stakeholder expectations. Stakeholder feedback pertaining to the Bank's operations was obtained using client and employee satisfaction studies, questions posed to the Bank by stakeholders, external auditors and research units, CSR ranking scores, CSR trends in the financial sector, talks with clients, investors, business partners and social partners. A list of aspects was drawn up on the basis of the issues raised by stakeholders as well as on the basis of sustainable development aspects recognized in the GRI G4 standard and the sector supplement, and subsequently these aspects were prioritized. The analysis of the aspects pertaining to sustainable development was based on three criteria: the social and environmental gravity of the aspect, its importance to stakeholders and its impact on the Bank's business strategy success. As a result, a list of aspects pertaining to Bank Millennium's sustainable development was created and then approved by the CSR Manager. **[G4-18a]**

Below please find a list of the reported aspects selected during the reporting process along with the bounds of their impact. The aspects have been divided into three groups to reflect the findings of the analysis according to the three criteria mentioned above. The first group pertains to the aspects most applicable to the Bank's operations. We concentrate on reporting these aspects. That is why they have been presented in detail in the report. Their description entails the management approach used and the specific resultant outcomes. The second group of aspects is moderately applicable to operations. Their description is limited to the resultant outcomes or to a qualitative description. The third group of aspects entails aspects of low applicability to the Bank's operations. The analysis of all these aspects gives consideration to their nature and impact. Internal aspects have been labeled (int), while external aspects are labeled (ext). **[G4-20a, G4-21a]**

Some aspects exert an internal and external impact. **[G4-18a]**

Aspects of reporting on Bank Millennium's sustainable development [G4-19a, G4-20a, G4-21a]

Group I: KEY ASPECTS

This report contains a description of the approach taken to managing these aspects as well as the resultant data.

Economic results (int, ext)	Client health and safety (ext)	Marketing communication (ext)	Relationship manager's skills (int, ext)
Market footprint (int, ext)	Client privacy protection (int, ext)	Client communication (int, ext)	Education and training (int)
Third-party asset security (int, ext)	Combating corruption (int, ext)	Investor communication (int, ext)	Breach of free competition rules (int, ext)
Compliance with social and product regulations (int, ext)	Labeling products and services (ext)	Headcount (int)	Enhancement of financial services availability (int, ext)

Group 2: ASPECTS OF MEDIUM SIGNIFICANCE

This report contains resultant data and descriptions.

Relations between employees and managers (int)

Complaint review mechanisms related to job practices (int)

Procurement practices (int, ext)

Commodities and materials (int, ext)

Indirect economic impact (ext)

Equal pay for men and women (int)

Counteracting discrimination (int)

Compliance with environmental regulations (int, ext)

Group 3: LEAST SIGNIFICANT ASPECTS

Concise information in the report or reference to other documents.

<p>Energy (int, ext)</p> <p>Emissions (int, ext)</p> <p>Products and services (ext)</p> <p>Variety and equal opportunity (int)</p>	<p>Investments related to human rights (ext)</p> <p>Safety practices related to human rights (ext)</p> <p>Participation in public life (int, ext)</p> <p>Active ownership (int, ext)</p>	<p>Product portfolio (int, ext)</p> <p>Water (int, ext)</p> <p>Sewage and waste (int, ext)</p> <p>Transport (int, ext)</p> <p>Occupational Safety and Health (int)</p>	<p>Vendor assessment related to employee practices (int, ext)</p> <p>Freedom of association and the right to collective disputes (int)</p> <p>Vendor assessment related to environmental criteria (int, ext)</p>
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Employees and managers responsible for various reporting areas were involved in the reporting process. Report validation, including the selection of indicators, was subject to consultation with CSRinfo. This report has been verified by **Global Reporting Initiative. [G4-33]**

Changes compared to the previous reporting period

Bank Millennium's last report was prepared for the 2014 calendar year according to the GRI G4 standard at the Core application level, while applying the Financial Services Sector Supplement. **[G4-29]**

This report has been prepared on the basis of the same guidelines, however the reported aspects have been extended to include the subjects of information and transaction security assurance,

diversity in the organization and financing of investments in consideration of environmental and social factors. **[G4-22a]**

In this report, no significant changes in the reporting scope and aspect boundaries as compared to the 2014 Corporate Social Responsibility Report. **[G4-23a]**

Contact **[G4-31]**

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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GRI G4 CONTENT INDEX [G4-32]



This report has been prepared in accordance with the GRI G4 (core) reporting guidelines and using the supplement on financial services sector disclosures

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures	Page	External verification	Description
STRATEGY AND ANALYSIS			
G4-1	4	none	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy.
G4-2	18	none	Description of key impacts, risks and opportunities.

General Standard Disclosures	Page	External verification	Description
PROFILE OF THE ORGANIZATION			
G4-3	6	none	Name of the organization.
G4-4	9	none	Primary brands, products, and/or services.
G4-5	7	none	Location of organization's headquarters.
G4-6	7	none	Number of countries where the organization operates.
G4-7	7	none	Nature of ownership and legal form.
G4-8	8	none	Markets served.
G4-9	8	none	Scale of the organization.
G4-10	68, 69	none	Number of employees by employment contract, region and gender.
G4-11	86	none	The percentage of total employees covered by collective bargaining agreements
G4-12	63	none	Organization's supply chain.
G4-13	7, 65	none	Significant changes during the reporting period regarding size, structure, form of ownership and supply chain.
G4-14	17, 36	none	Explanation of whether and how the precautionary principle is addressed by the organization.
G4-15	15	none	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.
G4-16	9	none	Memberships of associations (such as industry associations) and national or international advocacy organizations.

General Standard Disclosures	Page	External verification	Description
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	5, 6	none	(a) List of all entities included in the organization's consolidated financial statements or equivalent documents, (b) Entity included in the organization's consolidated financial statements or equivalent documents, not covered by the report.
G4-18	112	none	(a) Process for defining the report content and Aspect Boundaries, (b) Explain how the organization has implemented the Reporting Principles for Defining Report Content.
G4-19	113	none	(a) List of all the material Aspects identified in the process for defining report content.
G4-20	112, 113	none	(a) Key reporting Aspects within the organization.
G4-21	112, 113	none	(a) Key reporting Aspects outside the organization.
G4-22	116	none	(a) Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatements.
G4-23	116	none	(a) Significant changes in the Scope Aspect and Boundaries of the report.
STAKEHOLDER ENGAGEMENT			
G4-24	25	none	(a) List of stakeholder groups engaged by the organization.
G4-25	24	none	(a) Basis for identification and selection of stakeholders with whom to engage.
G4-26	25, 26	none	(a) Organization's approach to stakeholder engagement.
G4-27	26	none	(a) Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.

General Standard Disclosures	Page	External verification	Description
REPORT PROFILE			
G4-28	112	none	Reporting period.
G4-29	116	none	Date of the most recent previous report.
G4-30	112	none	Reporting cycle.
G4-31	116	none	Contact point.
G4-32	117	none	GRI Content Index.
G4-33	115	none	Policy and current practice with regard to seeking external assurance for the report.
GOVERNANCE			
G4-34	11	none	Governance structure of the organization.
G4-41	12	none	Conflict of interest prevention in the Bank's Governing Bodies.
G4-46	17	none	The role of the highest governance body in reviewing the risk management processes for economic, environmental and social topics.
G4-47	17	none	The frequency of the highest governance body's review of economic, environmental and social impacts risks and opportunities.
ETHICS AND INTEGRITY			
G4-56	13, 14	none	Organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics.
G4-57	14, 15, 30	none	Internal and external mechanisms for seeking advice on ethical and lawful behavior.
G4-58	14, 36	none	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior.

SPECIFIC STANDARD DISCLOSURES				
Disclosures on Management Approach (DMA) and indicators	Page	Omissions	External verification	Description
CATEGORY: ECONOMIC				
ASPECT: ECONOMIC PERFORMANCE				
G4-DMA SECTOR	10		none	
G4-ECI SECTOR	10		none	Direct economic value generated and distributed.
ASPECT: MARKET PRESENCE				
G4-DMA	10, 63, 67		none	
G4-EC6	71		none	Proportion of senior management hired from the local community.
ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	55		none	
G4-EC7	57		none	Development and impact of infrastructure investments and services supported.
ASPECT: PROCUREMENT PRACTICES				
G4-DMA	64		none	
G4-EC9	65		none	Proportion of spending on local suppliers.

Disclosures on Management Approach (DMA) and indicators

Page Omissions External verification Description

CATEGORY: ENVIRONMENTAL

ASPECT: MATERIALS

G4-DMA	99		none	
G4-EN1	100		none	Materials used by weight or volume.

ASPECT: ENERGY

G4-DMA	99		none	
G4-EN3	102		none	Energy consumption within the organization.
G4-EN6	102, 108, 109		none	Reduction of energy consumption.

ASPECT: WATER

G4-DMA	99		none	
G4-EN8	102		none	Total water withdrawal by source.

ASPECT: EMISSIONS

G4-DMA	99		none	
G4-EN15 SECTOR	104		none	Direct greenhouse gas emissions.

Disclosures on Management Approach (DMA) and indicators

Page

Omissions

External verification

Description

ASPECT: EFFLUENTS AND WASTE

G4-DMA

99

none

G4-EN23 SECTOR

101

none

Total weight of waste by type and disposal method.

ASPECT: PRODUCTS AND SERVICES

G4-DMA

99

none

G4-EN27

104, 105

none

Extent of impact mitigation of environmental impacts of products and services.

ASPECT: COMPLIANCE

G4-DMA

30

none

G4-EN29

99

none

Fines for non-compliance with environmental laws and regulations.

ASPECT: TRANSPORT

G4-DMA

103

none

G4-EN30

103

none

Environmental impacts of transporting products, materials and the workforce for the organization's operations.

Disclosures on Management Approach (DMA) and indicators

Page Omissions External verification Description

CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

ASPECT: EMPLOYMENT

G4-DMA SECTOR	67		none	
G4-LA1	70		none	Total number and rate of new employee hires and turnover during the reporting period, by age group, gender and region.
G4-LA2	77		none	Benefits provided to employees.
G4-LA3	75		none	Return to work and retention rates after parental leave, by gender.

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4-DMA	80		none	
G4-LA6	80		none	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.



Disclosures on Management Approach (DMA) and indicators

Page

Omissions

External verification

Description

ASPECT: TRAINING AND EDUCATION

G4-DMA

82

none

G4-LA9

83

none

Average hours of training per year per employee by gender and employee category.

G4-LA11

81

none

Percentage of employees receiving regular performance and career development reviews by gender and employee category.

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA

73

none

G4-LA12

12, 71, 73

none

Composition of governance bodies and breakdown of employees per diversity indicators.

ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-DMA

73

none

G4-LA13

74

none

Ratio of basic salary and remuneration of women to men by employee category.

Disclosures on Management Approach (DMA) and indicators

Page Omissions External verification Description

SUB-CATEGORY: SOCIETY

ASPECT: LOCAL COMMUNITIES

G4-DMA	50		none	
G4-SO2	No operations with significant negative impacts on local communities.		none	Operations with significant actual and potential negative impacts on local communities.
G4-FS13	50		none	Access points in low-populated or economically disadvantaged areas.
G4-FS14	50		none	Initiatives to improve access to financial services for disadvantaged people.

ASPECT: ANTI-CORRUPTION

G4-DMA	33		none	
G4-SO3	34		none	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.
G4-SO5	34		none	Confirmed incidents of corruption and actions taken.

Disclosures on Management Approach (DMA) and indicators

Page Omissions External verification Description

ASPECT: COMPLIANCE

G4-DMA	30		none	
G4-SO8	31		none	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

SUB-CATEGORY: PRODUCT RESPONSIBILITY

ASPECT: PRODUCT AND SERVICE LABELING

G4-DMA SECTOR	39, 40, 46		none	
G4-PR3	39		none	Type of product and service labeling information required by the organization's procedures.
G4-PR5	46		none	Results of surveys measuring customer satisfaction.
G4-FS15	40		none	Policies for the fair design and sale of financial products and services.
G4-FS16	41, 89, 97		none	Initiatives to enhance financial literacy by type of beneficiary.

Disclosures on Management Approach (DMA) and indicators

	Page	Omissions	External verification	Description
ASPECT: MARKETING COMMUNICATION				
G4-DMA	38		none	
G4-PR7	38		none	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.
ASPECT: CUSTOMER PRIVACY				
G4-DMA	49		none	
G4-PR8	47		none	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

Disclosures on Management Approach (DMA) and indicators

Page Omissions External verification Description

SPECIFIC STANDARD DISCLOSURES RELATED TO SECTOR SPECIFIC ASPECTS

SECTOR SPECIFIC ASPECT: PRODUCT PORTFOLIO

G4-DMA	55		none	
G4-FS1	55		none	Policies with specific environmental and social components applied to business lines.
G4-FS5	55, 64		none	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.
G4-FS7	58		none	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
G4-FS8	58		none	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.

SECTOR-SPECIFIC ASPECT: AUDIT

G4-DMA	35		none	
G4-FS9	35		none	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.



SELECTED AWARDS



Bank Millennium remains in the RESPECT Index

The year 2015 was Bank Millennium's eight consecutive year as part of the RESPECT Index – the 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 and it also takes 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 and the Association of Stock Exchange Issuers in the areas mentioned above and an audit conducted by Deloitte.



Distinction for ESG reporting

Bank Millennium was included in the list of the public companies with the best ESG (Environmental, Social, Governance) reporting in 2015. The Bank was classified as one of top 3 reporting companies in the *Financial Sector* category.

The winners were selected in the fourth edition of the educational project *ESG Analysis of companies in Poland* organized by the Association of Stock Exchange Issuers and GES.



Ethical Company

Bank Millennium was named the Ethical Company of 2014 in a contest organized by the Puls Biznesu daily in cooperation with the consulting firm PwC.

The contest recognized 15 companies, which take action to build and consolidate an organizational culture based on ethical behavior and values in the most comprehensive and systemic manner, showing the greatest activity in this area, compared to other companies in Poland.



POLITYKA's CSR SilverLeaf

Bank Millennium was awarded the *CSR Silver Leaf* in the ranking prepared by the Polityka weekly and the consulting firm Deloitte. *POLITYKA's CSR Silver Leafs* were awarded to companies, which in their business activity implement measures in the area of compliance with corporate governance and human rights, care for clients and employees, environmental protection, business integrity and social engagement.

These companies rely on the best local and global practices and apply international standards. They also have in place an ethics management system and highest personnel management standards. They inform their stakeholders on an ongoing basis about the results of their activity.



Responsible in Business

In the *Responsible Business Certificate* programme organized by Rejestr Dłużników ERIF BIG S.A., a debtor register company, Bank Millennium was recognized as an entity *Responsible in Business*.

The award was given for regular use of the Register's tool in processes, for building transaction security in economic transactions and for contribution to the development of the economic information exchange market.



Sound Employer of the Year

Bank Millennium earned the title of the *Sound Employer 2015* in the 13th edition of the national program organized by the publisher of industry magazines: *Rzecz o Biznesie* in *Rzeczpospolita* daily, *Strony Biznesu Plus* in *Dziennik Gazeta Prawna*, *Strony Rynku* in *Gazeta Wyborcza* and *Monitor Gospodarczy*.

The purpose of the program is to select the best employers in Poland, who execute the most interesting solutions in management of human resources (HR). Bank Millennium has been recognized among others for: offering development opportunities to its employees, observance of the labor law, OHS regulations or social conditions, involvement in university life, free training and workshops for students and organization of regular development programs for students and graduates.



2015 Quality of Service Star

Bank Millennium received the *Quality of Service Star* for the fourth time. The award is given on the basis of consumer voices as part of the Polish Service Quality Program.

In this year's eight edition of the Program, the study covered over 145 thousand consumer opinions from the entire country.



Bankable Quality

It was the fourth win for Bank Millennium in the *Bankable Quality* study conducted by the TNS Polska Research Institute. Thus it earned the title of a bank with the best customer service in classic outlets.

A *Mystery Shopper* survey was conducted in more than 1400 randomly selected bank outlets where the manner of offering the first personal account to young people was evaluated. Bank Millennium received 87.4 out of 100 available points, winning the competition.



Newsweek's Friendly Bank

In 2015 Bank Millennium was once again recognized in the independent ranking named *Newsweek's Friendly Bank*, taking the 1st place in Poland in three categories: Bank of Choice for Mr. Smith (*Bank dla Kowalskiego*), Web Bank, (*Bank w Internecie*) and Mortgage Banking, (*Bankowość Hipoteczna*). The ranking was compiled on the basis of the results of Mystery Shopping surveys conducted in 300 outlets of 200 banks and through call centers and the Internet.

In traditional banking, the highest notes were given for kindness, commitment and competence of employees and effectiveness in the execution of basic operations, while in Internet and mobile banking the ease of navigation on the website, efficiency of the transaction system and the time needed to carry out operations were taken into account.



Certificate for the Harmony Office Center in Warsaw

The Harmony Office Center Office Building Complex where the Bank Millennium Head Office in Warsaw is located received the BREEAM certificate with a very good rating. BREEAM is the quality assessment and rating system for buildings, using measures such as: internal environment, energy efficiency, access to public transport, construction materials, building operations management, water and waste management.

BREEAM Certificate is awarded by BRE (Building Research Establishment) Global on the basis of materials and a report prepared by a licensed BREEAM assessor. A building may receive the BREEAM certificate with a rating conditional upon the score received: *pass, good, very good, excellent, outstanding*.