

Report on non-financial information of Bank Millennium and Capital Group of Bank Millennium in 2017 year



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This report includes a Bank Millennium and Capital Group of Bank Millennium statement prepared in accordance with the Accounting Act (Article 55, paragraph 2b-2e) according to the GRI Standards, includes non-financial information related to the Bank Millennium and Capital Group of Bank Millennium for the period from 1 January to 31 December 2017 and is an integral part of the Bank Millennium and Capital Group of Bank Millennium.

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LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Sir or Madam,

„We always aim higher” is one of the key values of Bank Millennium - it orients our actions and makes us stand out with innovations and premium service quality. Striving to always aim higher, we have been executing our mission to support our clients in achieving their financial success today and in the future.

We aim higher and higher also as a socially responsible company. We are proud that in 2017 the Bank was recognized by „Euromoney” magazine as the **Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR)** category. Since 2010 we have been constantly present in the composition of the Respect Index, and since 2017 in **FTSE4Good Emerging Index**, indices of companies with top corporate social responsibility standards. The Bank has also joined the business and governmental administration partnership for the UN's Sustainable Development Goals (SDG).

Our actions to benefit the society form an integral part of the Bank's strategy and underpin the attainment of business objectives. According to the strategy guidelines, **our priority is to provide the highest quality of customer service, conduct ethical marketing and sales, and by rolling out innovative solutions, facilitate utilization of banking and non-banking services.**

In our customer satisfaction surveys we apply state-of-the-art methods and methodologies, such as behavioral economy, design thinking, service design or UX (user experience) surveys.

Therefore, our services fully respond to the users' expectations. Thanks to the gradual broadening of the functionalities of the transaction system **our clients may not only manage their finances, but also use access to e-administration, buy urban transport tickets, motor and travel insurance.** For clients with disabilities who constitute in Poland a community of almost 5 million persons, a number of conveniences were introduced, inter alia, the website, branches, ATMs and customer service model were all adjusted to the needs of this client group.

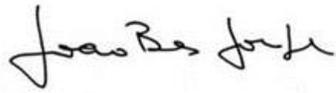
The solutions implemented in the area of customer service quality have contributed to a significant increase in the number of active clients (their number exceeded 1,6 million) and their satisfaction level. Satisfied clients are more and more willing to recommend the Bank, inter alia in "Like it, share it" programme in which already 165 thous. persons have been registered.

Motivated employees play the most important role in building a culture of quality. The Bank responds to their needs providing them with attractive working conditions, development and social support. The Bank offers programmes for working parents, opportunities to take part in charitable activities, employee volunteering programmes and events promoting a healthy lifestyle. The Bank also supports the cultivation of employees' passions by co-funding sports, cultural and recreational projects. **The willing employees participate inter alia in Millantrop volunteering programme**, in which the Bank awards in a contest grants for selected social campaigns. Over the last two years more than 300 volunteers carried out 11 community projects for schools, care centers, children and youth, and environmental protection.

The largest social programme executed with support of the employees is **Financial ABC**, an original programme developed by Bank Millennium Foundation aimed at financial education of preschool children. Research has demonstrated that Poles should broaden their knowledge of finance, foster proper financial behaviour and learn long-term planning. During two years of its operation, Bank Millennium volunteers trained approximately 15,000 children from about 200 preschools across Poland at almost 600 workshops. This program is run under the honorary patronage of the Minister of Education and the Ombudsman for Children's Rights, which confirms its high educational value.

An important part of our social activities is culture, which the Bank has been supporting for 30 years. Bank Millennium is 360° patron of culture. It promotes art - music, painting, sculpture, film, theatre, photography, literature and performance - in almost all its forms. Bank Millennium's interest spans popular, niche and elite culture, both at the nationwide and local scale. Its most important culture project with 12 year history of active support is **Millennium Docs Against Gravity Film Festival** - annual documentary film festival in Poland. As patron of the film festival the Bank was nominated to receive the prestigious cultural award of Wdcehy 2017.

Please take a while to read the Report and review the detailed description of our actions as a socially responsible company.



Joao Bras Jorge

Chairman of the Management Board

[GRI 102-14]

I. BANK AND THE BANK MILLENNIUM GROUP

1. PROFILE OF THE ORGANIZATION

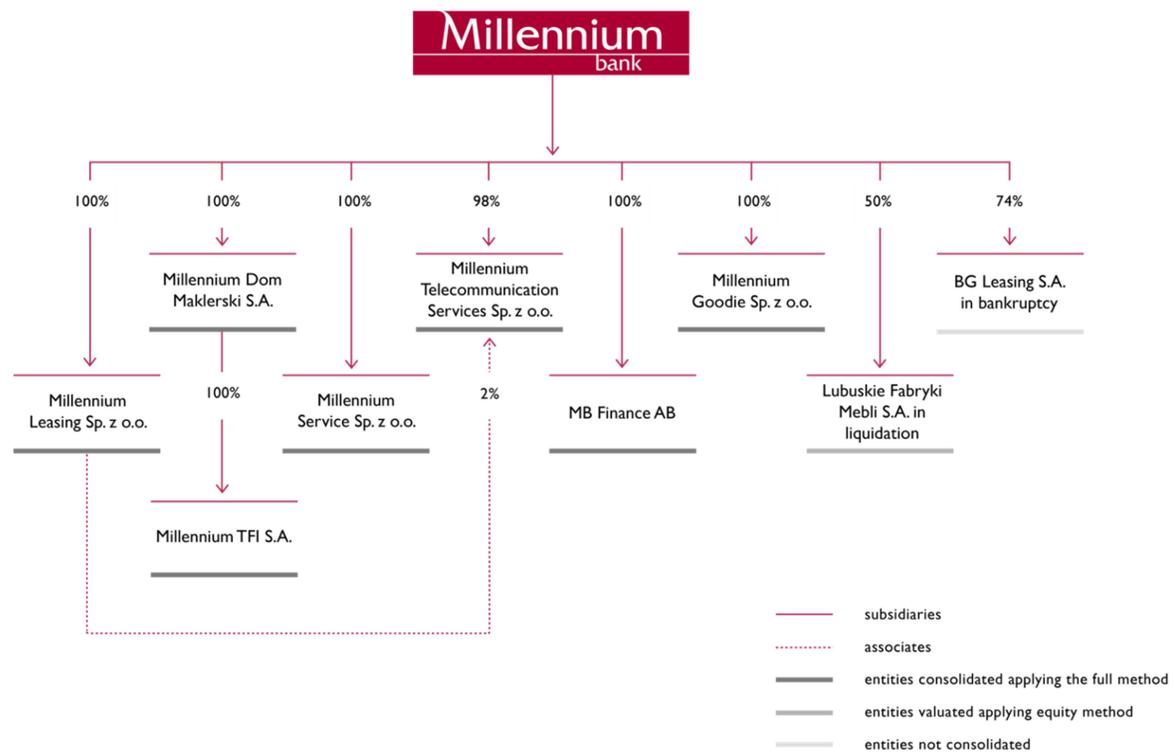
Bank Millennium [GRI 102-1] was established in 1989 as one of the first commercial banks in Poland. Presently, it is one of the top 7 commercial banks in terms of assets in Poland. The Bank offers services to individual clients (in the retail, Prestige and Private Banking segments), micro businesses and small, medium and large enterprises in the Corporate Banking segment. [GRI 102-2]

From the outset of its operations the Bank has been a trendsetter in the Polish banking industry. For instance, it was the first bank listed on the Warsaw Stock Exchange and the issuer of the first payment card on the Polish market. The Bank meets the highest corporate governance standards, it pursues social programs to support the development of culture and youth education. It is a market leader in innovation defined as new technology solutions and process improvements. Innovation in Bank Millennium is a part of its business strategy.

Bank Millennium and its subsidiaries constitute the Bank Millennium Group. The most important companies are as follows: Millennium Leasing (leasing activity), Millennium Dom Maklerski (brokerage activity) and Millennium TFI (mutual funds). Since 2016 Millennium Goodie Spółka z o.o. has been operating an innovative smart shopping platform based on sophisticated technology in collaboration with the Bank. These companies' offering complements the products and services offered by the Bank.

The Bank and its subsidiaries operate in the Republic of Poland. [GRI 102-4] The Bank's Head Office is located in Warsaw while some of its head office functions are also performed in Gdańsk. [GRI 102-3]

Organizational chart of the Bank Millennium Group as at 31 December 2017



1.1. SCALE OF OPERATIONS

The Bank operates throughout Poland and has no branches outside of its borders. [GRI 102-6] Services are offered through a chain of 355 outlets across Poland, through the internet and mobile banking system, through the telephone banking channel and a chain of 483 proprietary ATMs. Thanks to its numerous distribution channels, the Bank's products and services can be accessed 7 days a week, 24 hours a day from anywhere in Poland.

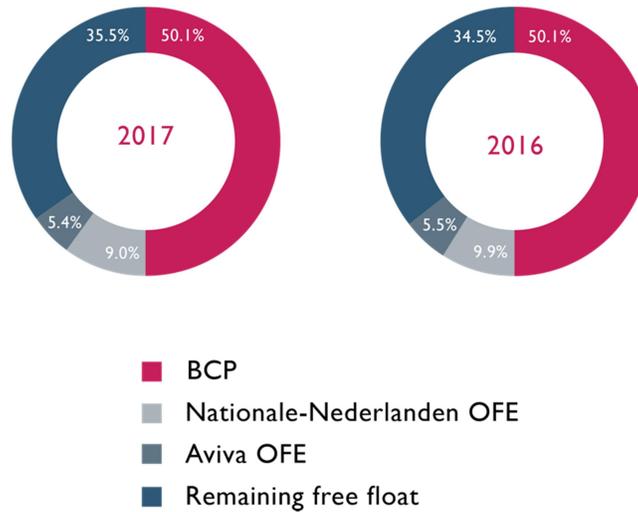
Scale of the Bank Millennium Group's business activity	2017	2016	2015	2014	2013
Number of individual clients (m)	1.6	1.5	1.4	1.3	1.2
Number of corporate clients (thous.)	14.4	13.7	13.5	13	10.5
Number of branches	355	369	413	423	439
Number of the Bank's ATMs	483	490	519	539	555
Number of employees	5,945	5,964	5,992	6,183	5,956
Number of suppliers	5,153	5,378	5,623	5,357	5,142
Sponsoring and grants (PLN million)	1.58	1.54	0.88	1.79	2.59

[GRI 102-7]

1.2. SHAREHOLDER STRUCTURE

Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. [GRI 102-5] Bank Millennium is the first Polish bank listed on the Warsaw Stock Exchange. Currently, it is a member of the WIG Index, WIG Banks, WIG 30, mWIG 40, WIG Poland and Respect Index. In 2017, the Bank was also included in the FTSE4Good Emerging Index. This is one of the indexes of FTSE Russell, a member of the London Stock Exchange. It brings together companies from over 20 countries that stand out in their activities in the field of environmental protection, social responsibility and corporate governance. The Bank's strategic shareholder is Banco Comercial Portugues, the largest private bank in Portugal, which holds a 50.1% stake in Bank Millennium. The shareholders are also all Polish Open Pension Funds, including the two biggest ones: Nationale-Nederlanden OFE and Aviva OFE, which have more than 5% of the share capital.

Changes in the shareholding of Bank Millennium



[GRI 102-10]

1.3. BUSINESS PERFORMANCE

The Bank Millennium Group achieves its economic goals striving to balance the needs of the key Stakeholders, in accordance with its medium-term growth strategy, taking into account the principles declared in the Code of Ethics. [GRI 103-2]

Economic highlights (in m PLN)	2017 Group		2017 Bank	
	2017	2016	2017	2016
Total income	2,525	2,472*	2,379.7	2,313.5
Total costs	1,156	1,112	1,095.5	1 051.8
including staff-related	597	559	552.3	517.0
Cost/income ratio	45.8%	45.0%*	46.0%	45.5%*
Provisions for risk	255	231	231.1	209.5
Bank levy	188	174	188.3	174.1
Corporate income tax (CIT)	244	253	215.9	225.5
Loans and borrowings to clients (net)	47,411	47,020	47,144.5	46,593.4
Client deposits	57,273	55,875.6	57,398.9	55,988.2
Share in the loan market	4.4%	4.5%	Data only for the Group	Data only for the Group
Share in the deposits market	5.0%	5.1%	Data only for the Group	Data only for the Group

Ratio: credits/deposits	82.1%	83.7%	Data only for the Group	Data only for the Group
Ratio of loans at risk	4.6%	4.5%	Data only for the Group	Data only for the Group
Loan loss coverage ratio	67%	63%	Data only for the Group	Data only for the Group
CET1 ratio	20.0%	17.3%	19.9%	17.2%
Total cost ratio (TCR)	22.0%	17.4%	21.9%	17.3%
Equity	7,773	6,941	7,540.5	6,741.5
Net profit	681	701*	648.9	652.7*
ROE	9.3%	10.4%*	Data only for the Group	Data only for the Group
Distribution of profit				
Dividend	0**	0	0**	0
Capital	100%	100%	100%	100%

* including extraordinary one-off events (mainly profit from VISA transactions)

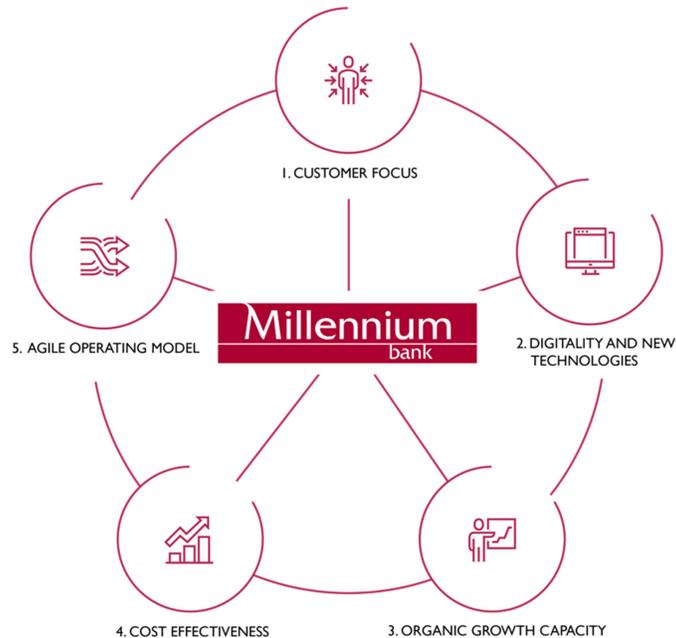
** proposal of the Bank's Management Board to the General Meeting of Shareholders

[GRI 201-1]

2. BUSINESS MODEL AND THE VALUE CREATION MODEL

Business model

Bank Millennium operates according to a business model predicated on five pillars:



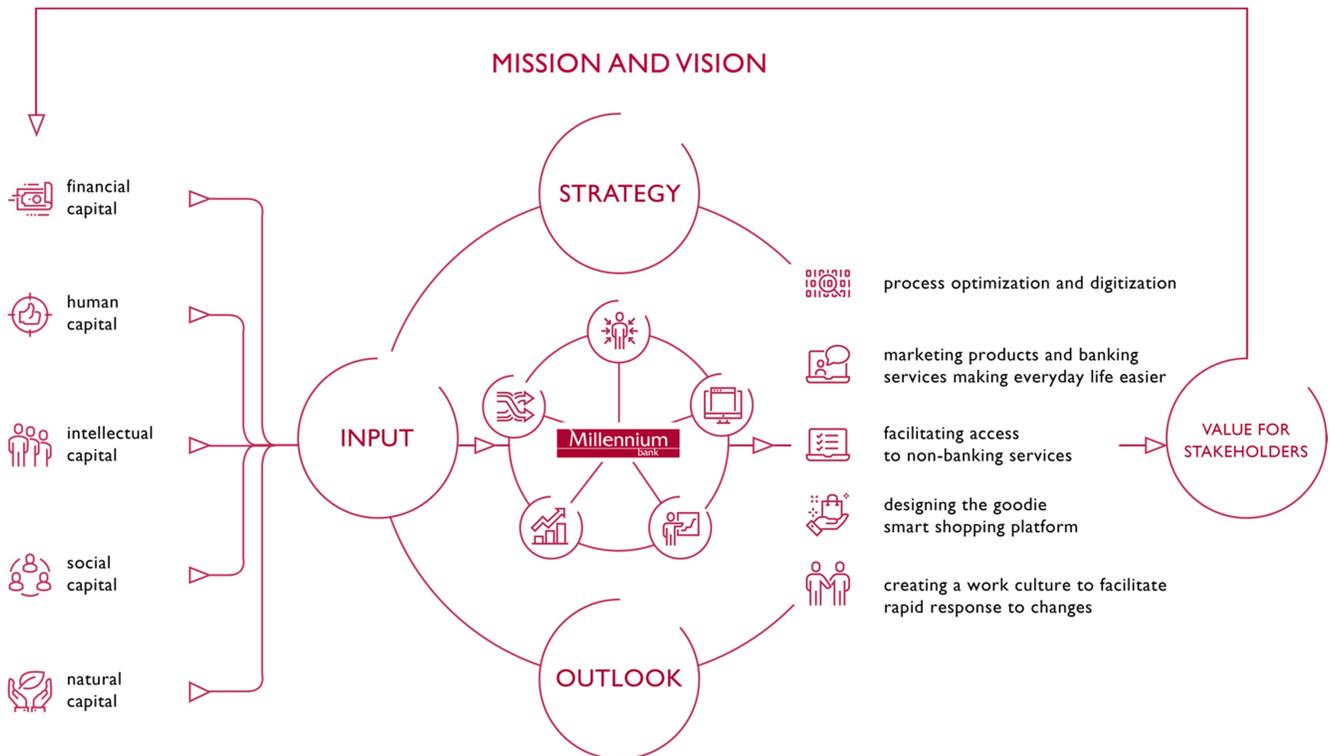
1. **CUSTOMER FOCUS**
We are the most customer-focused bank that is constantly developing. We want to be the most personalized bank operating on a mass scale.
2. **DIGITALITY AND NEW TECHNOLOGIES**
We are the leader in digital banking by offering high quality services blended with an extensive reach.
3. **ORGANIC GROWTH CAPACITY**
We are growing the fastest in acquiring clients with whom we hold the main relationship. Moreover, in the 2018-2020 strategy, in addition to the current sustainable growth engine (acquisition of current accounts), we have introduced four new engines (investments, consumer loans, micro-enterprises as well as SMEs and corporations).
4. **COST EFFECTIVENESS**
We have the leading cost effective business model built by harnessing the most sophisticated technology that is flexible when it comes to changes and the Bank's growing size.
5. **AGILE OPERATING MODEL**
We have a flexible operating model, an organizational culture that facilitates rapid response and digital and data analysis competences.

The firm's values form the foundation of our business model: building relations based on trust, a passion for quality and innovation, employee development and promoting collaboration and the ever constant ambition to aim higher.



Value creation model

The Bank Millennium Group's capital poises it to grow its business as it simultaneously creates value for its Stakeholders.



The Bank Millennium Group's capital...

Financial capital	own funds (shareholders, including profit generated by the Bank) and external funds	7,773 m PLN - own funds (capital plus earnings) 63,369 m PLN - total liabilities 47,411 m PLN - loans (net) 71,141 m PLN - total assets/total liabilities
Human capital	employees, their knowledge, values and attitudes that make it possible to grow the company	5,945 - number of employees (persons) 100% of the employees have been trained on our Code of Ethics 44 - average number of training hours per employee
Organizational capital	culture of rapidly responding to change (agility), sophisticated infrastructure and IT systems, digitization and optimization of processes making it possible to develop innovative products and offer high quality services, organization's cost effectiveness	29% - mobile banking clients 88% of new deposits opened in electronic channels 51 - NPS for retail customers 46% - cost/income ratio
Intellectual capital	investments in modern technological solutions and innovations, the bulk of IT development is in-house, internal start-up goodie, internal UX Design team	almost 50% of investment expenditures for IT development 238 - number of IT employees 76% - employees holding a university education
Social capital	quality of relations with the environment, Bank reputation, transaction safety, enhancing the society's financial awareness	NPS up from 39 to 51 y/y among retail clients 75% of our clients maintain their main relationship with the Bank 30% of our clients are acquired through referrals 15,000 children trained in the fundamentals of finance nearly 4,000 beneficiaries of our volunteerism programs 2nd place in KPMG's ranking of companies in the financial services sector enjoying the best perception among Polish consumers
Natural capital	direct and indirect environmental impact and its minimization	7% - reduction of CO ₂ e y/y

... support business development through:

- Process optimization and digitization
- Marketing products and banking services making everyday life easier
- Facilitating access to non-banking services
- Designing the goodie smart shopping platform
- Creating a work culture to facilitate rapid response to changes

... and creates value for Stakeholders:

Clients	banking for all - no physical, infrastructural and digital obstacles	29% are mobile app users 91% of the branches are accessible to disabled persons 100% of the ATMs are accessible to disabled persons
	non-banking digital functionalities, e.g. e-administration	29% are mobile banking users 83% are internet banking users
	High quality of service	51 - NPS for retail customers 1st place in two categories of the ranking Newsweek's Friendly Bank
	Ethical sales	100% of the employees have been trained on our Code of Ethics
	Employees	HR awards, employee turnover ratio
	Education and development	44 - average number of training hours per employee 17% - employees who were promoted in 2017
	Respect for diversity	89% - returns to work following maternity leave 62% - women holding managerial positions
Investors	Profitability	9.3% - return on equity (ROE)
	Earnings for shareholders	72% - share price growth in 2017
	Low risk	22% TCR (capital adequacy ratio)
	High standards of ESG management	Member of the Respect Index and FTSE4Good Emerging Index, adherence to the Best Practices of Companies Listed on WSE and Corporate Governance Principles
Suppliers	Ethical cooperation	75% of all invoices paid within a range up to 30 days
	Responsibility in the supply chain	100% of newly-executed contracts have a clause obligating suppliers to apply the principles of the Bank Millennium Group's Code of Ethics

Society	Employee volunteerism	312 volunteers engaged in social campaigns
		3,735 of beneficiaries in volunteer campaigns
	Financial education	15,000 children received instruction
	Promotion of Culture	558,848 PLN - sponsoring of culture
	Expenditures for social purposes	408,471 PLN - Bank Millennium Foundation's expenditures for social purposes
		583 m PLN - taxes and fees paid by the Bank
Environment	Minimizing the environmental impact	7% - reduction in CO ₂ e emissions y/y

3. STRATEGY 2018-2020 - FURTHER DIGITALISATION, CLIENT-CENTRED APPROACH AND BEHAVIOURAL PERSONALISATION

In 2017 Bank Millennium reported substantial improvement in its business profitability and it achieved the most important objectives in its mid-term strategy for 2015-2017 such as exceeding the threshold of having 1.6 million active clients, nearly a 6% market share in sourcing funds from retail clients and a cost to income ratio of 46%. Its greatest achievement was increasing the number of active clients by 351 thousand over a three-year period (the strategic objective called for 300 thousand). This gave the Bank the leading market position in terms of the pace of on-boarding clients, especially when measuring growth against the existing client base.

The Bank Millennium Group's current strategy for 2018-2020 was drafted and published at the end of 2017. The starting point for the new strategy is formed by the current macroeconomic conditions and the new trends in the banking environment. Poland's macroeconomic standing is favorable and robust growth in subsequent periods is expected (GDP growth in excess of 3%). The new trends on the financial market encompass rising expectations in terms of customer experience standards and personalization, digitization of services and the lives of clients, the growing and ever more consolidated banking market in Poland, the rising pressure on efficiency and the upcoming changes to regulations (PSD2, MiFID2).

In response to these challenges the Bank is proposing a strategy that contains the following main directions:

- Adding new drivers (investments, consumer loans, micro-enterprises as well as SMEs and corporations) the current growth driver in Retail Banking (acquiring current accounts)
- Launching a project of creation of a mortgage bank
- Accelerating growth in Corporate Banking through lending activity and higher efficiency in the sales network
- Growth due to the care for customer satisfaction accompanied by mass personalization in the retail business and a sectoral approach in business
- Strongly harnessing the digital component in banking and outside banking as a competitive advantage
- Exploiting an flexible approach to the inorganic growth option
- Acquiring talents by tapping into our inspiring work environment
- Acting responsibly toward clients, employees and the society

The Bank Millennium Group's growth outlook

Effective strategy execution should deliver the Bank long-term growth, high cost effectiveness and competitiveness in terms of shareholder returns.

The Bank Millennium Group's major objectives embraced in the new mid-term strategy to be achieved in 2020 entail the following:

- Growth of core business revenues of roughly 30% (above 2017)
- Double-digit growth in volumes in key selected areas
- Doubling the pace of acquiring active clients
- Maintaining the Net Promoter Score (NPS) among the top three banks in Poland
- Cost/income ratio of 40%
- Risk cost aligned to historical trends
- Net profit of 1 bn PLN in 2020*)
- ROE among the top three banks in Poland*)

*) *net of extraordinary legal, regulatory and tax events*

4. MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

The main aspects of management of sustainable development issues have been included in the Bank Millennium Group Strategy 2018 - 2020 and are being implemented in individual areas of the Bank's and Subsidiaries operations.

WE ARE DEDICATED TO CREATE SHARED VALUES AND MAKE CLEAR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY



Bank Millennium has been consistently ranked in Respect Index of WSE since 2010

In Bank Millennium corporate social responsibility (CSR) actions form an integral part of its strategy and underpin the attainment of business objectives. According to the strategy guidelines, **our priority is to provide the highest quality of client service, conduct ethical marketing and sales and facilitate the utilization of banking and non-banking services (e.g. e-administration) by rolling out innovative products and services.** Employees are the second important group to which our CSR activities are addressed. The programs run for them chiefly pertain to **supporting diversity in the organization (including parenting), ensuring stable and attractive working conditions and offering an opportunity to get involved in social activities.** Social programs are run through the Bank Millennium Foundation and focus on three areas: **financial education,**

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culture and employee volunteerism. The Chairman of the Bank's Management Board is responsible for overseeing the pursuit of the CSR goals at the highest level. [GRI 103-1, 103-2, 103-3]

All its CSR activities have been summarized once a year since 11 in the Bank Millennium's Corporate Social Responsibility reports. **The company also supports the achievement of the UN's Sustainable Development Goals (SDG).** When joining the partnership between business and the government administration to achieve these sustainable development goals Bank Millennium declared that it would conduct activities in particular for the financial education of children and youth. [GRI 102-12]

The Bank's adherence to sustainable development principles has been confirmed by external assessments. Since 2010 the Bank has been in the **RESPECT Index** consisting of socially responsible companies listed on the Warsaw Stock Exchange. In 2017 the Bank also joined the **FTSE4Good Emerging Index**. This is one of the indices administered by FTSE Russell that evaluates the largest financial institutions in terms of their activities for the benefit of environmental protection, social responsibility and corporate governance. Its determination in building a balanced firm has received recognition in Poland and abroad. The Bank received a distinction in the **Ranking of Responsible Firms** - a list of the largest companies in Poland assessed with an eye to the quality with which they manage Corporate Social Responsibility (CSR) and it received the CSR Silver Leaf. Bank Millennium was also recognized as the **Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR) category**. Euromoney, an international financial industry magazine showed its appreciation for the Company's transparent method of showing its CSR activities, the variety and comprehensiveness of its programs and above all its innovative approach to clients making it simple and easy to use Bank Millennium's services.

4.1. OVERSIGHT, IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES

Bank Millennium achieves its economic, environmental and social objectives on the basis of the plans and budget prepared by the Bank's Management Board and approved by the Bank's Supervisory Board with a three-year time horizon. The execution 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. The goals and the policies to achieve them are revised based on the current assessments of the critical points and the possible unforeseen events that affect the implementation of the intended objectives. 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 issues, 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 a given financial year. [GRI 102-30, 102-31, 102-26]

4.2. IMPACT OF THE BANK'S ACTIVITY ON SUSTAINABLE DEVELOPMENT AND STAKEHOLDER RIGHTS

The Bank has identified the key areas of its impact on economic, social and environmental sustainable 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. [GRI 102-15]

	Impact on:	Challenges	Benefits	Actions being taken
Clients	Expanding the accessibility of banking and non-banking services to a wide circle of clients, including senior citizens, disabled clients and clients from small towns, personalization of services, procuring the safety of information and client funds, financial education, ethical marketing and sales.	Conducting the operations in the environment characterized by significant market competition - vanishing boundaries between sectors and the race to achieve a direct relationship with clients in an open banking sector (PSD2 Directive).	As the leader in digital banking, the Bank is offering high quality services blended with an extensive reach. It will leverage this advantage by building new platforms and strengthening itself as the bank of first choice.	Removal of physical and digital barriers in access to banking and non-banking services, implementation of solutions to ensure safety of information and protection of client's funds; continuous dialogue with clients to respond to their expectations; training on ethical marketing and selling practices; financial education.
Employees	The employee's right to fair remuneration, rewards, employment stability and development and to express opinions. Ensuring a work-life balance and opportunities to get involved in social activities.	Developing solutions that take into account both the expectations of current and future employees as well as the economic capacity of the company.	Making it easier to acquire talents, increase of employee satisfaction and reduction of employee turnover.	Preferring employment for an indefinite term, profiled training, communication with employees, programs for parents, promoting healthy lifestyle and employee volunteerism, programs for future employees.
Investors and market analysts	Transparent information policy enabling investors to make investment decisions, incorporation of ESG (Environmental, Social, Governance) factors in the firm's strategy and activities.	Creating modern platforms enabling rapid exchange of information between the company and investors	Increasing confidence in the company and consequently growth of brand value.	Observing corporate governance principles and ESG rules, transparent reporting and information policy, being listed in the indices of socially responsible enterprises.
Suppliers	Monitoring the supply chain and obligating the suppliers to observe ethical and environmental standards.	Monitoring the observance of ethical and environmental standards throughout the supply chain.	Reducing the risk of cooperation with suppliers who fail to observe the ethical or environmental principles.	Applying ethical and environmental clauses in selected contracts with suppliers, obligating suppliers to observe the Bank Millennium Code of Ethics.

Society	Preventing social exclusion through the implementation of social and educational programs and providing broad access to banking and non-banking services (e.g. e-administration).	Boosting the impact on solving social problems.	Boosting the level of financial literacy in the society, supporting the activities of local communities.	Easy and intuitive access to banking and non-banking services via digital channels, financial education programs and employee volunteerism for local communities.
Environment	Monitoring the environmental impact and managing resources in a sustainable manner; environmentally friendly products, environmental education of clients and employees.	Monitoring and influence over the indirect environmental impact	Optimizing processes in the company and the associated savings of e.g. energy, fuel and water; reducing fees for pollution of the environment.	Monitoring the use of resources and implementation of reduction measures, introducing environmentally friendly products, environmental education among clients and employees.

4.3. DESCRIPTION OF THE SIGNIFICANT RISKS RELATED TO THE ENTITY'S ACTIVITY THAT MAY EXERT AN UNFAVORABLE IMPACT ON SOCIAL, EMPLOYEE, NATURAL ENVIRONMENTAL ISSUES AND RESPECTING HUMAN RIGHTS AND COMBATING CORRUPTION

Banks are public trust institutions with exclusive rights to collect deposits. This lays down the responsibility for the safety of the deposits entrusted by clients. That is why the Bank manages financial, operational and social risk. Every year the Bank evaluates the significance of the types of risk identified, it drafts the relevant management procedures and it sets up capital buffers if required. The risk management process in the Bank and the Bank's Group is uniform to a high degree and it may be treated as a common system applicable to the overall Group.

In the Bank Millennium Group, risks exerting an unfavorable impact on social issues may stem chiefly from relations with clients and business partners. In reference to the **risk related to client relations** (proper information to clients, ethical advertising and sales, timely handling of complaints, etc.), the Bank monitors all the regulations and opinions expressed by UOKiK (Office of Competition and Consumer Protection) and other authorities and it is focused on delivering the best quality of products and services to its clients, as the Bank's top positions in various rankings amply attest. Minimizing the **risks related to business partners** entails devising objective criteria for selecting suppliers and fair payment and contractual terms accompanied by ethics in collaboration, as reflected by our internal regulations. In terms of **employee-related risks** the Bank minimizes the risk of high employee turnover by embracing the pertinent policies (HR and compensation among others) and offering high working standards, as confirmed by receiving the status of Sound Employer of the Year 2017. The risk related to the issue of **failing to respect human rights and combat corruption** refers to the possibility of forfeiting reputation and the imposition of legal or financial sanctions. The Bank's Group prevents this risk by obligating its employees and business partners to adhere to the Bank Millennium Group's Code of Ethics in which these issues are regulated and by offering the ability to report violations anonymously in these areas. The risk pertaining to the **natural environmental impact** chiefly involves the possibility of sanctions being imposed for non-compliance. The Group prevents this risk by submitting to legal regulations, monitoring its environmental impact and implementing environmentally-friendly actions.

A detailed description of the management of the foregoing risks has been set forth in the various sections of the report pertaining to relations with clients, employees, business partners and communities and to respecting human rights, preventing corruption and managing the natural environmental impact. [GRI 102-11, 102-15, 102-30]

4.4. MANAGEMENT OF RISKS ASSOCIATED WITH THE IMPACT OF ENVIRONMENTAL AND SOCIAL FACTORS

The following categories of social and environmental 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 improper communication and improper market and business practices.

The adopted operational risk management structure defines individual management levels and the scopes of their duties and responsibilities. The owners of business and supporting processes play a crucial role in the Group's daily activity. Process owners are best fit to identify and curtail the threats that occur as the first line of defense based on their profound process knowledge. The second line of defense is the level of specialized entities that deal with the organization of management processes and the control of an acceptable level of risk, with special emphasis on the following areas: compliance, countering abuse, employee issues, safety and ensuring business continuity, insurance and subcontracting. The third line of defense is the independent internal audit unit.

The Bank's Management Board designs and introduces a risk management system and monitors its operation. The Bank's Supervisory Board oversees the implemented system and assesses its adequacy and effectiveness at least once a year. [GRI 102-11, 102-30, 103-2 103-3]

5. MISSION, VALUES AND ETHICS

In 2017, the Bank updated its organizational values and drafted the **Code of the Leader** which translates the values into the expected behaviors of the leaders in their day-to-day work.

5.1. THE BANK MILLENNIUM GROUP'S VALUES

The mission of Bank is to support clients in the achievement of financial success now and in the future. The Bank is building its competitive advantage on the basis of values which it knows, applies in practice and emphasizes to others every day.



We are building the relationships based on trust

We can rely on ourselves, and, when developing and implementing ambitious goals, we remember about ethics and our collaborators. Responsibility, respect, support and understanding are cementing our community and help us strengthen our leading position among the best banks in Poland. We are building trust in the Bank by serving as its ambassadors.

Quality and innovation are our passion

We set the standards of perfection and create trends in banking. Openness, enthusiasm, searching for best solutions and breaking the barriers are embedded in our thinking, actions, products, services and processes as well as relations with the outside world and within the organization.

We develop employees and we promote cooperation

In our organizational culture, goals and successes are achieved through mutual inspiration, exchange of competence and experience. We discover and reward the people who through their actions motivate others to show their best self.

We always aim higher

When others are achieving the peak of their capabilities, we always want more. We develop and increase the employees' and the teams' competences through training and certification programs. We are carefully observing the surroundings, perfecting and changing ourselves, and we are actively responding to future challenges.

5.2. ETHICAL STANDARDS [GRI 102-16,103-1,103-2,103-3]

System for managing ethics

The Bank Millennium Group has a system for managing ethics that consists of the following:

- **Code of Ethics** - lays down our ethical principles. The Compliance Department is responsible for articulating the principles of the Code of Ethics, communicating and promoting ethical values and evaluating the adherence to the principles of ethics;
- **institution of the Ombudsman on Ethics** - the function of the Ombudsman on Ethics is exercised by the manager of the Compliance Department. The tasks of the Ombudsman on Ethics shall include safeguarding the compliance with the Code of Ethics, promoting and advising of ethical standards, ordering the inspection of compliance with the rules of ethics, and verifying the instances of breach of the rules of ethics;
- **system for training on ethics** and notifying of changes to the rules of ethics;
- **procedures, policies and rules** containing the guidelines on proper conduct;
- **system for reporting the breaches** of ethical standards, also anonymously;
- **system of inspection of compliance with the rules of ethics** - encompasses periodical inspections and one-off inspections carried out upon the initiative of the Ombudsman on Ethics. As part of periodic inspections carried out at least once every two years, the compliance unit assesses the risks related to breach of the rules of ethics.

Codes of conduct

Internal codes are guidelines 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 Group's Code of Ethics

The Bank has in place the Code of Ethics which applies to the entire Group. The Code sets forth not only the values which should be followed by the employees in their everyday performance of duties and in relationships with their colleagues and the Bank as the employer, but it also outlines the framework for conduct governing the relationships with clients, the market and suppliers, and applies to areas such as service quality, ethical sales, fair competition and communication, rules for conducting trade relations and counteracting money laundering. The Code also contains anti-corruptions policies, including the rules for accepting and giving gifts, and participating in and organizing tenders.

The Bank also has in place a separate Code of Ethics for the employees providing services to the Prestige and Private Banking segment clients. That Code outlines in particular the rules for ethically performing the financial operations, collaboration

with third parties, performance of operations on own accounts, and the transaction authorization rules. It also sets forth the employees' duties and the rules on how to handle confidential information and professional secrets which may be accessed by them in the course of performance of their professional duties.

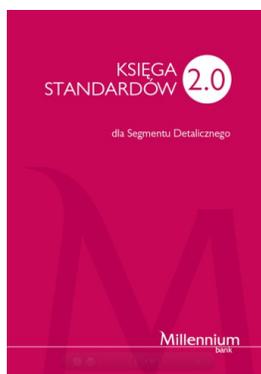
Every employee is obligated, by completing a mandatory e-learning course, to become familiar with the Code, confirm its knowledge and apply the rules included in the Code in their daily work. The employees may report breaches of ethical standards, and the procedure for reporting the breach is described in the Codes. [GRI 102-17]

Employees undergoing a Code of Ethics training	2017 Bank	2017 Group	2016 Group	2015*Group	2014 Group
Management Staff	54 (6%)	57 (6%)	734 (92%)	16 (2%)	733 (86%)
Other employees	1,153 (21%)	1,202 (20%)	4,073 (78%)	349 (7%)	5,134 (96%)

*only new employees were trained [GRI 412-2]

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 Millennium Group's Code of Ethics by signing a representation to that effect. As of 2017, the clause with an obligation to comply with the Code has been also included in the agreements concluded with suppliers.

In addition, the employees of Millennium Dom Maklerski comply with the Code of Best Practices of Brokerage Houses adopted by the Members of the Brokerage Houses Chambers.



Books of Standards for Bank Millennium employees - are collections of good practices which, when observed, will ensure high quality of service for clients and ethical selling.

5.3. RESPECTING HUMAN RIGHTS

The issues concerning respecting human rights are described in the Bank Millennium Group's Code of Ethics, the Diversity Policy as well as in anti-discrimination and anti-mobbing procedures.

The Bank Millennium Group operates while respecting human dignity, it objects to discriminatory practices and complies with the principles of equal treatment regardless of age, gender, ethnic or national origin, religion, creed, family status, sexual orientation, health condition, convictions, trade union membership and other premises that could trigger discrimination. Such information does not constitute the criteria for selection of employees, termination of their employment, setting their terms of employment, promotions and access to training benefits to raise professional qualifications.

In the Bank Group, the employees exercise, among other things, the right to information and consultations, collective bargaining agreements and collective actions, social and housing aid, good working conditions, social assistance and healthcare access. The policies prevailing in the Bank Group and the outcomes of their application are described in chapter Employees.

Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank Millennium Group's Code of Ethics, including the respect of human rights and compliance with anti-corruption policies, by signing a representation to that effect. The clause with an obligation to comply with the Code of Ethics has been also included in the agreements concluded with suppliers.

II. BUSINESS

1. EASY BANKING

One of the Bank's priorities is to make the clients' daily lives easier by offering them a convenient and intuitive access to financial and non-financial services. The Bank achieves this goal by introducing a number of innovative solutions to its offering. [GRI 103-1,103-2,103-3]

1.1. INNOVATIVE BANKING AND NON-BANKING SERVICES

The Bank's mobile application and internet service are different from similar products that exist on the market in the sense that, in addition to typical banking operations, they also have additional innovative functionalities such as:

- **Payment of public transportation fare and payment for parking** - city transit passengers may purchase a fare ticket, validate it and show it to an inspection officer through an application in their phone. Drivers may use the application to pay for the actual parking time without the need to pay in advance like in the parking meter.
- **Purchase of travel insurance with an option of quick contact with an insurer.** Bank Millennium is the first and only bank in Poland to offer the „Travel Assistance” service. It is a special widget available in the mobile application, which may be set in such way so that it will be visible before logging in. It works even without Internet access, and makes a direct phone call to the insurer or sends a text message to the insurer with the callback request. The content of the text message is generated automatically - it contains the policy number and the client's location. The insurer immediately gets the information on where the given person is located, and is able to quickly arrange the necessary help.
- **Purchase of car insurance** fully online with an innovative function of entering the car details by scanning the Aztec code from the vehicle registration document. The service received the nomination for the BAI Global Innovation Awards.
- **Contactless mobile payments using the HCE technology with the possibility of creating virtual plastic card counterparts.** Bank Millennium was the first bank in Europe to incorporate such solution into its own payment solution.
- **Fingerprint confirmation of 3D Secure transactions** - is it a service used for Internet card payments authorized with an additional security feature. Previously, 3D Secure transactions were authorized through text message passwords or PIN. The possibility of authorizing such transactions with a fingerprint is the first and so far the only such solution on the market.
- **Transaction history in new page view** with possibility of adding attachments, e.g. pictures of receipts, warranties, descriptions and tags or transaction locations.
- **Innovative service of receiving the information on invoices and their payment.** The service allows the companies that issue invoices to send the payment information to the payers' electronic banking services, and gives the payers quick and convenient way of making the payment with one click, without the need for entering the information from the invoice - it will be pre-filled by the system. Bank Millennium is the first bank on the market to provide this solution to invoice issuers as well as payers. Thanks to this service, the issuers may collect their receivables faster, and the payers are provided with access to information on several of their liabilities in one place. The service is supported by the Polish Bank Association and the National Clearing Chamber.
- **Investing online.** Clients of Bank Millennium may, quickly and conveniently, activate access to investment services and open the Przyszłość+ Investment Program fully online through the Millenet internet banking system. Due to clear charts and calculations, users can take a holistic view of their financial resources, located in both deposit and investment products, and keep track, on an ongoing basis, of e. g. the amount of generated profits. **In the near future, clients will be also able to use cutting-edge solutions of robotic investment counseling in the Millenet system.**

- **Goodie buying platform.** Goodie is an intuitively operated buying platform accessible as an application for smartphones and as a website at www.goodie.pl. The platform was developed as an internal start-up of Bank Millennium. Through goodie, it is possible to view offers from promotional newsletters and information on discounts available at online and brick and mortar shops. The platform allows for planning shopping easily and find inspirations and promotional offers adjusted to the user's personal preferences and location. Data processing is one of goodie's significant attributes. The user does not have to adjust the application himself. The application adjusts the whole content and processes based on past and real-time data.
- **Access to e-administration.** Bank Millennium supports development of e-administration in Poland by allowing for handling official matters with the use of its internet banking system. In the Millenet internet banking system, one may create a Trusted Profile (free-of-charge electronic signature) providing an access to public administration services online for 24 hours a day. As the client's identity is confirmed by the Bank, it is not necessary to visit an office to set up a profile.

Bank Millennium was also one of the first banks to provide its clients, via the internet banking system, with the opportunity to file applications for a child-care benefit under the "Rodzina 500+" program. For innovative solutions in the area of making available e-administration services, the Bank was awarded first prize in the BAI Global Innovation Awards competition.

1.2. SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

The Bank and the Bank's Companies have in their offers products and services making it possible to improve the clients' living conditions, facilitating finance management and saving, supporting the development of innovativeness and environment protection.

INDIVIDUAL CLIENTS

360° Account



Bank Millennium offers a number of accounts, which may easily be maintained free of charge. An example is 360° Account, which may be free-of-charge if you satisfy two simple conditions. These conditions are also accessible to **clients with lower incomes, including those who receive minimum remuneration**. The first condition is that the aggregated receipts, including benefits and cash deposits during the month must add up to at least PLN 1,000. The second condition is at least one payment by the card issued to the account or by BLIK (phone) in a month.

The above conditions are simple and not onerous, therefore accessible to less affluent clients.

The offer includes not only a free-of-charge account but also cash withdrawals from all ATMs in Poland and abroad. This is greatly convenient also for the elderly and the disabled who may have other ATMs than those of Bank Millennium as the nearest to their place of residence.

Bank Millennium also ran a pilot edition of the **recommendation and charity program "Lubię to Pomagam"** addressed to the Bank's employees, in which the Bank for each case of recommending its services transferred a certain amount to provide aid to employees' children in need.



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.

	2017	2016	2015	2014
WWF cards in the portfolio	1,306	1,515	1,396	1,583



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 internet 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.

	2017	2016	2015	2014
Prepaid cards in the portfolio	18,051	13,390	10,430	8,214



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. 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 Bank offered the young Polish people the opportunity to take out a loan in the MDM program under the "0% commission on mortgage loan" promotional campaign, as a result of which the cost of granting such a loan was reduced considerably.

Support in financial management

The Bank's Clients may use a number of services which facilitate household budget management without the need for incurring debts or which also support saving:

- At the Bank's website, there are tools designed to help the client select the most suitable product, such as a **deposit comparison tool**, or the **best product parameters**, e.g. a cash loan calculator.
- The **Finance Manager**, available in internet and mobile banking, helps improve finance management. Based on a history of their transaction from previous months, users may create their own "Savings Plan".
- In the Bank's mobile app, clients are able to **view their investment funds**, regular savings plans, investments and insurance products.
- In internet banking and the mobile app, clients are able to **divide selected credit card transactions** or the used card limit into installments.
- Travel and car insurance** may be purchased using the internet application and internet banking. A client may select an offer which is the most suitable for his needs and budget. Based on the data entered, the system present the client with the most advantageous bundles with the option of extending their scopes.

PRESTIGE AND PRIVATE BANKING CLIENTS

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

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

Corporate clients

The Bank's offering for Corporate clients includes products to finance environmentally friendly investments and innovative activity of enterprises.

Environmentally and socially responsible lending

Within the industry policy that is in force, the Bank distinguishes 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.

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. [\[GRI G4 FS1, G4 DMA\]](#)

The rules and regulations contain certain restrictions regarding the financing of socially harmful activity featured on the EBRD (European Bank for Reconstruction and Development) Environmental and Social Exclusion List. **The limitations commit all Borrowers not to use the funding received from a loan 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 to 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 cohabitation.

Under the "General Terms and Conditions of a Lease Agreement", clients agree to comply with the provisions about financing products while giving consideration to social and environmental factors. A Client is also obligated, when using the leased asset in his business activity, to conduct this activity in compliance with any relevant laws, standards and other regulatory requirements at the nation-wide and local level with respect to protecting the environment, health and safety as well as principles of social cohabitation.

In the case of individual clients, loans granted for each investment are verified by the Bank in view of the investor's/borrower's holding appropriate environmental decisions that allow for performing the investment, such as the construction of a building/block of flats, etc. [\[GRI G4 FS5\]](#)

Financing of environmentally and socially friendly projects

Bank Millennium's corporate clients may use the offering of products to finance environmentally and socially friendly undertakings. Furthermore, for companies with an innovative potential, the Bank has prepared attractive financing solutions. These support Polish SMEs in competing with European companies.

Eko Energia Lease Program



After the end of the 1st Edition of the PoSEFF Polish Sustainable Energy Financing Programme, Millennium Leasing continues to offer the Leasing Eko Energia products to its clients with up to 5% of investment premium upon the end of the lease contract. The premium is not co-funded by any support program; the Clients receive it from Millennium Leasing. In

the new edition, all the types of new machinery and equipments acceptable by Millennium Leasing may be eligible for the program. As a result of such broad availability conditions, all the types of new machinery and equipment will be eligible for Eko Energia Lease Program, except for vehicles and real property.

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, offers the possibility of obtaining a non-refundable subsidy in the form of technology bonus. The bonus is used by BGK for partial repayment of the loan granted by the Bank. The bonus amount may reach as much as PLN 6 million and up to 70% of eligible expenditures for micro and small businesses and up to 60% for medium-sized enterprises, based on the regional aid map.

The Loan for Technological Innovations is dedicated to micro, small and medium-sized businesses and 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. 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



For several years, in cooperation with Bank Gospodarstwa Krajowego, Bank Millennium has been actively involved in the national programme of de minimis guarantees. A business from the SME sector may use de minimis guarantees to secure a PLN loan. 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 the financing term of up to 24 months in the case of working capital loans or up to 96 months for investment loans. As a result, the program has enjoyed great interest among the clients.

Smart Growth Operational Programme guarantees

Smart Growth Operational Programme (POIR) Guarantees is a guarantee programme performed jointly with BGK and intended to support innovativeness. The programme is addressed to innovative companies or those companies that perform innovative investment projects. Under the Smart Growth Operational Programme (POIR), guarantees are granted to secure repayment of investment loans even up to 80% of a loan for an amount of up to EUR 2.5 million. The term of validity of the guarantees may extend even up to 20 years. [GRI 203-1]

Value of socially responsible products [GRI G4 FS7, G4 FS8]	Product portfolio value (PLN million)	Number of products in the portfolio
Loan for Technological Innovations	88.4	17
Leasing Eko Energia	55.1	609

1.3. CONVENIENT ACCESS TO FINANCIAL SERVICES

In addition to the traditional channels of contact with the Bank (branch, call center), clients may choose from many remote communication methods, e.g. sending a message or holding a chat through the website or through mobile and internet banking. The Bank has been improving the operation of the available communication channels in accordance with the multi-channel concept, to ensure seamless changes of channels and a uniform experience regardless of the channel selected by the client to contact the Bank. Accessibility of services for people with disabilities is also constantly increasing.

Improvements for people with disabilities

- **Bank Millennium's Website and the Millenet internet banking system** are written in simple and understandable language for the user and they can be read by text readers. A visually impaired user can use the website with a keyboard - the mouse is not needed to navigate the portal. In addition, the site has a text magnification feature and is designed for high-contrast reading. You can log in to the mobile app with a fingerprint. In the same way, card transactions can be approved online with 3D Secure security. The application is adapted for the blind or visually impaired persons thanks to compatibility with access-enhancing services that involve presenting the information with use of speech (Android - Google TalkBack, iOS - VoiceOver).
- **ATMs and deposit machines** - 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. In addition, ATM's number keypad makes it easier to use the device also by disabled people with vision impairments. After headphones are connected to the ATM, the user may enter instructions through voice messages. Additionally, persons with vision impairments may use a special black and white screen mode which enhances contrast and legibility of displayed messages;
- **Access to outlets** with architectural barriers: more than 90% of the Bank's branches is accessible for the disabled people with movement impairments;
- **Customer service desks with seating** offering wheelchair access - they are in place in more than 100 branches;
- **Service over the phone** - clients using 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 and - upon the client's express wish - a witness trusted by the client. 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 an ink fingerprint.
- **Service standards of the disabled** - detailed guidelines which are binding on the employees of all of the Bank's outlets.

[GRI 103-1,103-2,103-3, G4 DMA, G4-FS13, G4-FS14]

When taking part in the work of a Polish Bank Association Committee, the Bank's representatives prepared the updated version of the "Best Disabled Customer Service Practices for Banks". [GRI 102-12]

Accessibility of Services	2017	2016	2015	2014	2013
Number of outlets	355	369	413	423	439
% of outlets accessible to disabled persons	91%	90%	89%	89%	88%
Number of ATMs	483	490	519	539	555
% ATMs accessible to disabled persons	100%	100%	100%	100%	89%

2. QUALITY OF CUSTOMER SERVICE

For several years, providing high quality customer service to all the Bank's and the Group's clients has been one of the entire organization's priorities and one of the formally accepted key values. The implemented activities cover several areas - **from improvement of quality of interactions at various points of contact with the Bank (from personal contact in the branch through contact over the phone, mail or e-mail, to chat), through enhancement of services and procedures, to optimization of the methods of conducting conversations about the Bank's products and services.** The solutions are adapted to each client, and ensure full clarity and transparency of the information provided.

The effects of these activities act as a business card for the Bank. The highest quality of offered services is confirmed by external customer satisfaction and loyalty surveys as well as internal rankings in which the Bank continuously ranks around the top. Additionally, in the "Bank Client Satisfaction Monitor" external survey conducted by the ARC Rynek i Opinia Institute, **Bank Millennium ranked first in almost all key categories (Satisfaction, Loyalty, Recommendation, Reputation, Fees and commissions, Product rankings).** [GRI 103-1, 103-2, 103-3]

2.1. HIGH CUSTOMER SERVICE STANDARDS

Client Service Standards are updated on periodical basis depending on the client's changing expectations and financial needs. **The Bank has in place, among other things, Standards for the Employees of the Outlets, teams providing the services to Prestige Clients, Corporate Banking Clients, teams dedicated to Hotline, electronic communication, unit handling the client's complaints, and also the employees of the Bank's Head Office.** The Standards are one of the first and key documents which are read by every Bank employee. The standards are discussed in detail and practical exercises are conducted on them during preliminary training and during the first days of employment.

Client Service Standards are intended for all the direct customer service employees, and they contain, among other things, specific guidelines on how to greet/say goodbye to the client, talk to the client, present the Bank's products, clarify doubts or handle the client's complaints.

In the Bank's outlets and the Hotline, the Client Services Standards are augmented and supplemented by **Client Conversation Models** dedicated to everyday banking products (personal account and accompanying products), credit products as well as savings and investment products. They define the framework of conversation with the client on the subject of the Bank's products. Conversation models are a combination of elements related to standards of services, detailed product information, as well as regulatory and procedural elements. Therefore, they provide the client with comprehensive and legible information. Failure to comply with the standards of services involves the risk of unethical sales and misleading the client, which may entail legal consequences and cause harm to reputation.

2.2. APPRECIATING CUSTOMER EXPECTATIONS

Appreciation of the client's expectations is a permanent initial element of each and every project aimed at changing the process, the product, or the client service methods and models in Bank Millennium. **Optimization of those elements always begins with a thorough examination of the client, his/her manner of handling the matters related to banking, and even lifestyle.** Thus a comprehensive client profile may be created, covering his/her motivations, frustrations, hopes and expectations, and, consequently, products or services may be designed which will actually address his/her real needs. This stage, which is considered one of the key stages in the process of executing projects in the organization, always gets the most time and attention from the project teams.

The Bank features a special cell devoted to analyses of the client's expectations and needs within the Bank and the Group. In 2017, when responding to business needs, the researchers reached to traditional quantitative and qualitative surveys, including specific ones, which were particularly useful in the surveys of remote channels - **the UX research** (the research of client experience). **The research of client experience in the outlet employed the tools based on the principles of behavioral economics.** The research also supported the projects carried out according to the **Service Design** methodology, where the full understanding of the client's needs is of key importance.

Quality and Satisfaction Survey	2017	2016	2015	2014	2013
Surveys conducted	21	24	24	15	10
Number of customers surveyed	31,493	39,551	65,207	102,000	138,743
Number of Mystery Shopping visits	4,065	3,900	4,000	4,200	4,300

In 2017, Bank Millennium achieved the highest level of recommendation to-date, measured with the NPS ratio, i.e. 51 (vis-a-vis 39 in the previous year). **The clients emphasized the Bank's strengths such as customer service** (in particular, they mentioned the services provided by the branch employees), **competitive offering** (in particular accounts), **as well as up-to-date solutions offered through internet banking and mobile banking**. The Bank is appreciated in particular by the clients who use the mobile application - for those clients, the NPS ratio reached 69. Amongst all the contact channels, these are the electronic channels that get the highest scores - 96% of clients is satisfied with internet banking and the same percentage (96%) with the mobile application. Amongst the clients who use the services in the branch, **high marks are given to the employees' commitment, their knowledge and skills as well as care for the client's comfort during the visit**. In order to maintain the high service quality level (supported by an external firm), the Bank has continuously conducted the Mystery Shopper survey.

	2017	2016	2015	2014	2013
NPS ratio*	51	39	31	33	32

**indicates clients' willingness to recommend products and services. The presented data concerns individual clients of Bank Millennium.*

Certain Subsidiaries are conducting the client satisfaction surveys on their own, e.g. the Brokerage House collaborates with the Individual Investors' Association on the project entitled "National (Polish-wide) Investor Survey". The results of the survey serve the purpose of learning the investor's profile as well as his/her needs and preferences.

2.3. COMPLAINTS MANAGEMENT

2017 witnessed continuation of the strategy whose purpose is to build a positive client experience and increase the client service satisfaction during the complaint handling process. The documents governing the issues related to complaints are the product rules and the "Complaints Handling Instruction".

The Client may submit the complaint through several channels: in the branch, over the phone, through electronic banking and by mail. **The clients who are especially active are invited to participate in the tests and issue opinions on the newly created products and system solutions**. All the problems reported by the clients are subject to analysis. 73 improvements were implemented in 2017 on the basis of these submissions.

Complaints regarding each and every product are verified by the so-called "Category Manager" who is responsible for the analysis and handling of complaints in the given product. Complaint reports are forwarded monthly to the people responsible for individual products and processes allowing Bank to analyze the quality of services it offers and take optimization measures. A broad range of indicators in the complaints area is reported on monthly basis, and the effects of the entire complaints handling process are presented on regular basis at the Process and Operational Risk Committee meetings and also at the meetings of the Supervisory Board Audit Committee.

Client satisfaction with the complaint process	2017	2016	2015	2014	2013
Clients satisfied and very satisfied with the complaint process	76%	77%	76%	72%	66%
% of clients that recommend the Bank	55%	52%	44%	41%	36%
NPS ratio* with the complaint process	37	36	21	18	5

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

An important project carried out in 2017 was the **implementation of the plain language principles** in communication with the client. Responses to all types of complaints were shortened, made simpler, less elaborate, written in a common language, and therefore more understandable and accessible to an average customer. The work was also underway to implement the most automated possible complaints handling process, as part of which the given complaint will be handled during the first contact with the Bank employee.

The Bank does not restrict itself only to responding to the clients' problems but it **proactively advises of the identified situations** which could result in complaints being filed.

Subsidiaries manage complaints on their own. Millennium Leasing has in place the procedure for submitting and reviewing complaints submitted by the clients. Millennium Towarzystwo Funduszy Inwestycyjnych (Millennium TFI, the investment fund company) is offering its products through distributors of units and does not have a direct contact with the clients. The clients' complaints are submitted to TFI as well as to distributors. The Bank is reviewing the complaints related to provision of customer service by the Bank employees. To the extent involving the quality of products offered by TFI, the complaints are handled, upon the Company's commission, by the transfer agent who keeps the registers of participants and conducts transactions on the units. In the Brokerage House, the complaints are handled jointly by the Bank when they pertain to the services provided by Bank Millennium as the Agent of Millennium DM.

Complaints filed*	2017	2016	2015	2014	2013
Number of complaints filed	44,493	41,750	39,536	41,973	42,811
Number and % of complaints handled in favor of customers	30,315 (68%)	26,755 (64%)	23,787 (60%)	23,061 (57%)	23,195 (54%)
Number and % of complaints submitted concerning privacy breaches or loss of customer data [GRI 418-1]	160 (0.4%)	175 (0.4%)	300 (0.8%)	362 (0.9%)	325 (0.8%)

* complaints handled by Bank Millennium (excluding investment products)

3. RESPONSIBLE ADVERTISING AND SALES

3.1. CLEAR 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, compliance, marketing communication and product teams, 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 Polish Financial Supervision Authority, **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 client. 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. [GRI 103-1,103-2, 103-3, 417-1]

3.2. RELIABLE MARKETING COMMUNICATION

Marketing communication standards

Marketing materials prepared by the Bank Millennium Group are compliant with the laws and regulations applicable to this area, including in particular with:

- the recommendations laid down by the Code of Ethics in Advertising devised by the Marketing Communication Association (SAR),
- the Principles for Advertising of Banking Services of 2008 laid down by the Polish Financial Supervision Authority,
- new Best Practices on consumer loans advertising standards of the Polish Bank Association of 2015,
- provisions of the amended Consumer Loan Act of 22 October 2017,
- Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents Act,
- internal instructions applicable to devising of informational and advertising materials for banking products and services in Bank Millennium as well as the rules for devising commercial publications for the financial products and instruments in Bank Millennium. [GRI 417-1]

Implementation of the marketing communication standards reduces the reputation risk and the risk of sanctions for non-compliance with the regulations. [GRI 102-11, 102-30]

In 2017, there were no cases of non-compliance of the Bank Millennium Group with regulations relating to marketing communications. [GRI 417-3]

3.3. TRANSPARENT INFORMATION ABOUT PRODUCTS AND SERVICES

The Bank shall provide the clients with clear and understandable information on the products via the Bank employees in the sales channels and client service channels such as outlets and the hotline, and in the form of contents in the electronic channels. All the **employees** who provide the clients with information **are properly trained** in the scope required by the law, sectoral regulations, best practices and quality standards implemented by the Bank. **The Bank employees are informed on an ongoing basis about any significant changes** in sales and client service through the Bank's various internal communication channels. The product sales process is executed on the basis of standardized models allowing to **present the offer to the client that is adjusted to his/her needs and expectations** with the options that may be of interest to him/her, along with the information necessary to make an informed decision about the scope of the given product purchased. Compliance with sales standards as well as the scope and quality of information provided to clients is evaluated on regular basis through the Mystery Shopper surveys and as part of client satisfaction surveys. The selling and client service method is also verified and improved using topics of inquiries and complaints received from customers.

On the Bank's website, there is also a section entitled "**Your needs**", where detailed information may be found about the offering and the services recommended by the Bank depending on the client's particular needs.

Advising of mortgage products

A customer who decides to file a loan application at Bank Millennium will receive, at each stage of the process, full information about the product and the associated risks.

Employees of sales departments of Bank Millennium regularly participate in training courses to acquire knowledge about the offered mortgage products, to adjust the products appropriately to the customer's current needs, the course of the credit procedure, with particular consideration given to a number of obligations to inform customers in the process of presenting the Bank's offer, etc. Furthermore, in connection with the entry into force of the "Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents Act", the Bank has conducted a comprehensive training course for all the employees providing directly services to mortgage loan customers. The training covered such issues as: special features of mortgage loan and additional services offered with it, provisions related to credit agreements, execution of real estate sales contracts, valuation of collateral for receivables, organization and operation of land and mortgage registers, functioning of the Member State market, business ethics standards, creditworthiness assessment process as well as financial and economic issues. The Bank also fulfills on an ongoing basis any information duties with respect to its potential or current customers as required in the process of granting of a mortgage loan resulting from relevant laws or recommendations issued by the KNF or UOKiK.

Security of investments

At the Bank, the requirements of the MiFID2 (Markets in Financial Instruments Directive) are observed. In accordance with the requirements of the MiFID2, the Bank, by offering investment services, is obligated before the purchase of a product, in particular:

- to classify the client to one of the three categories of investors
- to conduct a Test to identify target markets and to ensure that the offered investment products and financial instruments and investment services meet the needs of the given client
- to provide reliable and not misleading information about products and risks associated with investments in those products,
- to develop a policy of acting to the best interest of its clients and a policy to prevent the conflict of interest and inform the client about these policies.

To ensure the best possible protection level to its customers, the Bank applies some MiFID2 guidelines also to insurance and investment services, even though this is not required. **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 presented with complete and reliable information on the Bank's products and products and financial instruments 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.**

Any information documents concerning financial products offered by Bank Millennium provides relevant information on the following: the risk associated with investment, legal disclaimers as well as the sites where information on the funds, including financial data, is published.

Before starting to offer financial products without supervision, employee must have at least six months' experience in offering those and must pass a test of knowledge of the products. Employee must also undergo mandatory training on the MiFID2 and a product training in the e-learning form. The product training describes detailed characteristics of the product and clearly points to the risks associated with investments in the product or financial instrument.

If the law or internal regulations governing any financial product change, **e-learning refresher training is made available to employees.** As a result, the employees have adequate and current knowledge of the financial products offered.

Additionally, employees take advantage of regular market and product conference calls and have permanent access to up-to-date current product presentations. [\[GRI 103-2\]](#) [\[GRI 417-1\]](#)

3.4. ETHICAL STANDARDS IN CLIENT SERVICE [\[GRI G4 FS15\]](#)

At the Bank Millennium Group, ethical sale of products is regulated not only in such guidelines as **the Code of Ethics, Book of Standards or legal regulations.** Attaching great importance to the sales quality and high ethics, the Bank also prepared **Client Conversation Models** about Daily Banking products, credit products or saving and investment solutions. The models has been in operation for several years and are gradually updated and optimized. Each implementation of a new model involves a mass implementation of the solution among

direct customer service employees and training for all the employees working with the model at courses conducted by units from the Bank's Head Office.

Compliance with the **Conversation Models and Client Service Standards** is constantly monitored by a unit specially set up for this purpose. Results of the monitoring activity are provided at least once a month both to the Bank's Management Board and the direct superiors of the assessed employees, being also used to take repair actions at the level of the Bank as a whole. The monitoring of compliance with sales standards and ethics is also conducted independently of the Bank by various types of service quality rankings. The Bank treats them as very important and takes into account any conclusions that can be drawn from them.

Minimizing the risk of over-indebtedness

Before offering a product, the Bank investigates the client's needs, which makes it possible to find out the client's knowledge about credit products and his financial standing, and this allow us to adjust the manner of communication and offer a suitable product. **The risk of over-indebtedness and household budget mismanagement is minimized owing to advanced methods of assessing clients' creditworthiness and capabilities used by the Bank.** These methods make it possible to identify situations where a client should not get indebted anymore. The Bank offers to its clients the opportunity to consolidate unsecured debt repaid to other lenders, which often allows them to reduce their monthly credit charges in the household budgets and improve their financial security. Clients using online transaction banking may take advantage of advanced tools for managing expenses, due to which it is possible for them to deepen their knowledge on how to manage their budgets effectively. [GRI 102-11, 102-30]

Assistance in repayment of debt

Clients have access to an offering of consolidation loan with the option of repayment of debt in other banks, without any transfer commission and with reduced interest rate. In addition, once a year, **clients may take advantage of a deferred payment** of one installment of a cash or consolidation loan, which is helpful for those who need, in a given month, to use the funds for the installment repayment for other purposes.

If a loan is not repaid, the Bank first seeks an amicable settlement of the matter, offering the Client the opportunity to enter into restructuring agreements.

Debt restructuring applied by the Bank in the process of pursuing receivables involves the execution of an annex to the original agreement or a separate restructuring agreement, whose content modifies the debt repayment terms binding for the client, as appropriate to the client's standing and financial capabilities. Such modifications may include: **reduction of the monthly repayment amount (temporary or for the entire repayment term), suspension of the payment of an installment in whole or in part, extension of the loan term, reduction of the interest rate, change of the installment payment date, change in the settlement sequence of the amounts to be repaid, change of the collateral or change of the installment amount.** In 2017, approximately 3% of the clients to whom services are provided within the process of pursuing retail receivables benefited from these solutions.

Solutions for clients with a CHF loan

The share of FX mortgage loans in the total portfolio fell to 30% at the end of 2017. The bank recorded a faster rate of mortgage loan portfolio reduction, which means -19.6% year-on-year, partly due to changes in the Swiss franc exchange rate, which was at a similar level to quotations before the abrupt increase of 15 January 2015.

There are two group proceedings against Bank Millennium related to the issue of Swiss franc loans indexing and low own contribution insurance. Cases are at the preliminary stage of recognition, and thus no judgment has been made on these matters. The bank does not accept claims of group members. [GRI 206-1]

Bank Millennium data shows that over 99% of Bank Millennium's CHF mortgage loans number are regularly repaid by the Bank's clients (up to 30 days past due).

In 2017, Bank Millennium continued to use the solutions introduced by the so called "**six-pack**", namely:

1. Accepting a negative LIBOR rate for calculating the interest rate for mortgage loans.
2. A significant reduction of the so called currency spread, which causes a perceivable decrease in the level of loan installments paid by clients.
3. At a client's request, extension of the repayment term or temporary suspension of loan installment repayment so that the installment amount is not higher or just slightly higher than before freeing the exchange rate. Such requests could be made only by the borrower residing in the property subject to the loan.

4. Resignation from demanding new collateral and loan insurance from borrowers repaying loan installments when due.
5. Providing the borrowers with the opportunity to replace the loan currency from CHF to PLN at the exchange rate equal to the average exchange rate published by the NBP.
6. Making the rules for mortgage loan restructuring more flexible for clients residing in properties subject to loans.

In addition, the Bank allowed clients for partial or complete early repayment at the NBP exchange rate or at another rate agreed by the parties, with a simultaneous reduction of the credit margin depending on the amount paid in excess (for partial repayments).

The borrowers in a difficult financial position and those who meet the specific criteria (job loss, monthly cost of mortgage loan service exceeding 60% of the borrower household's monthly income) may additionally take advantage of the **Borrower Support Fund** established by 11 banks, including Bank Millennium. The total amount of available funds upon establishment of the Fund was PLN 600 million.

4. SAFETY OF CLIENT FUNDS

Ensuring safety of the cash entrusted by clients is a priority in the Bank Millennium Group's activity. Efficient management of this area is governed by the policies of information security, prevention of abuse and risk management, code of ethics and best market practices., which are in force both at the Bank and in the Group's Companies. 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.

4.1. COMPLIANCE - ENSURING THAT ACTIVITIES COMPLY WITH THE LAW

The rules and standards to ensure compliance with external and internal regulations are described in the **"Compliance Policy"** for the Bank Millennium Group. When monitoring compliance with internal and external regulations, the following issues are considered by Bank Millennium as particularly important:

- preventing money laundering and financing of terrorism,
- ensuring compliance of Bank Millennium's internal regulations with generally applicable provisions of law and with recommendations formulated by regulatory authorities;
- preventing and 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 financial instruments covered by the EU MiFID2 directive.

A report on the adequacy 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. [GRI 102-17,103-2,103-3]

No fines for non-compliance with the law or regulations were imposed on the Bank in 2017 by a final ruling. [GRI 419-1]

4.2. FRAUD PREVENTION

Bank Millennium fights actively against frauds. The aim is not just to detect the risk but also to prevent its occurrence at the earliest possible stage and to protect clients' funds. Based on the **Fraud Risk Management Program**, elements of a system for counteracting frauds are built and adjusted to the company's needs. The system enables coordination of actions taken by the Bank's various units involved in fraud detection, investigation and prevention, while simultaneously providing professional tools and solutions to ensure effective protection of the Bank.

One of the most important elements of the overall system for combating fraud in Bank Millennium is the **Bank employee** - especially an employee who has direct contact with a client, whether in a branch or through an information line. The success of subsequent steps aiming, for instance, to recover funds lost by a client depends most frequently on that employee's attitude, knowledge and rapid response. That is why **the Bank attaches the greatest attention to training branch employees**. In addition to training for new sales network employees (621 people trained in 2017), a site is run 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 important constituent element of the program is the dedicated **electronic mail account and the alarm telephone number that operate 24 hours a day, 7 days a week and 365 days a year**. Every Bank employee may immediately clear up any doubt related to a suspicion of fraud. Alerts are directed to the Fraud Risk Management Team. It plays a support role, it makes decisions and it directs the next actions to minimize the risk of fraud.

4.3. ANTI-MONEY LAUNDERING AND COUNTERING TERRORISM FINANCING (AML/CTF)

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

The Bank Group's Companies have separate fraud prevention policies; however, the actions taken in the application of these policies are similar. They 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 and the Bank Group Companies adjust their reports on an ongoing basis to the analysis of suspicious transactions, by adding the schemes operating in a given period (sectors, money flow directions, client behavior). These activities aim to identify effectively and report transactions that may be related to the illicit activity of money laundering.

Efficient operation of the fraud prevention policies is procured through the implemented internal procedures, organizational solutions and employee training programs.

AML Program - preventing money laundering	2017 Group	2017 Bank	2016 Bank	2015 Bank	2014 Bank	2013 Bank
Number and % of employees trained	1,572 (26%)	1,247 (23%)	1,093 (20%)	1,259 (23%)	1,256 (22%)	1,539 (28%)
Number of Suspicious Activity Reports (SARs) sent to GILF*	177	176	148	152	134	155
Number of clients reported in SARs	558	557	450	472	502	640

* *new employees of selected units are trained*

4.4. PREVENTING CONFLICTS OF INTERESTS

In 2018 the Bank will implement a new Policy to counter conflicts of interest in Bank Millennium S.A. that has been aligned to the requirements of the Delegated Regulation of the Commission (EU) 2017/565 of 25 April 2016 supplementing the directive of the European Parliament and of the Council 2014/65/EU (MIFID II/MIFIR). According to it **the Bank has implemented effective procedures and means to prevent the emergence of conflicts of interests such as the principles regulating the execution of transactions for the own account of involved persons who are directly or indirectly affiliated with the Bank by a relationship of control; the flow of confidential information and limitations concerning the execution of personal transactions by Bank employees; compensation policy (ensuring that the compensation of Group employees does not constitute an incentive to place their own interests above the interests of a client).**

The Bank's Management Board is responsible for the proper management of conflicts of interests and supervising them. The Compliance Department conveys a report on managing conflicts of interest in intervals that are at least annual, including information concerning all the identified conflicts of interests.

Some Subsidiaries adhere to specific regulations on top of the regulations that span the Bank Group, e.g. Millennium Dom Maklerski has Rules and regulations for managing conflicts of interest in Millennium Dom Maklerski S.A. and a Policy for countering conflicts of interests in Millennium Dom Maklerski S.A. [GRI 102-25]

4.5. ANTI-CORRUPTION

Principles of corruption counteracting are described in the Bank Millennium Group Code of Ethics. To prevent corruption risk the Bank Millennium Group identifies the areas that are the most vulnerable to risk and defines the rules of conduct to prevent corruption including: the rules and conditions for ethically accepting and giving (offering) benefits in the Bank Millennium Group and the rules for Bank Millennium and its Subsidiaries to participate in tenders. A breach of the foregoing rules forms cause for the enforcement of official consequences, and in special cases for criminal prosecution.

The regulations also refer to the Bank's Business Partners. Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank Millennium Group's Code of Ethics by signing a representation to that effect.

Within the framework of mandatory training on the Code of Ethics employees familiarize themselves with the Bank Millennium Group's anti-corruption policy. [GRI 205-2] They may also pose questions and report observed irregularities via a dedicated telephone line or e-mail inbox or they may contact their immediate supervisor or the person running the Compliance Department.

During internal audits, the vulnerability of bank processes to various types of threats and fraud, including corruption, is examined. [GRI 103-1, 103-2, 103-3]

Risk of corruption	2017	2016	2015	2014	2013
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	Lack of detected cases of corruption		1		Lack of detected cases of corruption [GRI 205-1, 205-3]

Some Subsidiaries of the Bank have their own anti-corruption regulations. The Brokerage House has implemented, among other things: Rules and regulations for persons affiliated with Millennium Dom Maklerski S.A. to invest in financial instruments, the Procedure for identifying, classifying and assessing the cash and non-cash benefits accepted and given by Millennium Dom Maklerski S.A. in connection with the rendering of brokerage services. The Millennium TFI (Mutual Fund Management Company) applies the regulations stemming from the legal requirements applicable to mutual fund management companies set forth in the Rules and regulations for accepting and giving incentives. [GRI 103-1, 103-2, 103-3]

4.6. INFORMATION AND TRANSACTION SECURITY

The information security system in place in the Bank Millennium Group 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 information security management system consists of a set of the documented processes in force in the Bank and in the Bank Millennium Group's Companies in the part aligned to the profile of the activity they conduct.

The accepted information security management model determines the comprehensive system for protecting all information processed in the Bank, including information on clients, employees, business partners and transactions. In order to achieve this goal, the Bank uses a broad range of organizational, IT, telecommunication measures and in particular device protection mechanisms, systems, applications, databases and communication channels. The information security management model was construed to safeguard against influence being exerted by key risks such as a potential loss of information concerning financial transactions, a leak of confidential information and inaccessibility of services.

Training on protection of personal data and information-number and % of trained employees	2017 Bank	2017 Group	2016 Group	2015 Group	2014 Group	2013 Group
Classification, processing and protection of information in the Bank*	1,020 (19%)	1,066 (18%)	711 (12%)	923 (15%)	937 (15%)	1,217 (20%)
Personal Data Protection**	1,892 (34%)	1,939 (33%)	1,663 (28%)	2,987 (50%)	3,407 (55%)	3,680 (62%)

* new employees are trained

** new employees of the indicated units are trained

The data and resources of Bank Millennium clients are under constant oversight of a dedicated specialist team ensuring security of all the channels used to access the Bank's products and services. The company attaches particular importance to the security of our customers using electronic channels to access banking products and services by improving technical and operational security measures. The Bank has been using tested and safe methods to confirm identity of IT system users and is constantly developing them to ensure safe and convenient access to the Bank's systems. Our clients may use innovative identification methods such as biometric fingerprint data.

New threats and methods employed by criminals are undergoing constant analysis to be able to counter them even more effectively. In addition, the Bank has been actively collaborating with other financial sector entities in Poland and internationally, sharing its knowledge about contemporary threats, trends and the evolving methods of abuse.

The obligatory educational program applicable to all employees is a significant part of the Bank's information security system. It contains a set of information aligned to the users' needs about the best practices in personal data protection, banking secrets, company secrets and other confidential data.

Moreover, the Bank is constantly honing the safety mechanisms it employs by submitting them to independent evaluations and audits conducted by reputable consulting companies and specialized firms.

Special care is attached to the continuity of services rendered by the Bank. By establishing the integrated Business Continuity Management System, the Bank makes sure that the key processes and IT systems are available regardless of any chance events. The distributed architecture of the Bank's information technology environment increases its resistance to threats and reduces the risk of unavailability of services.

The Bank's initiatives in security enjoy the recognition of independent experts. The Bank received a distinction for Best Practices in IT Systems Security in the 2016 and 2017 Golden Banker contest. In addition, the Bank has unwaveringly been the top player among the largest Polish banks in the independent security ranking prepared by BitSight. [GRI 103-1, 103-2, 103-3]

4.7. INTERNAL AUDIT

The activity of Internal Audit is regulated by the „Audit charter - the principles pertaining to internal audit activity in Bank Millennium S.A.". This is scheduled activity based on the annual audit plan. Planning is based on the evaluation of risks in individual areas and processes of the Bank and of the Subsidiaries to identify the elevated risk and supporting the priorities and resources for implementing tasks. The planning process takes into account consultations with senior management and key process owners. The annual audit plan is approved by the Bank's Supervisory Board and is implemented on a quarterly basis by experienced and qualified professionals.

In 2017, the Internal Audit Department performed audit tasks in the Bank, in the Bank's Subsidiaries, in third party companies to which, where permitted by law, the Bank outsourced the performance of banking and banking-related activities and within the Millennium BCP Group. **The Department's planned activity covered, among other things, the performance of audits of key business processes and support processes, as well as financial audits of branches and compliance with external regulatory requirements.** Tasks performed by the Internal Audit Department also included clarification procedures and preventive inspections.

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 Supervisory Board and to the Bank's Supervisory Board. The 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. [GRI 102-17, G4 DMA, G4-FS9]

Internal Audit - activities in 2017	Number of audits	Including audits in the companies
Process audits	59	5
Financial audits	3	0
Audit of outlets	160	0
Compliance audits: IRF/MiFID	10	1
Additional unscheduled audits	11	1
ICP review, inspections from KNF, BION	4	1
TOTAL:	247	8
Preventive inspections	58	0
Explanatory proceedings (ad hoc)	159	0

5. THE BANK IN THE MARKET ENVIRONMENT

At end of September 2017 Bank Millennium Group was the 7th biggest among commercial banks in Poland by total assets and 6th biggest by deposits. As at the end of 2017 Bank's market share stood at 5% in deposits and 4.4% in loans. Bank Millennium Group, comprising the Bank itself and leasing company, mutual fund management company as well as brokerage house, keeps a relatively stronger position in retail segment (5.7% in deposits and 5.5% in loans, including 6% in payment cards, 7% in mortgage loans and 8% in credit cards transactions). Within companies segment, Bank Millennium Group has above average market share in leasing and factoring products. Distribution of the Group's products and services is done through 355 branches as well as electronic channels, including cash machines, internet, phone and mobile applications.

5.1. COOPERATION WITH TRADE ORGANIZATIONS

The Bank is a member of more than ten industry organizations operating on a regional, national and international level. The most important ones are as follows: Lewiatan Confederation (representing interests of employers in Poland), Stock Exchange Issuers Association, ACI Polish Financial Markets Association, Polish Association of Factors, Polish Association of Private Employers, Banks and Financial Institutions.

Institute of Internal Auditors IIA Polska, Polish-Portuguese Chamber of Commerce, Polish-German Chamber of Industry and Commerce, Employers of Pomerania.

The Bank is also a member of the **Polish Bank Association**, an organization associating and representing the interests of all banks operating in Poland. Specialists from the Bank take part in the work of the Committee on the Quality of Financial Service and the Banking Cybersecurity Center. [GRI 102-13]

5.2. RELATIONS WITH THE CAPITAL MARKET

Bank Millennium is the first Polish bank listed on the Warsaw Stock Exchange. The first trading session in which it participated took place 25 years ago on 13 August 1992. The flotation of Bank Millennium (formerly Banku Inicjatyw Gospodarczych) was the first IPO for the entire financial sector on the capital market, which at that time was at the crawling stage. Presently, the Bank is a member of the WIG Index, WIG Banks, WIG 30, mWIG 40, WIG Poland and the Respect Index.

Fast and accurate information for investors

The priority in investor relations is to provide fair and timely information concerning the strategy, business and financial performance of the overall Bank Millennium Group. The list of communications published by the Bank Group, including their frequency and place of publication, is available on the Bank's website in the Investor Relations section.

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

- **Regular conferences** with the participation of the Bank's Management Board on the quarterly performance of the Bank Group (4 in 2017),
- **Participation in conferences and road shows** organized for investors in Poland and abroad (10), including the largest nationwide conference for individual investors, organized by SII (Association of Individual Investors),
- **Individual and group meetings** with capital market players (373),
- **Current stock exchange reports** (36) and press releases,
- **Dedicated website** in the Bank's portal on investor relations,
- Encouraging people to participate in the annual **Shareholder Meeting**
- **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 (video transmission in Polish and English) and by telephone. A transcript of every conference is available on the Bank's website. The Bank also offers a webcast of the Shareholder Meeting. A transcript of the discussion and resolutions is also available on the Bank's website.

Meetings with capital market participants	2017	2016	2015	2014	2013
Number of meetings	183	192	206	208	134
Number of participants	373	391	418	410	283

ESG Best 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. This means that a violation of any of the principles described in the Best Practices should be publicly announced by the Company promptly in the form of a relevant report.

Bank Millennium in the RESPECT Index for the 10th time



In 2017, Bank Millennium joined the RESPECT Index for the tenth time in a row - it is an index of socially responsible companies. The **RESPECT Index** consists of Polish companies listed on the Main Market of the Warsaw Stock Exchange that espouse the highest standards of corporate governance, information governance and investor relations while taking into account the environmental, social and employee-related factors. Companies in the RESPECT index undergo 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 an external company.

FTSE4Good



FTSE4Good

Bank Millennium joined the FTSE4Good Emerging Index, one of the series of FTSE4Good indices created by FTSE Russell, a member of the London Stock Exchange. It brings together companies from more than 20 countries that stand out in terms of their efforts in environmental protection, social responsibility and corporate governance.

Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR) category



Bank Millennium was recognized as the Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR) category. Euromoney, an international financial industry magazine showed its appreciation for the Bank's transparent method of showing its CSR activities, the variety and comprehensiveness of its programs and above all its innovative approach to clients making it simple and easy to use Bank Millennium's services.

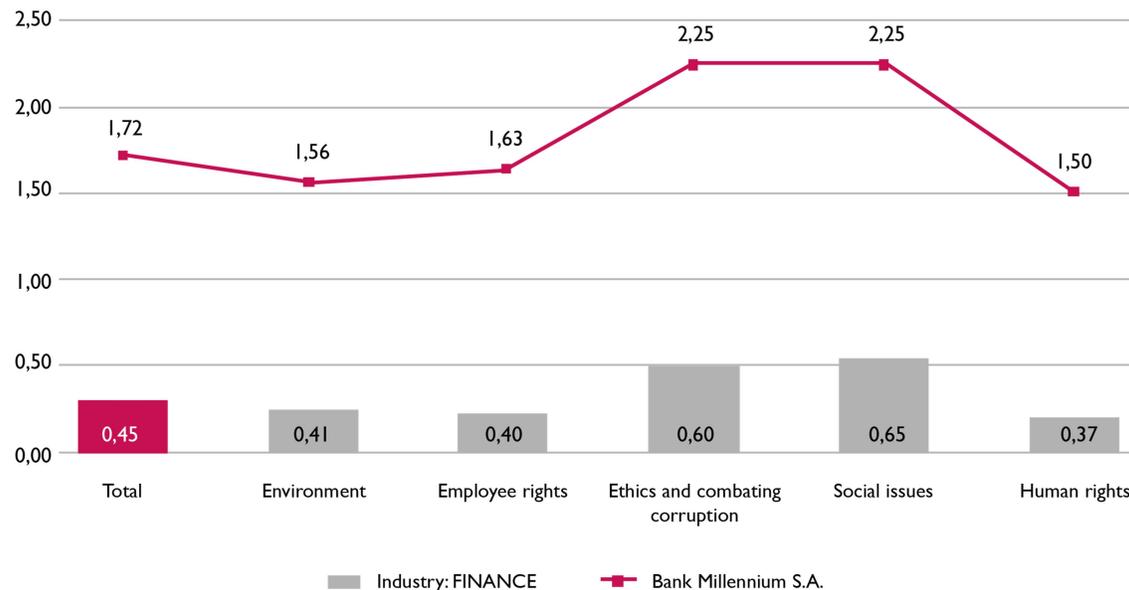
Reporting on ESG issues



ANALIZA **ESG**
SPÓŁEK W POLSCE

Bank Millennium reported very robust results in the ESG analysis on companies in Poland conducted by GES company. This analysis spanned all the companies listed on the main market of the Warsaw Stock Exchange belonging to the WIG20, mWIG40 and sWIG80 indices. The study was conducted using the GES Risk Rating method, which involves an evaluation of environmental protection, social responsibility and corporate governance management systems (ESG) based on publicly available documents and information about the company. The Bank's results are presented below.

Bank Millennium S.A. Company's results compared to the overall industry



6. BUSINESS PARTNERS

Procurement policy

The principles of cooperation with Bank Millennium's suppliers are described in the Instructions for selecting suppliers and making purchases. These instructions define, among other things, how the **procurement process is organized, the role played by the various process participants and the supplier selection criteria. Suppliers are selected in tenders, which allows the Bank to use objective selection criteria.** To ensure transparency of the procurement process, the substantive and commercial evaluations of bids are done by independent Bank units. The chief risk ensuing from inappropriate cooperation with suppliers involves a limitation on the ability to render banking services. [GRI 103-1, 103-2, 103-3]

The Bank cooperates with many business partners as the buyer of products and services from various market segments. The key business partners render services associated with the lease of and support for branches and office space, services and purchase of IT equipment and security and marketing services. [GRI 102-9]

The Bank collaborates with brokers on the basis of agency agreements. Collaboration involves the Bank entrusting businesses to perform the activities prescribed by the agreement related to acting as an intermediary in the sales of mortgage products. Ordinarily, the agency agreements entered into by the Bank are outsourcing contracts.

The Bank's Companies collaborate with business partners on the basis of agency cooperation agreements. These agreements are entered into with business entities or individuals working in a given organizational unit (Representatives).

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.**

To the extent to which the Subsidiaries employ group solutions when buying goods and services, the supplier selection policy in force in the Bank is applied. Specific supplier selection criteria are employed by Subsidiaries

if separate regulations require that, e.g. the ones governing the operations of funds and mutual fund management companies at Millennium TFI.

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 (for example OHS regulations in the contracts for construction or environmental services in agreements on utilization). **Every supplier taking part in a tender procedure must undertake to observe the rules included in the Bank Millennium Group's Code of Ethics, including the respect of human rights and compliance with anti-corruption policies, by signing a representation to that effect.** As of 2017, the clause with an obligation to comply with the Bank Group's Code of Ethics has also been included in the agreements concluded with suppliers. [GRI G4-FS1]

The performance of agreements of significance to 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 2017, the quantity and quality of goods and services supplied was monitored for roughly 1400 agreements by the Bank. In the case of 24 agreements, the suppliers' financial standing and their contingency plans were monitored. The quantity and quality of goods and services supplied was monitored for roughly 1,470 agreements by the Bank Group. [GRI 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 invoice payments.

Products and services purchased	Group 2017	Bank 2017	Bank 2016	Bank 2015	Bank 2014	Bank 2013
Number of suppliers	11,173	5,153	5,378	5,623	5,357	5,142 [GRI 102-10]
% of amounts paid to local suppliers*	92%	88%	89%	93%	93%	92% [GRI 204-1]

*with registered offices in Poland

Invoice payment term*	Group 2017	Bank 2017	Bank 2016	Bank 2015	Bank 2014	Bank 2013
Up to 30 days	87%	75%	69%	72%	83%	77%
31-60 days	11%	21%	28%	25%	14%	17%
Over 60 days	2%	4%	3%	3%	3%	6%

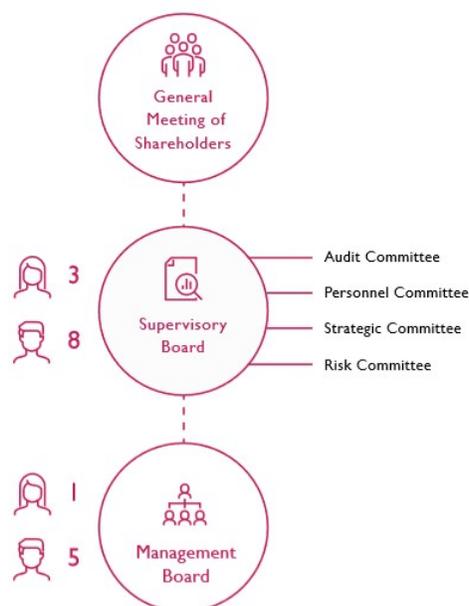
*Percentage of suppliers who were paid within the specified term

III. EMPLOYEES

1. HEADCOUNT

1.1. BANK MILLENNIUM'S AUTHORITIES AND CORPORATE GOVERNANCE STRUCTURE [GRI 102-18]

According to the Articles of Association of Bank Millennium, the Bank's governing bodies include: Shareholder Meeting, Supervisory Board and Management Board.



The **Shareholder Meeting** - among other things it examines and approves the financial statements and the activity report for the financial year, it adopts a resolution on distribution of profit or coverage of loss, it grants a discharge to members of the Bank's governing bodies on the performance of their duties, it selects and dismisses Supervisory Board members and sets their compensation.

The **Supervisory Board** supervises 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, the Strategic Committee and the Risk Committee**. Most Audit Committee members, including its Chairman are independent within the meaning of the Act on Statutory Auditors, Audit Firms and Public Oversight.

The Supervisory Board has **11 members (8 men and 3 women)**. Seven members of the Supervisory Board, including its Chairman, are **Polish citizens**. Six of the **Supervisory Board** members are not related to any shareholder with at least 5% of the Bank's shares. The Supervisory Board's term of office is 3 years.

The **Bank's Management Board** manages all of the Bank's operations and represents it externally. It defines the Bank's organizational structure, the principles pertaining to its operation, work organization and its human resource policy rules. Additionally, the powers of the Management Board include, among others, the following: 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, appointing committees authorized to monitor specified matters in a continuous manner.

The Bank's Management Board has **6 members (5 men and 1 woman)**. **Three Management Board members are Polish citizens**. Management Board members are appointed for three years.

Bank's Management Board by age group	Men		Women		Total	
					2017	
[30-50]	33%		0%		33%	
≥50	50%		17%		67%	
Total	83%		17%		100%	

[GRI 405-1]

Governance structure in the Subsidiaries

The entire Bank Millennium Management Board sits in the Supervisory Board of Millennium Dom Maklerski and Millennium Leasing. Millennium Dom Maklerski is the owner of Millennium TFI. Representatives of Millennium Dom Maklerski and independent members, in accordance with the legal regulations, sit on the Supervisory Board of Millennium TFI. As the Bank's Management Board sits on the Supervisory Board of Millennium Dom Maklerski, it also supervises Millennium TFI (the mutual fund management company).

1.2. HEADCOUNT STRUCTURE

In 2017, the headcount in the Bank Millennium Group remained almost unchanged as in 2016. Most of the employees have signed an employment agreement (99%). The employee turnover ratio is 4%. It grew by 1% in comparison to 2016. Women constitute the majority of employees (68%) and the average employee is 37 years old.

Number of employees

	Men			Total men	Women			Total women	Grand total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium Group	440	1,273	181	1,894	804	2,786	461	4,051	5,945

	Men			Total men	Women			Total women	Grand total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium	432	1,141	143	1,716	767	2,603	425	3,795	5,511

[GRI 102-8]

Employees by type of employment Bank Millennium Group

Type of contract	2017		
	Men	Women	Total
Mandate agreement	0.6%	0.7%	1.2%
Employment agreement	31.5%	67.3%	98.8%
Total	32.0%	68.0%	100.0%

	2017		
	Men	Women	Total
For an indefinite term	25.2%	56.1%	81.4%
For a definite term	6.6%	12.0%	18.6%
Total	31.9%	68.1%	100.0%

Employees by type of employment Bank Millennium

Type of contract	2017		
	Men	Women	Total
Mandate agreement	0.4%	0.4%	0.9%
Employment agreement	30.9%	68.3%	99.1%
Total	31.3%	68.7%	100.0%

	2017		
	Men	Women	Total
For an indefinite term	24.2%	56.5%	80.6%
For a definite term	7.0%	12.4%	19.4%
Total	31.1%	68.9%	100.0%

[GRI 102-8]

Newly-hired Employees

	Men			Total Men	Women			Total Women	Grand total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium Group	263	235	5	503	422	299	20	741	1,244

	Men			Total Men	Women			Total Women	Grand total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium	258	223	5	486	406	281	20	707	1,193

[GRI 401-1]

Employee turnover ratio

	Men			Total Men	Women			Total Women	Grand Total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium Group	8%	3%	1%	4%	7%	2%	2%	3%	4%

	Men			Total Men	Women			Total Women	Grand Total
	< 30 yrs	30-50 yrs	> 50 yrs		< 30 yrs	30-50 yrs	> 50 yrs		
Bank Millennium	8%	4%	1%	5%	7%	2%	2%	3%	4%

[GRI 401-1]

Locally-hired Employees*

Bank Millennium Group	2017		
	Men	Women	Total
Number of employees hired locally	97%	99%	99%
Number of Management Board members and senior managers employed locally	88%	95%	90%

Bank Millennium	2017		
	Men	Women	Total
Number of employees hired locally	97%	99%	99%
Number of Management Board members and senior managers employed locally	85%	95%	88%

* Polish citizens and working in Poland

[GRI 202-2]

Employees by position and gender

Bank Millennium Group	2017		
	Men	Women	Total
Management Board	83.3%	16.7%	0.1%
Upper management	72.0%	28.0%	1.3%
Management	37.6%	62.4%	14.1%
Sales personnel	25.3%	74.7%	54.7%
Technicians	39.9%	60.1%	22.5%
Other employees	37.7%	62.3%	7.3%
Total	31.9%	68.1%	100.0%

[GRI 405-1]

Employees by position and gender

Bank Millennium	2017		
	Men	Women	Total
Management Board	83.3%	16.7%	0.1%
Upper management	70.0%	30.0%	1.1%
Management	36.8%	63.2%	14.1%
Sales personel	24.8%	75.2%	57.8%
Technicians	39.4%	60.6%	21.1%
Other employees	42.3%	57.7%	5.8%
Total	31.1%	68.9%	100.0%

[GRI 405-1]

Employees by age groups

Bank Millennium Group	2017		
	Men	Women	Total
<30	7.4%	13.5%	20.9%
[30-50]	21.4%	46.9%	68.3%
≥50	3.0%	7.8%	10.8%
Total	31.9%	68.1%	100.0%
Average employee age	36.7	37.4	37.2

Employees by age groups

Bank Millennium	2017		
	Men	Women	Total
<30	7.8%	13.9%	21.8%
[30-50]	20.7%	47.2%	67.9%
≥50	2.6%	7.7%	10.3%
Total	31.1%	68.9%	100.0%
Average employee age	36.1	37.3	36.9

[GRI 405-1]

2. WORKING CONDITIONS

2.1. HR POLICY

The Bank Millennium Group's Human Resource Policy establishes the general framework for the functioning of the human resources management area, in particular employee recruitment, management, development and retention as well as the planning and monitoring of the human resources required to pursue Bank Millennium's strategic business objectives.

The Bank Millennium Group also has a **Policy on the compensation of persons holding managerial positions**. It articulates the assumptions used to shape the fixed and variable components of compensation.

Bank Millennium also implemented a **Policy for the selection and assessment of qualifications of members of the management body and persons discharging the most important functions**. It constitutes a tool for ensuring that the persons discharging the most important functions in the Bank Millennium Group, including functions in management bodies, have the requisite professional qualifications and the appropriate reputation. This policy fosters sound Group management, the generation of stable results and the appropriate operational risk management in the long-term perspective.

Additionally, in 2017 a **Diversity Policy** was implemented to show that Bank Millennium operates while respecting human dignity and adheres to the law on equal treatment regardless of age, gender, ethnic or national origin, religion, creed, family status, sexual orientation, health condition, convictions, trade union membership and other premises that could trigger discrimination.

The Bank Millennium Group applies employee regulations that are as uniform as possible, in particular: **Work Rules and Regulations** - laying down the organization and order of work and the related rights and duties of the employer and employees as well as **Compensation Rules and Regulations** establishing the rules and conditions for paying compensation and awarding other benefits stemming from the employees' employment relationship. [GRI 103-1, 103-2, 103-3]

The result of applying HR policies is as follows:

- Creating uniform rules of employment, access to benefits and compensation;
- Checking compensation systems from time to time, including basic salaries, including comparisons with market benchmarks;
- Using balanced appraisal systems aligned to the mid and long-term targets while taking into account quantitative and qualitative criteria;
- Checking qualifications and conscientiously selecting employees for the top positions in the Group;
- Countering conflicts of interest and decision making that poses a threat to the Bank's long-term welfare by introducing more detailed criteria for appraising the work of people in managerial positions referring to their impact on the risk;
- Counteracting discrimination and mobbing through communication, training and implementing an abuse reporting system;
- Enhancing the quality of management by unwaveringly supporting the development of leaders through the M#leaders leadership competence development program;
- Building an organizational culture based on values through the extensive promoting of organizational values and implementing the Code of the Leader.

An important consequence of having uniform employee regulations in the group is the achievement of synergies through the following:

- setting uniform rights and fundamental scopes of duties for bosses and employees,
- having an identical anti-mobbing and anti-discriminatory procedure,
- employing a coherent approach to employee documentation and working time records, including absence from work and overtime work,
- identical rules for physical safety and IT security,
- shared policy concerning work for third parties and a ban on competition,
- a coherent stance on the ethical aspects of how employees function in the work environment,
- the operation of uniform rules and conditions of compensation within the scope of a table of positions and rank and awarding retirement and disability severance pay.

2.2. COMPENSATION POLICY

Compensation policy is one of the tools for executing the Human Resources strategy in the Bank Millennium Group, in particular to bring in and retain stable, highly qualified and innovative staff. All individual solutions concerning compensation systems are prepared according to the principles prescribed by this policy.

The Bank does its best for the compensation-related solutions not to create stimuli inclining people to engage in activities and take decisions that pose a threat to the Bank's long-term welfare and transcend the acceptable risk profile and for them not to incline people to undertake actions at odds with the best interests of the Group's clients and investors. [GRI 102-30]

This policy aims to provide a formal framework for shaping the practice of compensating all the Group's employees from the perspective of corporate governance, institutional safety and the suitability of compensation to the Group's standing, operating magnitude and growth potential.

The main source of income for employees in the Bank Millennium Group is their base salary resulting from their employment contract. Variable compensation is an additional motivational part of the overall compensation.

Regular salary and position reviews are conducted twice a year. Pursuant to an assessment of the Group's financial condition and its business environment, the Bank's Management Board may make a periodic decision to award a pool of funds to be used to modify employees' base salaries. 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.

Policy of variable compensation components

Variable compensation is shaped using differentiated bonus systems whose purpose is to motivate employees to achieve their business and organizational plans. The bonus systems and periodic evaluation criteria in the Bank Millennium Group have been adapted to the specific nature of work performed by employees in the Group's various areas.

The Bank does its best for the motivation mechanisms addressed to the employees of sales units and other units involved in processes related to client service to be devised in such a way that they do not lead to a conflict of interest or incentives that may incline Group employees to place their own interests or the firm's interest first thereby creating a prospective loss for any Group client. [GRI 102-25]

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.

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 exposure. [GRI 102-11, 102-30]

2.3. SIGNIFICANT RISKS RELATED TO THE EMPLOYEE AREA

A significant risk factor in the employee area is the **employee turnover ratio and the prospective loss of competences of importance to the Bank's development.** To prevent this from transpiring the Bank regularly monitors the level of the employee turnover ratio in various organizational areas and it analyzes the reasons for employees to leave. The level of base salaries is also analyzed from time to time. The composition of compensation and its level compared to market benchmarks are subject to assessment. The review of the composition of compensation in the Bank's various units is performed semi-annually.

The Bank does its best for variable compensation systems not to advance work results that in the long-run may prove to be unsatisfactory from the perspective of the Bank and its clients. It strengthens the monitoring of ratios concerning the quality of transactions executed and the quality of client relations and when justified longer assessment periods have been introduced.

For years the Bank has consistently been raising the quality of management and **strengthening an organizational culture based on values**, trusting that good leadership supports not just financial results but a good climate in the organization. The third annual M#leaders leadership competence development program serves this purpose.

The next group of employee-related issues pertains to the **risks related to potential mobbing or discrimination.** The Bank bans all activities exhibiting the attributes of mobbing and discrimination and it

treats such activities as a severe violation of employee obligations. Any employee who believes he or she is a victim of discriminatory practices or mobbing may notify any manager about this fact. Managers go through mandatory training on mobbing and discrimination. [GRI 102-11, 102-30]

2.4. SUPPORTING DIVERSITY AND COUNTERACTING DISCRIMINATION

According to the Human Resource Policy in force in the Bank Millennium Group, the **application of all discriminatory practices** exhibiting the attributes of mobbing or sexual molestation toward employees is **forbidden**. The Bank Millennium Group operates while respecting human dignity, it adheres to the law on equal treatment regardless of age, gender, ethnic or national origin, religion, creed, family status, sexual orientation, health condition, convictions, trade union membership and other premises that could trigger discrimination. The Diversity Policy, the Code of Ethics, the Work Rules and Regulations and regulations pertaining to recruitment govern the issue of respecting diversity. Many measures are the result of implementing these policies:

- All employees go through mandatory training on ethical issues. In addition, the entire management obligatorily attends training on combating mobbing and discrimination in employment. **The Bank has anti-mobbing and anti-discriminatory procedures.** Employees may report abuse anonymously to the stated email address.

	2017 Bank	2017 Group
Number and % of managers trained in discrimination and mobbing	159 (17%)	168 (17%)

* *new managers and directors are trained*

- During employee recruitment, criteria putting one in jeopardy of discriminatory behavior are not applied.** 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 in particular: education, professional experience, general and specific competences, proficiency in foreign languages and the overall match with the profile.
- The Bank analyzes on an ongoing basis the compensation structure and **equality of earnings** and jobs by gender, age and nationality. Interviews are held from time to time with persons leaving the Bank to grasp the reasons for them to leave.
- Extensive communication and support are addressed to employees who are parents. The Bank advises them of their parental rights. People with small children have the possibility of taking advantage of forms of recreation co-financed by the Bank under the **Yes to Parenting** program.
- Benefits such as medical care, group insurance,** co-financing for sport and recreation are offered to all employees, also part-time employees. The Bank encourages employees to take their holiday leaves.
- The Bank lends a helping hand to people in a challenging** financial and health-related situation through the existing social assistance system predicated on the Company Social Benefits Fund. Disabled people may take advantage of office infrastructure that is fully aligned to their capabilities.

Employees with disabilities	2017 Bank	2017 Group	2016 Group	2015 Group	2014 Group	2013 Group
Number and % of employees	41 (0.74%)	44 (0.74%)	35 (0.59%)	39 (0.65%)	43 (0.70%)	37 (0.62%)

[GRI 405-1]

- The Bank has implemented and is regularly following its innovative **M#leaders leadership development program**. Its purpose is to build attitudes and support the actions of leaders not just to generate performance but also to build trust and relations with employees. The program's role is also to strengthen the appropriate attitudes - also to overcome stereotypes and promote openness to employees' various convictions and mold their own responsibility and that of their reports.

- Employees may freely **express their views** on an internal internet forums.
- The HR Department keeps a **register** in which all employee claims are recorded. They are reported to the Process and Operational Risk Committee. A notification is examined using a procedure, which involves, among others: collecting documentation to review the claim, conducting a survey among employees, making a decision to accept or reject the claim and issuing a response to the employee. [GRI 103-2]

1 notification pertaining to actions involving mobbing was recorded in 2017. [GRI 406-1]

Compensation for women and men

In accordance with the Human Resource Policy in force in Bank Millennium, the Bank incorporates information in the compensation policy concerning the market levels of compensation for similar positions. Employee compensation is periodically checked on the basis of the Bank's current strategy, market data and job performance assessments and employee career stages. The Bank strives to devise bonus systems in which the incentive is linked to the nature of the work in a given unit - by formulating reasonable and fair ratios describing job performance and the appropriate incentive systems for a given unit in the bank.

Ratio of basic salary of men to women*

Bank Millennium Group	2017	2016	2015	2014	2013
Upper management	1.2	1.2	1.2	1.2	1.2
Management	1.3	1.3	1.2	1.2	1.2
Sales personnel	1.1	1.1	1.1	1.1	1.1
Technicians	1.5	1.4	1.4	1.4	1.3
Other employees	1.3	1.3	1.3	1.8	1.7
Total	1.5	1.5	1.5	1.4	1.4

Bank Millennium	2017
Upper management	1.2
Management	1.3
Sales personnel	1.1
Technicians	1.5
Other employees	1.3
Total	1.4

* Weighted average, taking into account the group size and the percentage of women in a given group. The difference in compensation levels arises from the calculation method: a category contains positions with different responsibilities and different pay. [GRI 405-2]

2.5. FREEDOM OF ASSOCIATION

No trade unions or collective bargaining agreements function in the Bank. [GRI 102-41]

Dialogue with employees is conducted using internal communication measures. Employees are notified of their right to elect the Bank's **Employee Council** via the Intranet.

The **Świat Millennium** (World of Millennium) portal is a significant part of communication. It serves to inform employees of the most important issues relating to the Bank while making it possible to present employee views and remarks.

Additionally, the HR Department runs a **HR Zone** intranet site on which it regularly posts all the information of interest to employees about employee matters. Every employee has access to his/her own HR information through the **Milliludzie Intranet system**. If this information is not sufficient, an employee may also file a direct inquiry to the HR Department using the **HR Service** employee service system or talk to the dedicated HR Department employee responsible for serving him/her - the HR relationship manager.

Information and opinions are also exchanged with employees 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 this 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.

2.6. EMPLOYEE APPRAISAL

All Bank employees, except for those who are on long-term holiday and other leave, are subject to regular appraisals. [GRI 404-3] According to the Instructions for employee appraisal in Bank Millennium S.A., **this appraisal is conducted on the basis of previously communicated, objective criteria**. The period and the employee evaluation criteria are aligned to the nature of his or her work and refer to important attitudes in everyday work. **This appraisal covers cooperation, engagement, quality, efficiency and management skills. In addition to efficiency and quality criteria, the assessors consider the employee's attitude to risk mitigation, in particular his/her reliable reporting of risks.** The appraisal system allows the Bank to compare work results of different employees and their success rate in achieving the set goals. The evaluation process consists of several stages, which promotes transparency and guarantees a balanced employee appraisal. In the case of sales personnel, more attention is directed towards building long-lasting and stable relations with customers and care for the quality of the credit portfolio.

Periodic employee evaluation may form grounds for an opinion about an employee, promotion, transfers 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.

Job promotions 2017*

Bank Millennium Group	Men	Women	Total
Upper management	6%	5%	5%
Management	14%	12%	13%
Sales personnel	24%	19%	20%
Technicians	12%	15%	14%
Others	16%	15%	16%
Total	18%	17%	17%

Bank Millennium	Men	Women	Total
Upper management	7%	6%	7%
Management	15%	13%	14%
Sales personnel	24%	19%	20%
Technicians	14%	16%	15%
Others	19%	20%	19%
Total	19%	18%	18%

**% of employees in a given group who were promoted*

2.7. PROFESSIONAL DEVELOPMENT [GRI 404-2]**Internal rotation system**

Most job offers in the Bank Group are addressed to internal and external candidates. An employee who would like to develop his or her skills in some other area may report his or her desire to participate in an internal rotation.

85% of recruitment for managerial positions in the branch network is filled with internal candidates.

Assigning employees to participate in interdepartmental projects initiated and overseen by the Bank's Management Board is a permanent practice. This affords an opportunity to share knowledge and gain new skills.

Internal recruitment	2017 Bank	2017 Group	2016 Group	2015 Group	2014 Group	2013 Group
Number and % of employees recruited internally	141	141	112	98	72	121

Rewards for employee

Several initiatives are in progress in Bank Millennium in which employees who stand out through their above average commitment receive rewards:

- **IMPAKT Employee Reward Program** in which employees reward their work colleagues. In 2017, 40 employees were recognized for their commitment, improvement of quality, innovative solutions and accepting challenges that inspire others.
- Selected managers participate in the **M#leaders leadership skills improvement program**.
- Once a year, the best employees and managers are rewarded with the President's Prize for their above average professional achievements. In 2017, 8 Bank employees and employees involved in creating the goodie platform were rewarded.
- Programs are being developed in the Group to enhance employee knowledge and specialization in sales and support. The top performing employees are awarded certificates.

Training system

Every year Bank Millennium employees have an opportunity to participate in internal, external and e-learning training and in conferences and congresses. Some training topics are jointly conducted for the overall Bank Group. For instance, they entail training on regulations applicable to all entities (Occupational Safety and Health, data protection, information security). The HR Department also coordinates management programs run at the Group level such as M#leaders. Joint initiatives with Companies are also conducted in some areas. For example, Millennium Leasing participates in a portion of the programs contemplated for corporate banking. Some individual training is conducted independently by the Companies.

Number of training topics

Bank Millennium		2017	
	full time	e-learning	Total
training	293	395	688

Bank Millennium Group		2017	
	full time	e-learning	Total
training	293	402	695

The most important training activities in 2017 involved the following:

Training for retail branch employees:

- introductory training for new employees,
- workshops pertaining to the quality of client service,
- workshops pertaining to recognizing client needs,
- multiple e-learning training courses chiefly concerning new products, changes to products, procedures and bank applications,
- training courses and professional exams stemming from the implementation of new regulatory regulations.

Prestige relationship manager training

Prestige relationship managers were trained e.g. on the financial markets and investing, as well as Bank products. The program ends with a theoretical and practical examination to confirm the skillful ability to utilize this knowledge in daily work.

The training program to **enhance the skills of relationship managers in building a professional image** was continued in **corporate banking**. It was based on excellent product knowledge, client needs analysis skills and deal structuring, negotiating skills and skills for effectively closing deals. This program consists of a series of e-learning product-related courses, training workshops run by external firms and knowledge-related tests.

Additionally, all the corporate banking relationship managers took part in training sessions to improve their sales effectiveness based on building long-term relations with their clients and implementing regeneration and stress management techniques.

M#leaders skills development program



M#leaders

The **M#leaders** program targeting managers and directors in the Bank is still in operation in the Bank; its purpose is to strengthen leadership competences. This program consists of short workshop sessions administered in small groups. These sessions employ a blended approach including workshops, case studies, group coaching and brainstorming. The participants learn from tried and true practices in leadership, management, communication, team work and inspiration whereby they mutually mobilize one another to apply their knowledge in practice.

Average number of training hours by gender and position [GRI 404-1]

2017 Bank Millennium			
	Men	Women	Total
Upper management	21	19	20
Management	33	39	37
Sales personnel	69	62	64
Other employees	9	6	7
Total	44	47	46

2017 Bank Millennium Group			
	Men	Women	Total
Upper management	20	19	20
Management	31	38	35
Sales personnel	67	61	63
Other employees	8	6	7
Total	41	45	44

2.8. FRIENDLY WORKPLACE

Bank Millennium responds to employee needs in many areas. In addition to providing attractive working conditions, development and social support, the Bank offers programs for working parents, opportunities to take part in charitable activities, employee volunteerism and Millennium Active Zone events promoting a healthy lifestyle. The Bank also supports the cultivation of employees' passions by co-funding MilleClub sporting, cultural and recreational projects.



Facilities for working parents

YES to Parenting is a program addressed to parents and their children. Its objective is to advance the cause of maintaining a healthy balance between employees' work lives and private lives, disseminate information about parental rights and guarantee their widespread observance by all Bank employees. **Under this program employees and their families are invited to participate in contests, excursions co-funded by the Bank and cultural and sporting events promoting spending time together as families.**

Returning after maternity/parental leave [GRI 401-3]

Bank Millennium Group	Men	Women	Total 2017	Total 2016	Total 2015	Total 2014	Total 2013	Total 2012
Employees entitled to leave	4	597	601	615	649	619	478	509
Employees who took leave	3	287	290	338	328	349	319	377
Returned to work after leave	2	261	263	312	291	326	288	334
Employed 12 months after returning from the leave	1	278	279	244	258	313	264	290
Percentage returning after leave	67%	91%	91%	92%	89%	93%	90%	89%
Percentage of employees retained by the Group who returned from the leave	100%	89%	89%	84%	89%	96%	92%	87%

Bank Millennium	Men	Women	Total 2017
Employees entitled to leave	3	571	574
Employees who took leave	2	279	281
Returned to work after leave	1	254	255
Employed 12 months after returning from the leave	1	261	262
Percentage returning after leave	50%	91%	91%
Percentage of employees retained by the Bank who returned from the leave	100%	89%	89%

Individual approach to the form and time of work

In the Bank Millennium Group, employees are subject to one of the following working hour schedules: fixed (the main one), shift-based, task-based or balanced. The selection of a system depends on the type, organization and place of work and the business requirements in a specific area.

In response to an employee's written request, his or her superior may set an individual work time schedule within the framework of the work time system applicable to that employee. Working remotely is also possible through individual arrangements. Employees may work part-time insofar as the conditions for the Group to operate in a given area facilitate that. Many employees with parental rights are taking advantage of this solution.

Charitable campaigns

Every year Bank Group employees participate in charitable races in which the Bank co-funds participation. A **Charitable Auction** has also been held every year for the last 5 years. During this auction employees may purchase the handiwork created by their colleagues from work. The amount collected during the auction is matched by the bank and transferred for treatment of disabled children of the Bank's employees. 500 objects that were auctioned for a total of more than 35 thousand were submitted for the auction in 2017. After the Bank matched that figure, these young beneficiaries received support to the tune of more than 70 thous. PLN.

Employee volunteerism

Employees have the opportunity to pursue their own volunteer campaigns under the **Millantrop** program. This program is run by the Bank Millennium Foundation, which awards grants through a contest to Bank employees to conduct social campaigns. Projects concerning financial education and entrepreneurial development, intergenerational projects, projects for children and youth, projects supporting persons at risk of social exclusion and environmental protection may be submitted under this contest. Those campaigns in which many volunteers are involved, with the highest number of beneficiaries and with a long-term impact on the local community have the greatest chances of winning. This program has been running since 2016 and a total of 312 volunteers (Bank employees, their families and friends) have taken part by conducting 11 projects for schools, care centers, children and youth and environmental protection.

2.9. SOCIAL BENEFITS

Bank Millennium Group employees are offered the same social and financial benefits regardless of the type of employment agreement (for a fixed/unspecified term) and 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.

The Bylaws of the Company Social Benefit Fund regulate the Bank's social activity. According to these Bylaws, the Bank pursues the following initiatives:

- providing repayable assistance for housing purposes in the form of home loans,
- conducting cultural, sporting, recreational and tourist activity,
- organizing events and group meetings, etc.,
- providing material or financial assistance,
- providing financial assistance in individual events of chance, a particularly difficult financial, family or life situation (financial assistance that does not have to be repaid).

Companies tap into the social benefits offering offered by the Bank but they finance it using their own Social Benefits Funds. [\[GRI 401-2\]](#)



Medical Care

CENTRUM MEDYCZNE

Since 2006, Bank Millennium has been cooperating with the ENEL-MED medical center. The private medical care plan allows all the employees equally to have access to basic and specialist 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.

Under its medical agreement, Bank Millennium also negotiated preferential prices for medical packages for spouses, life partners and children up to 26 years of age, retiring employees and the parents of employees under the Senior program.

Medical Care	2017 Group	2017 Bank	2016 Bank	2015 Bank	2014 Bank	2013 Bank
Number of medical partners	1,628	1,628	1,423	1,099	1,300	800
Number of towns with medical care	457	457	413	408	410	375
Employees covered by private medical care*	99%	99%	99%	99%	99%	99%

* employees on child-rearing leave and unpaid leave and employed for less than 1/2 of an FTE are not eligible for these benefits

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.

Promoting a healthy lifestyle



Bank Millennium is implementing the Millennium Active Zone program aimed at promoting physical activity among employees and developing knowledge about healthy lifestyle. Under this program employees took part in team sports races: the Company Race in Warsaw and Wrocław, the Color Run in Poznań, Gdynia, Dąbrowa Górnicza and Warsaw, Runmageddon and the charitable Santa Claus Race - held concurrently in 5 cities.

Sport and recreation activities

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



MilleClub

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** employees may submit cultural and sports projects that promote spending family time.

Bank Millennium Group*	2017	2016	2015	2014	2013
Number and % of employees who used the co-financing Milleclub	1,893 (32%)	2,113 (35%)	1,535 (26%)	2,031 (33%)	2,746 (46%)
Amount of co-financing (PLN)	242,000	282,101	260,000	239,000	276,399

*no data just for Bank Millennium

Cash Benefits and Loans for Housing Purposes

Under their social assistance the Bank and Companies offer **assistance** to employees who are in a particularly difficult material, family or life situation as well as **home loans** bearing low interest rates.

Benefits awarded to employees	2017 Group	2017 Bank	2016 Bank	2015 Bank	2014 Bank	2013 Bank
Financial assistance (PLN)	564,242	502,000	456,600	561,000	415,000	369,976
Number of employees who received financial assistance	159	144	164	163	158	139
Home loans (PLN)	1,171,503	937,503	955,645	1,547,795	1,348,712	1,413,831
Number of employees who received loans	83	73	90	117	117	125

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.

Life insurance	2017 Bank	2017 Group	2016 Group	2015 Group	2014 Group	2013 Group
Number and % of employees who used the offer	3,034 (55%)	3,207 (54%)	3,344 (56%)	3,437 (57%)	3,239 (52%)	3,156 (53%)

3. EMPLOYEE HEALTH AND SAFETY

Bank Millennium Group employees have access to **private medical care**. Additionally, there is a **medical practice** operating at the Bank Millennium Head Office in Warsaw. Every year **influenza vaccinations** are organized in the autumn for all interested employees. The Bank also runs the **Millennium Active Zone** program encouraging people to lead an active lifestyle and under social benefits it offers the **Multisport card** giving unlimited access to sport facilities across Poland. Details concerning these programs are available in the section entitled "Social benefits".

Occupational Health and Safety activities are regulated in the Instructions for managing occupational health and safety and fire protection in Bank Millennium. **They include standard occupational health and safety topics, fire protection, labor law basics and training in these areas.** Companies have their own regulations in this area.

The OHS audit activity is a scheduled activity based on the annual audit plan, which covers at least 50% of all the Bank's branches in any given year. 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.

The key risks related to failing to observe OHS rules pertain to the possibility of employees sustaining unfavorable health consequences (chiefly falling, getting hit and mental and physical burdens), the ensuing absence from work and the requirement to disburse damages. An effective way of preventing these types of risks is to deliver training to employees and administer regular inspections of offices and the bank's branches with an eye to compliance with the rules of fire protection and OHS. [GRI 103-1, 103-2, 103-3] [GRI 102-11]

Occupational health and safety	2017 Group	2017 Bank
Accidents at work*	13	11
Fatal accidents at work	0	0
Lost days ratio**	0.09%	0.10%
Absence ratio***	7.64%	8.00% [GRI 102-30]
OHS training**** - number and % of participants	1,978 (33%)	1,889 (34%)
Branch audits	191	191

* The most common types of accidents are: falls on slippery surfaces and traffic accidents.

**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.

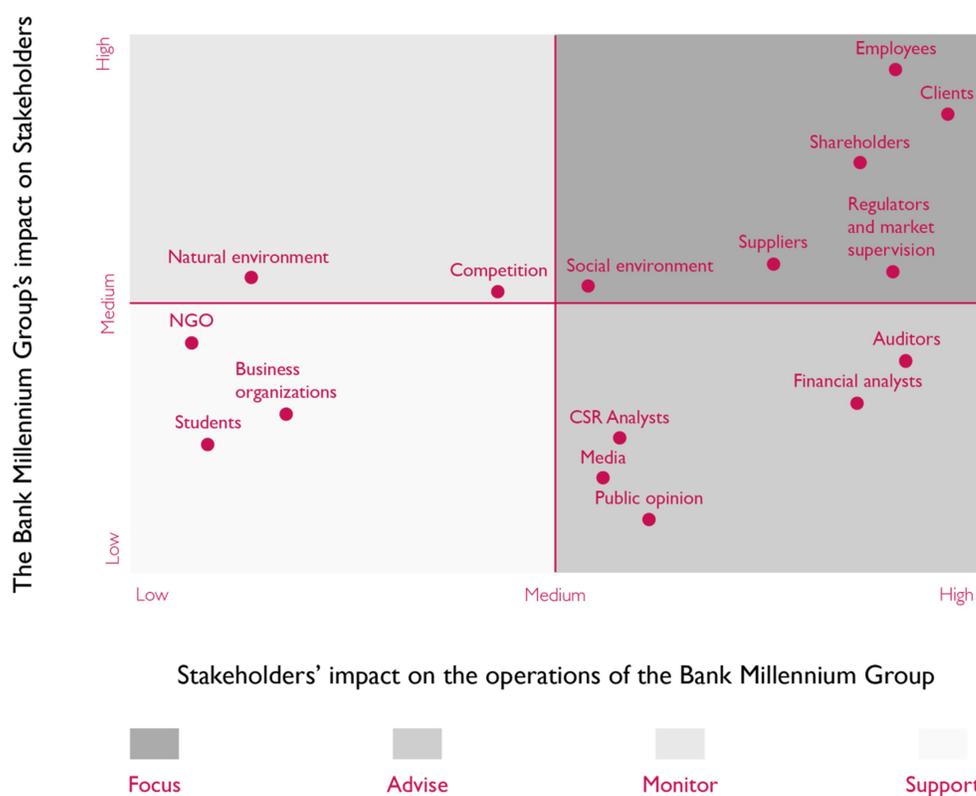
****Introductory and periodic training (conducted once every 5 years) [GRI 403-2]

IV. SOCIETY

1. SOCIAL ENVIRONMENT

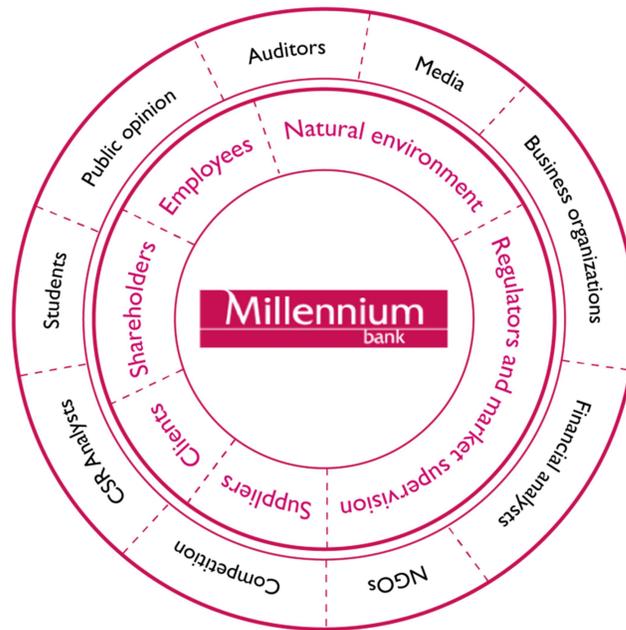
Various Stakeholder groups form the Bank Millennium Group's social environment. The major Stakeholders were selected during the mapping process. It was conducted based on the results of the internal survey to determine the influence of respective Stakeholder groups in the Bank and the Bank's influence on those Stakeholders. The people running the company's units with highest involvement in the implementation of the Bank's CSR policy were asked to fill out the survey.

Stakeholder mapping



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. [GRI 102-42]

Stakeholders in the Bank Millennium Group



[GRI 102-40]

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. Their expectations are taken into account when innovations and improvements are made to the Bank's products, services and operations. The feedback from Stakeholders is received from the following sources: [GRI 102-43]

Main topics reported by Stakeholders [GRI 102-44]

Stakeholder	Channels of communication	Frequency of communication	Topics raised	Bank's actions
Investors and market analysts	General Meeting of Shareholders	Once a year	Transparent activity, quick and easy access to information about the Bank, ethical and socially responsible business.	Observance of corporate governance principles, ensuring transparency, security and ethical character of operations, quick exchange of information through multiple communication channels with Shareholders.
	Roadshows and conferences	Several times a year		
	Meetings	Several hundred times a year		
	Stock exchange communication and press releases	Ongoing		

Clients	Branches, Internet and mobile banking,	Ongoing	High quality of products and services offered, ethical marketing and selling practices, safety of deposited funds, ease of use of products and communication with the Bank, improvements in accessibility of the Bank's services and non-making services.	Fast and easy access unfettered by obstacles to banking and non-banking services, ethical advertising and sales, providing explicit information about the conditions for using services, easy contact with the Bank, ensuring the safety of client funds.
	Website, social networks,			
	Hotline			
	Complaints			
	Product and service satisfaction surveys and customer service quality surveys	Monthly/quarterly/yearly and ad hoc		
	Focus groups	A few times a year		
Employees	Intranet, social forum, chats	Ongoing	Stability of employment and professional development opportunities, fair salary and rewards, ensuring bi-directional communication, conveniences for working parents.	Communication with employees and responding to their expectations, professional competence development programs, programs for parents, activities outside the workplace were co-funded, possibility of participating in sport events and employee volunteerism.
	Whistleblowing system	Ongoing		
	Meeting with the participation of the Management Board	Several times a year		
	Employee appraisal	Once in six months		
Suppliers	Periodic meetings	Several hundred times a year	Fair rules for selecting and cooperating with suppliers.	Use of objective procedures for selecting suppliers; timely performance of agreements; selection of suppliers taking the ethical criteria into account.
	Telephone, e-mail	Ongoing		
	Negotiation and performance of agreements	Ongoing		
Social environment	Offers of cooperation	Several hundred times a year	Supporting social projects by the company and employees.	Merit-based and financial support for social projects; encouraging employees to take part in social and volunteering campaigns.
	Meetings with students	Several dozens a year		
	Employee volunteerism	Several dozens a year		

Environment	Environmental rankings	More than ten a year	Reducing the negative impact on the environment, environmental education of clients and employees.	Monitoring and lowering impact on the environment, environmental education programs.
	Environmental reports for state administration authorities.	More than ten a year		

3. PRO-SOCIAL ACTIVITIES

Social programs are chiefly run through the Bank Millennium Foundation and pertain to three areas: financial education, culture and volunteerism. Supporting innovation and academic education are an important area of the Bank's commitment.

Value of donations and sponsoring (PLN)*	2017		2016		2015		2014		2013	
	Donations	Sponsoring	Don.	Sponsor.	Don.	Sponsor.	Don.	Sponsor.	Don.	Sponsor.
Culture		558,848		573,515	150,000	587,684	145,000	1,407,764	151,000	1,387,250
Education	21,500	219,836	557,000	311,919	103,236		121,700	24,678	993,600	10,520
Charitable causes			88,294		41,168		61,900		45,804	
Other	566,059	211,812					30,000			
Total	587,559	990,495	645,294	885,434	294,404	587,684	358,600	1,432,442	1,190,404	1,397,770

* data for Bank Millennium. Education and cultural programs are also run using the Bank Millennium Foundation's funds.

3.1. BANK MILLENNIUM FOUNDATION PROGRAMS

The social programs run by the Bank Millennium Foundation focus on three areas:

1. Financial education



The Bank Millennium Foundation's flagship education program is called **Financial ABCs**. This proprietary financial education program for preschool children launched in 2016 has been crafted and is delivered by Bank employees in collaboration with a non-governmental organization. Its objective is to explain to these young children some basic financial concepts through fun and games.

This program is run under the patronage of the Minister of Education and the Ombudsman for Children's Rights, which confirms its high educational value. During the two years this program has been in operation, roughly 15,000 children from approximately 200 preschools across Poland have received instruction during nearly 600 workshops. Special educational materials in the form of books, games, coloring books and stickers were put together for the program. Parents - Bank Millennium employees helped create these materials. These books are also available in children's corners in the Bank's branches. [GRI G4-FS16]

2. Cultural education



One of the Bank Millennium Foundation's major objectives is to advance knowledge about art and how to invest in art and promote the accomplishments of young Polish artists. For several years the Bank Millennium Foundation has been a partner for the ranking of young Polish artists and an exhibition of their work: **Youth Art Compass**. The fundamental role played by Compass, in addition to education, is to engage in efforts to build a professional art market in Poland. Collectors, artists, owners of galleries and auction houses and investors treat this ranking as a source of valuable information about the position of young artists. The Foundation has also funded a prize for the winner of this ranking. The results of Youth Art Compass are published every year in the *Rzeczpospolita* daily and they are accompanied by educational articles pertaining to contemporary art, thereby making it possible to reach a higher number of people.

3. Employee volunteerism



The Foundation runs a program entitled **Millantrop** under which grants are awarded in a contest format for Bank employees to conduct social campaigns. Projects concerning financial education and entrepreneurial development, intergenerational projects, projects for children and youth, projects supporting persons at risk of social exclusion and environmental protection may be submitted under this contest. Those campaigns in which many volunteers are involved, with the highest number of beneficiaries and with a long-term impact on the local community have the greatest chances of winning. This program has been running since 2016 and a total of 312 volunteers (Bank employees, their families and friends) have taken part by conducting 11 projects for schools, care centers, children and youth and environmental protection.

Projects in the Bank Millennium Foundation's grant contest in 2016-2017

Number of volunteers	312
Number of beneficiaries	3,735
Hours spent on project execution	709

3.2. CHARITABLE CAMPAIGNS

Charitable runs

Every year Bank employees participate in charitable runs in which the Bank co-funds participation. In 2017 bank teams participated among others in a run called Zawsze Pier(w)si (Breasts Always First), a run to propagate breast cancer prevention and treatment, the Santa Clause Run in which our employees took their place on the podium and the Corporate Run in Warsaw and Wrocław. The income generated by the latter two runs was given to needy children.

Charitable Craft Auction



The Charitable Auction has taken place annually for 5 years. The money collected from it is matched by the Bank and then given for the purpose of treating the disabled children of Bank employees. Employees contribute their handicrafts for an intranet auction (holiday ornaments, photos, paintings, jewelry, decoupage, decorations and others). In 2017, this auction included two handicrafts workshops and calendars containing photos of employees were auctioned. A campaign under the name of "Rescue" was also organized during which money was collected for beneficiaries. Children from one preschool made bookmarks. **More**

than 500 objects that were auctioned for a total of more than 35 thous. PLN were submitted for the auction in 2017. After the Bank matched that figure, these young beneficiaries received support to the tune of more than 70 thous. PLN.

3.3. PROMOTION OF CULTURE

Our activity in the field of culture has constituted an important part of the social activities pursued by Bank Millennium S.A. for nearly 30 years. They are planned based on medium-term action plans and the following assumptions:

- cooperation in long-term programs with clearly defined goals is preferred,
- supported programs should have a broad public audience and be available through the media too,
- major partners in pursuing cultural programs should be first of all cultural institutions, non-governmental institutions and the media.

Bank Millennium supports cultural undertakings with a national and local range alike. **It as a 360° patron of culture as it promotes art in nearly all its manifestations**, including music, painting, sculpture, film, theater, photography, literature and performance. Bank Millennium's interest spans niche and popular culture. Its assumption is to be a long-distance partner. For 17 years it funded the Golden Scepter prize for outstanding creators of culture. For 11 years Millennium Pearls (Perty Millennium) has been a joint program of Bank Millennium and Polish TV (TVP), whose purpose is to produce, promote and present artistic events in the high art realm on Polish TV. For 15 years it has sponsored the Złota Tarka (Golden Grater) Old Jazz Meeting, an International Traditional Jazz Festival. For 6 years it has been associated with the Sacrum Profanum contemporary music festival and for 5 years it has been associated with the Gdańsk Music Festival and for more than 5 years with the Bella Skyway Festival - a multimedia spectacle staged by an international group of artists. For 7 years it was associated with the Two Theaters Festival. It also supported the Mozart Festival in the Warsaw Chamber Opera and many others.



The most important cultural project in which the Bank is a patron is the **Millennium Docs Against Gravity Film Festival**. This is the largest, global documentary film festival in Poland with accompanying events (workshops, discussions and concerts). In 2017, projections and festival events took place in 26 cities in Poland and 48 thousand viewers participated (compared to 4.5 thousand viewers in 2004).

Bank Millennium has partnered with Millennium Docs Against Gravity for 12 years and in 2016 it assumed the role of titular patron over this festival. As a patron of the Millennium Docs Against Gravity film festival the Bank was nominated to receive the prestigious cultural award of Wdechy 2017.

3.4. SUPPORTING INNOVATION

Bank Millennium advances a 360° culture of innovation. This means that it offers innovative solutions to clients and it creates working conditions for employees that are conducive to creating thinking. The Bank also examines trends in its market environment by publishing topical reports and supporting innovation-related events.

Eagle of Innovation Contest



Bank Millennium has been the Strategic Partner in the Eagle of Innovation contest since 2015. **This contest's principal objective is to select and reward businesses that conduct research and development and market new products and services thereby achieving business successes.** In 2017 the contest jury consisting of representatives of this initiative's partners, including among others Bank Millennium, the National Center for Research and Development, the Warsaw University of Technology, the Industrial Development Agency and led by the organizer of the contest, the Rzeczpospolita daily selected the winners. Bank Millennium takes part in many accompanying activities as a strategic partner in this contest. They take the form of recorded debates, articles and commentaries.

Millennium Index Report - Regions' Innovation Potential



Every year Bank Millennium's experts draft a report entitled the Millennium Index Report - Regions' Innovation Potential. **This publication contains a ranking of Polish regions by their innovation potential and it describes the determinants that support and impede the development of innovation in each region.** It also contains commentaries from an extensive group of experts: economists, academics and practitioners, i.e. the heads of the most innovative companies and governmental institutions. This makes it a valuable publication and a source of knowledge for local government authorities on how to level the playing field for regions in Poland. This report is our contribution to the public debate concerning the drivers of regional development in Poland that level the inequalities that exist between them.

National and regional media have cited this report many times. The report was presented at the Economic Forum in Krynica. This has made it possible to reach an extensive group of recipients and spark interest in the subject of developing innovation in Poland.

3.5. SUPPORTING EDUCATION

For years the Bank has been involved in the life of the academic community by giving students and graduates an opportunity to hone their competences and interests and gain their initial professional experience. The Millennium Bankers paid internship program, the regularly recurring Expert Start-up development programs and free of charge training sessions and workshops are permanent elements of this offering.

Student and Graduate Educational Programs

Program	Description	2017	2016	2015	2014	2013
Millennium Bankers	The paid internship program facilitating student involvement in independent complex projects in which they acquire practical knowledge of the banking business. The best apprentices receive job offers from the Bank.	40	34	34	24	20
Millennium Academy	The purpose of free workshops and training for students run by the Bank's specialists is to show the specific nature of a job in banking and present possible career paths. In 2017 the Bank ran a program for the benefit of the Student Scholars Club of Statistics at the Warsaw School of Economics. Workshops, lectures and a research project were concluded with the participation of Bank experts.	180	200	204	211	219
People Grow	is a managerial competence development program for graduates and students completing their final years of study. It is a two-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.	-	3	6	8	10
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 they are running a project. Persons employed for an internship cultivate their analytical skills and in product and project management, e-business and modern technologies.	8	12	4	9	15
Total		228	249	248	252	264

Cooperation with student organizations in 2017

Organization	Implemented programs
AIESEC	In 2017 the 15th annual Ambassador Program was completed and a new form was chosen for the next annual program. Its purpose is to build a bridge between the academic community and the employer by working directly with students. During the academic year students perform tasks on a project basis, they conduct an employer branding analysis of the local market and they represent the company at external events.
Student Scholars Club of Statistics	Trade conferences were conducted in collaboration with the Student Scholars Club of Statistics: for instance, the BIG DATA conference, individual workshops with club members pertaining to recommendation systems, models and risk parameters used in business practice and a special research project concerning the image of banks in social media.
Warsaw School of Economics' Partners Club	Bank representatives take part in meetings with the Council of the Warsaw School of Economics' Partners Club during which elements of the university's strategy and the possibilities of educating students on key competences are discussed. The opening of academic co-working space to support the development of entrepreneurship among interested students regardless of their various courses of study is to be the fruit of this cooperation.

V. NATURAL ENVIRONMENT

1. ENVIRONMENTAL IMPACT MANAGEMENT

The Bank Group minimizes its environmental impact through rational management of materials, monitoring the consumption of water, energy and fuel, introducing environmentally-friendly solutions in its operations, encouraging employees and customers to participate in educational campaigns.

The indicators of the Bank's environmental impact 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. [GRI 103-1, 103-2, 103-3]

The Bank Group **observes environmental protection regulations** (Act on Waste) that impose an obligation of properly managing waste by collecting the requisite documentation (including the Waste Transfer Card), preparing and submitting reports to the pertinent Marshal's Offices on the type and quantity of waste created. A company energy audit is conducted once every 5 years.

The key risks associated with the failure to manage environmental impact involve the possibility of criminal and financial sanctions and reputation loss. Since the Group's operations are not excessively burdensome on the environment, these risks are not assessed as being high. [GRI 102-11]

In 2017 the Bank Millennium Group did not receive information on any case of it infringing the environmental protection regulations. [GRI 102-30, 307-1]

2. REDUCTION OF MATERIAL CONSUMPTION

In the Bank Millennium Group the materials and office equipment procurement system is centralized. The application to submit purchase orders makes it possible to verify the justification for purchasing every order. Monitoring the performance of budgets to procure materials and reduce the number of purchase orders to the level of the current consumption leads to curtailing the consumption of resources and the waste generated.

The method of placing orders and the prerequisites to purchase new office furnishings and equipment is regulated by internal instructions. Every purchase order is checked separately with an eye to the justification for the purchase and the standards prevailing in the Bank. Effectively managing own resources through re-use makes it possible to limit the purchases of devices such as counters, shredders, coolers, microwaves, furnishings and office accessories.

Consumption of purchased materials (kg) [GRI 301-1]	2017 Group	2017 Bank	2016 Bank	2015 Bank	2014 Bank	2013 Bank	Change 2017/2016	Reasons for change
Paper and paper rolls for operational needs	294,393	278,998	292,255	302,991	300,750	322,822	-4.54%	- eliminating printouts for internal transactions through the automation of the ATM settlement process, - consolidating agreements for several banking products into a single 8w1 agreement, - active online bank statement service, - limiting the number of the Bank's customer service manuals
Envelopes	61,070	59,422	56,140	73,208	71,533	93,874	5.85%	- additional mass mailing to clients

Plastic articles	13,920	13,493	12,822	12,155	11,793	12,689	5.23%	- maintained higher limit for disposable thermal cups and safe envelopes - improve customer service quality; - the rise in the usage of safe envelopes ensues from the personal data protection requirement
Consumable materials for printing devices	bd	827	970	1,326	1,469	1,677	-14.72%	- effectively managing own resources and checking each purchase order in the context of the justification for a purchase; - increasing the number of devices, combination locks
Batteries	449	408	364	411	420	434	12.21%	

3. WASTE MANAGEMENT CONTROL

In 2017, the Bank recorded a 36% increase in the volume of waste it generated.

Paper, metal, wood, plastic, glass and electronic waste produced in the course of the operating activity of the Bank and some of the companies is recycled or utilized by a specialized company with which the Bank has signed a contract. **80% of the waste is recycled.**

Municipal waste from the Bank's Head Office in Warsaw is collected by a specialized company. Roughly 60% of the municipal waste is recycled. The Bank's Head Office has introduced waste segregation into four fractions (plastic, paper, glass and other). Containers to collect batteries and small electrical waste have been put in place. A campaign to collect large size electronic waste takes place once a year. Social rooms in branches are equipped with built-in trash segregation waste bins.

Recycling and Disposal of Materials (kg) [GRI 306-2]

Bank Millennium*	2017	2016	2015	2014	2013	Change 2017/2016	Reasons for change
ICT equipment and devices	17,210	9,052.5	19,913	10,001	23,176	90.11%	Periodic replacement of the slowest ICT equipment in the head office and branch network no longer fit for use.
Paper	289,815	224,581	249,311	342,379	262,312	29.05%	Shredding documents whose storage period in the external archive has expired in a given calendar year.
Metal waste and cable	7,020	6,388	7,162	3,060	6,197	9.89%	The growth recorded in 2017 in the quantity of waste to be recycled / utilized stems from branch network optimization (relocation, reconstruction, closure).
Plastic articles	1,253	209	770	1,049	1,195	499%	
Glass	1,581	16	3,690	1,354	240	9.781%	The disposal of equipment withdrawn from use that is not suitable for continued use since it has been fully exhausted or damaged.
Furniture	14,177	8,656	8,841	4,877	3,402	63.78%	

Lead batteries	380	102	4,448	n/a	n/a	272.55%	The growth in plastic for recycling is the outcome of eliminating waste bins under desks and introducing segregation containers shared on the various floors.
Waste printing toner	406	154	n/a	n/a	n/a	163.64%	
Mixed concrete and brick rubble waste, waste from construction sites, renovations and disassembly	7,556	3,500	n/a	n/a	n/a	115.89%	Waste created as a result of branch network optimization efforts - investments / reconstruction / relocation, etc.
Recycled waste (%)	80%	88%	88%	92%	92%	-8%	

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

4. MONITORING ENERGY, WATER AND FUEL CONSUMPTION

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

Energy i water consumption* [GRI 302-1]

Material	2017	2016	2015	2014	2013	Unit	Change 2017/2016
Electricity purchased	26,137,322	28,919,799	22,730,441	30,368,048	30,242,556	kWh	-9.62%
Heating energy purchased	66,745	66,993	81,417	98,684	105,841	GJ	-0.37%
Natural gas	169,916	155,237	152,726	186,651	232,432	M3	9.45%
Heating oil	9,131	13,570	13,832	37,459	69,279	L	-32.71%
Water [GRI 303-1]	72,078	68,511	70,703	71,307	73,811	M3	5.20%

* in the Group Bank Millennium - Companies cover utility expenses in the rental fee paid to the Bank

Fuel consumption

Fuel consumption by the car fleet has decreased by about 20% compared to 2016.

In 2017 Bank Millennium replaced nearly all the cars in its fleet with hybrid models. That signifies a considerable reduction in exhaust emissions into the environment. The fleet will emit more than 500 tons of CO₂ less per annum (a 20.6% reduction in emissions) in comparison with the level prior to replacing the cars.

Fuel consumption

Bank Millennium	2017		2016		Change 2017/2016	
	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	333,767	203,889	428,460	232,575	-22%	-12%

Bank Millennium Group	2017		2016		Change 2017/2016	
	Gasoline	Diesel	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	433,156	249,621	521,962	297,936	-17%	-16%

Business travel

The Bank uses limits for the use of various types of transportation 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.

Business travel (km)*	2017	2016	2015	2014	2013	Change 2017/2016
Air	212,425	185,227	241,638	302,348	329,725	13%
Taxis	3,155	1,716	1,317	2,059	1,203	46%
Railway	2,227,450	1,923,347	1,794,890	1,587,130	1,229,645	14%
Bus	247,495	211,568	199,432	176,348	73,966	14%

[GRI 302-1]

* data for Bank Millennium; the Companies do not maintain a register of km traveled

The growth in the costs of transport by rail, bus and taxi stemmed from the higher number of training sessions /conferences addressed to sales departments.

New employees participating in introductory training sessions in Warsaw are transported by taxi from their hotel to a training session in the Bank's Head Office because there are some impediments to using the municipal transport system. The growth in the costs of airfare was driven by more than doubling the number of international business trips.

Companies handle their business travel on their own.

Greenhouse gas emissions [GRI 305-1]

In 2017, over 95% 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 67% and 27%, respectively), while some 5% 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 means of transportation. **In 2017, the organization's CO2 emissions were reduced by about 7% compared to 2016.** This result was the outcome of reducing fuel consumption in its own power installations and cars and the decline in electricity consumption.

The CO2 emission reporting scope pertains to direct emissions from burning fuel in its own sources of energy and cars, indirect emissions from burning fuel to generate the electricity and heat purchased by the organization and other indirect emissions resulting from burning fuel in means of transportations not controlled by the organization, i.e. taxis, aircraft, trains and buses. The data pertaining to emission ratios come from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, Guidelines to DEFRA's / DECC's Greenhouse Gas Conversion Factors for company reporting, domestic environmental agencies, i.e. kobize.pl and kape.gov.pl and the Bank's electricity supplier.

Banku Millennium Group	2009	2010	2011	2012	2013	2014	2015	2016	2017
The CO2 emission in the years was, respectively (tons of CO2):	42,161	41,294	39,117	43,305	42,787	41,819	32,127	35,971	33,295
Total CO2e emission in the years was respectively (tons of CO2e*):	40,643	41,854	39,659	43,879	43,346	42,388	32,636	36,151	33,462

* CO2e - CO2 equivalent - emission of just carbon dioxide resulting from direct emissions from the combustion of fuel and indirect emissions from electricity and heat consumption and business travel plus the emission of other greenhouse gases, i.e. methane (CH4) and dinitrogen monoxide (N2O) emitted in trace amounts in the above combustion processes.

The foregoing data pertaining to what is known as the Carbon were calculated on the basis of the methodology entitled Green House Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition WBCSD (World Business Council for Sustainable Development).

5. INTRODUCTION OF ENVIRONMENTALLY-FRIENDLY SOLUTIONS

To optimize the consumption of energy, water, fuel and materials purchased by the Bank Group, multiple solutions have been introduced.

Plastic

Action	Description
Limiting plastic consumption	<ul style="list-style-type: none"> - popularity of payments using a virtual card in a mobile application reduces the need to issue plastic cards; - limits on ordering bottled mineral water, plastic cups and stirrers (16% decline in consumption in 2017). 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 purchase order for materials and office equipment in terms of the justification for the purchase and the defined limit, thereby contributing to reduced consumption of resources.

Paper

Action	Description
Restrictions on printing of transaction documents	<ul style="list-style-type: none"> - 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.
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	<ul style="list-style-type: none"> - 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; - On-line trade finance module - solution for corporate clients facilitating electronic orders and remote correspondence with the Bank.

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.

- some documents are posted on the Bank's website, making them directly accessible to 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 concerning all the products held in the Bank.

- access to e-administration. Official applications may now be filed through the electronic banking facility, which reduces the consumption of paper.

- electronic statements - electronic statements are the default option for every new client concluding an agreement for bank products and services. It is possible to opt out of this option at a client's request. **82% of our clients use on-line statements.**

- cash disbursement requests may be filed electronically.

- the goodie procurement platform launched by Bank Millennium makes it possible to browse stores' online offers and electronic newspapers instead of their hard copy counterparts.

Product sales via remote channels

- switching more and more services over to electronic channels (e.g. the purchase of insurance and urban transport tickets) makes a considerable contribution to reducing the number of hard copy documents generated by clients.

- Retail Clients may apply for credit and savings products using remote channels where paper documentation does not exist at all. In this process, an agreement is approved by the SMS P@ssword and its wording is available in the system, so it does not need to be printed out.

- corporate clients are encouraged to apply for loans and payment cards through the web banking system, in which the entire documentation is uploaded remotely. They also may provide the Bank with the electronic versions of documents required in the lending process.

Marking in branches

- screens displaying marketing content instead of printed posters;

- 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	2017	2016	2015	2014	2013
Number and % of clients	1,685,746 (82%)	1,390,750 (75%)	1,141,113 (68%)	950,789 (62%)	779,399 (54%)

Electricity and water

Action	Description
Energy savings in branches	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<p>is a continuous process. Based on the financial data, a ranking of energy recipient by its consumption is prepared. Branches with the highest energy consumption rates are controlled and 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.</p>
Rational management of energy consumption	<ul style="list-style-type: none"> - Air conditioning is set at 21 degrees Celsius and ceases to operate after working hours; - reduction of temperature in rooms with continuous power supply devices from 21 to 18 degrees Centigrade; - 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; - stickers have been introduced for monitors containing a reminder to turn off the computer monitor after the work is complete; - the evening working time of cleaning crews was reduced from 6 to 4 hours, whereby the lights in the Bank's head office buildings may be switched off earlier; - reduction of contracted power supplied to the branches from 25kW to 20kW.
Design of services	<p>The processes in the internet and mobile banking system are designed to take as little time as possible and involve the least amount of formalities. The agreements are signed with an SMS password signature, which saves paper and energy (by reducing the time of work with the computer or the phone).</p>
Optimization of water consumption	<ul style="list-style-type: none"> - installation of water perlatators in toilets and kitchens - setting the minimum water usage level in toilet flush tanks

Energy savings in branches	2017	2016	2015	2014	2013
Branches with LED lighting	355 (100%)	369 (100%)	410 (99%)	316 (74%)	233 (53%)
Branches with panels turned off at midnight	307 (86%)*	312 (84%)*	363 (87%)*	377 (89%)*	395 (90%)
Energy-saving sources of light in branches	80 (22%)	72 (19%)	49 (12%)	27 (6%)	16 (4%)

[GRI 302-4]

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

Fuels

Action	Description
Hybrid vehicles	Nearly all the cars in the Bank's fleet have been replaced with hybrid models. That signifies a considerable reduction in exhaust emissions into the environment. The fleet will emit more than 500 tons of CO ₂ less per annum (a 20.6% reduction in emissions) in comparison with the level prior to replacing the cars.
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 700 video conferences were held in 2017.

[GRI 302-4]

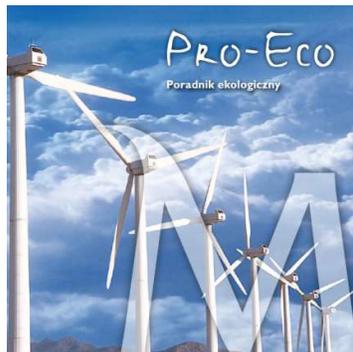
6. BANK'S ENVIRONMENTALLY FRIENDLY PRODUCTS AND SERVICES

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

List of environmentally friendly products offered by Bank Millennium

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

7. 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.

Campaign for Bank volunteers to plant trees



Under the Bank Millennium Foundation's employee volunteerism program approximately 40 volunteers from Bank Millennium with their families planted 200 trees in the Bródnowski Forest in Warsaw. Pear, plumb and mountain ash trees among others were planted. Their fruit is a component in the diet of many species of animals and they constitute an important element of a forest's ecosystem. Animations and environmental workshops for children run by representatives of the campaign's co-organizer, the Aeris Futuro environmental foundation accompanied the tree planting campaign.

VI. ABOUT THIS REPORT

1. APPROACH TO REPORTING

About this report

The Bank Millennium Group's non-financial report depicts the operations of the Bank Millennium Group during the period from 1 January 2017 to 31 December 2017 [GRI 102-50], unless stated otherwise. This report has been prepared in accordance with GRI Standards: option "Core" and in accordance with the non-financial reporting requirements imposed by the amended Accounting Act. [GRI 102-54] It contains a recap of the Bank Group's activity in the sustainable development context, i.e. in the economic, social and environmental areas. The Bank Group publishes reports annually. [GRI 102-52] The most recent report was published for 2016. [GRI 102-51]

The report describes the operations of the Bank and the Bank Millennium Group's major companies: Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. [GRI 102-45] There were no significant changes during the reporting period in the organization and its supply chain. [GRI 102-10]

This report has undergone no significant changes in its reporting scope and reporting boundaries compared to the most recent publication in 2016. [GRI 102-49] Nor does this report contain any adjustments to the information in the previous report. [GRI 102-48]

Methodology

The process of defining the report's contents entailed a review of the hitherto reporting issues in accordance with the three steps required by the GRI Standards, i.e. identification, prioritization and validation. On this basis, an analysis was first conducted of the research conducted among the key Stakeholders (clients and employees), internal documents, sustainable development practices and trends in the industry as a result of which a list of the reporting aspects aligned to the Bank Group's operations was created. The aspects selected were subject to prioritization by the managers of the Bank and Companies from the vantage point of two criteria: reputation impact and the Bank's business strategy. As a result, the list of aspects pertaining to the Bank Millennium Group's sustainable development was updated. [GRI 102-46]

Below please find the list of 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 two criteria mentioned above. The first group consists of the key aspects for the Bank Group's operations that have been captured in detail in the report. Their description entails the management approach used and the specific resultant outcomes. The second group of topics are the ones that reference the Bank Group's operations to a medium degree. Their description in the report is limited to the resultant outcomes or a qualitative description. The third group of aspects consists of issues of lesser significance. Concise information or reference to other documents may be found in the report.

The analysis of all these aspects gives consideration to their nature and impact. The boundaries of the internal aspects have been labeled with the letters (int.), while external ones have been labeled with the letters (ext.). The nature of the impact has in turn been divided into a direct impact (d) and an indirect impact (i) - related to the firm's business relations. [GRI 103-1]

The aspects of the Bank Millennium Group's sustainable development reporting [GRI 103-1, 102-47]

Group 1: KEY ASPECTS

1. Corporate values (int.,ext.,d.)
2. Legal compliance (int.,ext.,d.)
3. Quality of Customer Service (ext.,d.)
4. Free competition (ext.,d)
5. Ensuring the safety of the deposited funds (int.,ext.,d)
6. Technologies and innovations (int.,ext.,d)
7. Accessibility of financial services (ext.,d)

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

Group 2: ASPECTS OF MEDIUM SIGNIFICANCE

1. Business performance (int.,ext.,d)
2. Marketing communication, ethical marketing (ext.,d)
3. Employee satisfaction (int.,d)
4. Transparency and dialogue with the environment (ext.,d.)
5. OSH in the workplace (int.,d)
6. Relationships with Stakeholders (ext.,d.)
7. Protection of client privacy (ext.,d.)

This report contains resultant data and descriptions.

Group 3: LESS SIGNIFICANT ASPECTS

1. Respecting human rights (int.,ext.,d.)
2. Advisor's competences, customer service (ext.,d.)
3. Recruitment (int.,d.)
4. Diversity (int.,d.)
5. Employee development and training (int.,d.)
6. Customer service for disabled people (ext.,d.)
7. Combating corruption (int.,ext.,d.)
8. Employment terms (int.,d.)
9. Procurement practices (ext.,d.)
10. Financing environmentally-friendly investments (ext.,d.)
11. Financial education (ext.,d.)
12. Employee volunteerism (int.,d.)
13. Counteract mobbing (int.,d.)
14. Charitable and sponsoring activity (ext.,d.)
15. Non-financial risk management (int.,ext.,d.)
16. Employee benefits (int.,d.)
17. Environmental impact related to electricity consumption (ext.,d.)
18. Issues related to the climate and the associated emissions into the air (ext.,d.)
19. Sewage and waste, including hazardous waste (ext.,d.)
20. Environmental impact related to water consumption (ext.,d.)

Concise information in the report or reference to other documents.

Employees and managers responsible for various reporting areas were involved in the reporting process. The CSRinfo consulting company supported the stage of defining the report's content. This report is not audited externally. The report has been subjected to the Materiality Disclosure Service. It refers to GRI Standards from GRI 102-40 to GRI 102-49 and verifies whether at the time of publication of the report these disclosures were correctly placed both in the GRI Content Index and in the final report text. [\[GRI 102-56\]](#)

2. ACCOUNTING ACT COMPLIANCE TABLE

Obligatory items from the Accounting Act	Group (page)	Bank (page)
Description of the Business Model.	10-11	10-11
Description of the policy on combating corruption.	36	36
Significant risks adversely affecting the issue of combating corruption.	18	18
Description of the policy on human rights.	21	21
Significant risks adversely affecting the issue of human rights.	18	18
Description of the policy on social issues.	15,20-21,25,28-29,31-37,41-42	15,20-21,25,28-29,31-37,41-42
Significant risks adversely affecting social issues.	18	18
Description of the policy on employee issues.	49-56,58-59,61	49-56,58-59,61
Significant risks adversely affecting employee issues.	18,50-51	18,50-51
Description of the policy on environmental issues.	72	72
Significant risks adversely affecting environmental issues.	18	18

3. GRI STANDARDS CONTENT INDEX [GRI 102-55]



THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE GRI STANDARDS (OPTION: CORE). THE FINANCIAL SERVICES SECTOR SUPPLEMENT HAS BEEN USED.

GRI Standard	GRI Standard title	Disclosure number	Disclosure title	Page number
General Disclosures				
GRI 102	General Disclosures	102-1	Name of the organization	6
GRI 102	General Disclosures	102-2	Activities, brands, products and services	6
GRI 102	General Disclosures	102-3	Location of organization's headquarters	6
GRI 102	General Disclosures	102-4	Location of the Organization's offices	6
GRI 102	General Disclosures	102-5	Ownership and legal form	7
GRI 102	General Disclosures	102-6	Markets served	7
GRI 102	General Disclosures	102-7	Scale of the reporting organization	7
GRI 102	General Disclosures	102-8	Information on employees	44-45
GRI 102	General Disclosures	102-9	Supply chain	41
GRI 102	General Disclosures	102-10	Significant changes in the organization and its supply chain	8,42,82
GRI 102	General Disclosures	102-11	Precautionary Principle or approach	18,19,31,33,50-51,61,72
GRI 102	General Disclosures	102-12	External initiatives supported by the organization	16, 27
GRI 102	General Disclosures	102-13	Membership in Organizations	39

GRI 102	General Disclosures	102-14	Statement of the senior management	5
GRI 102	General Disclosures	102-15	Description of key impacts, risks and opportunities	16, 18
GRI 102	General Disclosures	102-16	Values, principles, standards and norms of behavior	20
GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	21, 34, 38
GRI 102	General Disclosures	102-18	Governance structure	43
GRI 102	General Disclosures	102-25	Conflict of Interests	36, 50
GRI 102	General Disclosures	102-26	Senior management's role in setting goals, values and strategy	16
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	16, 18-19, 31, 33, 50-51, 62, 72
GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	16
GRI 102	General Disclosures	102-40	List of the Stakeholder groups	64
GRI 102	General Disclosures	102-41	Collective bargaining agreements	53
GRI 102	General Disclosures	102-42	Identification and selection of Stakeholders	63
GRI 102	General Disclosures	102-43	Approach to engaging Stakeholders	64
GRI 102	General Disclosures	102-44	Key topics and concerns raised by Stakeholders	64
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	82
GRI 102	General Disclosures	102-46	Defining the report's content and boundaries	82
GRI 102	General Disclosures	102-47	List of material topics	83
GRI 102	General Disclosures	102-48	Restatements of information	82
GRI 102	General Disclosures	102-49	Changes in reporting	82

GRI 102	General Disclosures	102-50	Reporting period	82
GRI 102	General Disclosures	102-51	Date of the most recent report	82
GRI 102	General Disclosures	102-52	Reporting cycle	82
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	91
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	82
GRI 102	General Disclosures	102-55	GRI Content Index	85
GRI 102	General Disclosures	102-56	External assurance	84
Approach to management				
GRI 103	Approach to management	103-1	Explanation of the material topic and its boundary	16 (economic performance), 20 (ethics), 22,27-28 (customer service), 31 (ethical marketing and sales), 36 (anti-corruption), 37 (safety of funds), 41 (procurement practices), 49, 61 (employment terms), 72 (environmental impact), 83 (reporting boundaries)
GRI 103	Approach to management	103-2	The management approach and its components	8,16 (economic performance), 19 (risks), 20 (ethics), 22,27-28 (customer service), 31-32 (ethical marketing and sales), 34 (compliance), 36 (anti-corruption), 37 (safety of funds), 41 (procurement practices), 49, 61 (employment terms), 72 (environmental impact)
GRI 103	Approach to management	103-3	Evaluation of the approach to management	16 (economic performance), 19 (risks), 20 (ethics), 22,27-28 (customer service), 31 (ethical marketing and sales), 34 (compliance), 36 (anti-corruption), 37 (safety of funds), 41 (procurement practices), 49, 61 (employment terms), 72 (environmental impact)
Topic Specific Disclosures				
GRI 201	Business Performance	201-1	Direct economic value generated and distributed	9

GRI 202	Market presence	202-2	Proportion of senior management hired from the local community	47
GRI 203	Indirect economic impact	203-1	Investments in infrastructure and supported services	26
GRI 204	Procurement practices	204-1	Proportion of spending on local suppliers	42
GRI 205	Combating corruption	205-1	Operations assessed for risks related to corruption	36
GRI 205	Combating corruption	205-2	Communication and training on anti-corruption procedures and policies	36
GRI 205	Combating corruption	205-3	Confirmed incidents of corruption and actions taken	36
GRI 206	Anti-competitive behavior	206-1	Proceedings concerning anti-competitive behavior, antitrust and monopolistic practices	33
GRI 301	Materials	301-1	Materials used by weight and volume	72
GRI 302	Energy	302-1	Consumption of energy in the organization	74, 75
GRI 302	Energy	302-4	Reduction of energy consumption	80
GRI 303	Water	303-1	Water withdrawal by source	74
GRI 305	Emissions	305-1	Direct greenhouse gas emissions	76
GRI 306	Sewage and waste	306-2	Waste by type and disposal method	73
GRI 307	Environmental compliance	307-1	Non-compliance with environmental laws and regulations	72
GRI 401	Headcount	401-1	New employee hires and employee turnover	46
GRI 401	Headcount	401-2	Benefits offered to employees	59

GRI 401	Headcount	401-3	Parental leave	57
GRI 403	Occupational Health and Safety	403-2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities	62
GRI 404	Training and education	404-1	Average hours of training per year per employee	56
GRI 404	Training and education	404-2	Programs for upgrading employee skills	54
GRI 404	Training and education	404-3	Percentage of employees receiving regular performance and career development reviews	53
GRI 405	Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	44, 47-48, 51
GRI 405	Diversity and equal opportunities	405-2	Ratio of basic salary and remuneration of women to men	52
GRI 406	Counteracting Discrimination	406-1	Incidents of discrimination and corrective actions taken	52
GRI 412	Human rights - evaluation	412-2	Employee training on human rights policies or procedures	21
GRI 417	Marketing and product labeling	417-1	Requirements for product and service information and labeling	31, 32
GRI 417	Marketing and product labeling	417-3	Incidents of non-compliance concerning marketing communications	31
GRI 418	Client privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	30
GRI 419	Compliance concerning socio-economic issues	419-1	Non-compliance with laws and regulations in the social and economic area	34

SPECIFIC STANDARD DISCLOSURES FOR THE SECTOR

Disclosures on Management Approach (DMA) and indicators	Page	Omissions	External verification	Description
SECTOR-SPECIFIC ASPECT: PRODUCT PORTFOLIO				
G4-DMA	25, 27		none	
G4-FS1	25, 42		none	Policies with specific environmental and social components applied to business lines.
G4-FS5	25, 42		none	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities.
G4-FS7	26		none	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.
G4-FS8	26		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	38		none	
G4-FS9	38		none	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.
SECTOR-SPECIFIC ASPECT: LOCAL COMMUNITIES				
G4-DMA	27		none	
G4-FS13	27		none	Access points in low-populated or economically disadvantaged areas.
G4-FS14	27		none	Initiatives to improve access to financial services for disadvantaged people

G4-FS15	32	none	Policies for the fair design and sale of financial products and services.
G4-FS16	67	none	Initiatives to enhance financial literacy by type of beneficiary.

[GRI 102-55]

4. CONTACT

Thank you for reading our report.

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

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[GRI 102-53]

SELECTED AWARDS AND DISTINCTIONS

Bank Millennium in the Respect Index for the tenth time

Bank Millennium joined the RESPECT Index for the tenth time: the index of socially responsible companies listed on the Warsaw Stock Exchange.

28 companies joined the Respect Index and 7 of them are banks. The composition index is selected from among the largest public companies in the WIG20, mWIG40 and sWIG80 indices that operate in accordance with the highest management standards of corporate governance, information governance and investor relations and it also takes into account environmental, social and employee factors. Companies in it have passed a three-tier review conducted by the Warsaw Stock Exchange (WSE) and the Association of Stock Exchange Issuers (SEG) and an audit conducted by an independent consulting firm. Companies are audited and the composition of the index is reviewed once a year.

Bank Millennium in the FTSE4Good Emerging Index

Bank Millennium joined the FTSE4Good Emerging Index, one of the series of FTSE4Good indices created by FTSE Russell, a member of the London Stock Exchange. It brings together companies from more than 20 countries that stand out in terms of their efforts in environmental protection, social responsibility and corporate governance.

Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR) category

Bank Millennium was recognized as the Best Bank in Central and Eastern Europe in the Corporate Social Responsibility (CSR) category. Euromoney, an international financial industry magazine showed its appreciation for the Bank's transparent method of showing its CSR activities, the variety and comprehensiveness of its programs and above all its innovative approach to clients making it simple and easy to use Bank Millennium's services.

Bank Millennium in the Ranking of Responsible Firms in 2017

Bank Millennium received a distinction in the Ranking of Responsible Firms in 2017 - a list of the largest companies in Poland assessed with an eye to the quality with which they manage Corporate Social Responsibility (CSR). The Bank was classified at the crystal level - mature firms in terms of CSR implementation.

POLITYKA's CSR Silver Leaf

For the third time Bank Millennium was awarded the CSR Silver Leaf in the ranking prepared by the *Polityka* weekly and the consulting firm Deloitte. This ranking was prepared on the basis of the ISO 26000 international social responsibility standard tracking seven areas: organizational governance, human rights, labor practices, environment, honest operational practices, consumer issues and social engagement and under the framework of the UN's Sustainable Development Goals.

Distinguished CSR activities in the Responsible Business Forum report

The eight best CSR practices employed by Bank Millennium were described in the report entitled Responsible Business in Poland 2016. This report published by the Responsible Business Forum portrays the social and environmental initiatives pursued by companies in Poland.

Sound Employer of the Year

Bank Millennium earned the title of *Sound Employer of 2017*. This distinction for Bank Millennium in a nationwide contest evidences its transparency and integrity and its fulfillment of the highest standards in Human Resources. Working conditions, timeliness of disbursements, social conditions, career path, headcount growth rate and internal and external opinions concerning the company (including among others the State Labor Inspection Service, Labor Office, business organizations and the local community). Bank Millennium was rated highly among other things on account of its extensive social benefit package, investments in HR development, the Yes to Parenting program, the IMPACT employee rewards program and CSR activity: Code of Ethics and support for the natural environment.

Two first places in the ranking "Newsweek's Friendly Bank"

The Bank stood on the podium in three of four categories in the 16th annual ranking entitled Newsweek's Friendly Bank 2017: 1st place in the Every One's Bank category, 1st place in the Mobile banking category and 2nd place in the Internet banking category. The Bank has belonged to the very top echelon in Newsweek's Friendly Bank ranking for 7 years.

Bank Millennium among the winners of the BAI Global Innovation Awards

Bank Millennium won in the Breakthrough Collaboration in Financial Services category in the BAI Global Innovation Awards contest. The award was conferred for innovative solutions involving the offering of e-administration services. BAI Global Innovation Awards are one of the most prestigious international contests that rewards innovative firms from the world of finance.

Bank Millennium among the winners of the Golden Banker

Bank Millennium was ushered onto the podium four times in this year's Golden Banker plebiscite. The Bank vanquished the competition in the personal account category in which the 360° Account was deemed to be the best account. Once again, it was recognized as being one of the safest banks in Poland. The Bank also took second place in the mortgage loan category. It also was on the podium for its performance in the Best Quality of Service category.

Bank Millennium on the podium in the Institution of the Year 2016 ranking

Bank Millennium took second place in the Quality of service in a branch category in this year's edition of the Institution of the Year ranking organized by the MojeBankowanie.pl portal. The winners of this ranking were selected on the basis of a six-stage study into the quality of work in branches conducted in 2016 by experts from the MojeBankowanie.pl portal in nearly 900 branches of 33 institutions.

Bank Millennium among the best rated brands in Poland in a client ranking

Bank Millennium took second place in ranking of companies prepared by KPMG in the financial services sector enjoying the best perception among Polish consumers. The ranking of the top 100 brands that best identify the Polish client's needs was devised on the basis of research conducted using a sample of 5,000 consumers who evaluated 200 companies in 9 industries in Poland. The following factors were on the list of defined categories informing the selection and recommendation of a given brand: expectations, time and effort, personalization, empathy and credibility, which analysis showed to be key, and problem solving capacity in demanding situations.

Bank Millennium wins the satisfaction ranking

Bank Millennium took the podium in the ranking prepared on the basis of the research done by ARC Rynek i Opinia and entitled Monitor of the satisfaction of banks' retail clients. The Bank took first place in the main category entitled Satisfaction. It was also in the top spot in the category entitled Assessment of Fees and Commissions.

According to the *Parkiet* daily, the partner for this ranking, the Bank's image and stability and the gain obtained by using its products and services contributed to the clients having the greatest satisfaction. In turn, the product offering and the quality of service contributed to a lesser degree.

Bank Millennium's Management Board took first place in the *Parkiet* ranking

Leading Polish analysts assessed the management boards of the ten largest Polish banks in the *Parkiet* newspaper. The management of Bank Millennium took first place. This ranking gives consideration to strategy, pace of growth and financial performance. Analysts also appreciated the transparency and quality of investor relations.

SIGNATURES:

Date	Name and surname	Position/Function	Signature
23.02.2018	Joao Bras Jorge	Chairman of the Management Board
23.02.2018	Fernando Bicho	Deputy Chairman of the Management Board
23.02.2018	Wojciech Haase	Member of the Management Board
23.02.2018	Andrzej Gliński	Member of the Management Board
23.02.2018	Maria Jose Campos	Member of the Management Board
23.02.2018	Wojciech Rybak	Member of the Management Board