

Non-financial Report of Bank Millennium and the Bank Millennium Group for 2020

This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.



LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Stakeholders,

For a person managing a bank every year is intense and unique. In this respect 2020 was absolutely surprising and unpredictable. The Bank was operating under difficult epidemic conditions, in an environment of significant economic slowdown and decrease of interest rates to historically low levels. The key elements were protection of life of employees and customers and business continuity. To maintain the operational capability of the entire sector, a guarantee of availability of funds, seamless payments done by customers and implementing forms of supporting clients in this stressful times. The banking sector passed the test colours flying. Bank Millennium has shown great flexibility and speed of operation. Experience of 2020 made me realise even more, how important in any organisation are the employees who make-up a great team. I want to thank all employees of Bank Millennium Group for great commitment, harmonious cooperation and for the ability to face-up to difficult situations.

2020 will be remembered by us as the year of the three-fold reduction of interest rates by the Monetary Policy Council to virtually zero level, which permanently lowered credit margins and changed the business model of the entire banking sector in Poland for a long time. In such difficult conditions, the Bank Millennium Group's consolidated net profit, taking into account the large burden of provisions, amounted to PLN 23 million and was much below our aspirations. Adjusted for extraordinary events (in particular, PLN 677 million of provisions for legal risk related to the portfolio of FX mortgage loans granted by Bank Millennium), the net profit would be PLN 709 million, and the adjusted ROE of 7.8%. However, we were distinguished by strong capital ratios - the consolidated TCR/T1 ratios were 19.5%/16.5% respectively, well above the regulatory requirements.

The business results for 2020 were more positive than our expectations. The number of active retail clients exceeded 2.6 million. Mortgage loans achieved record sales of PLN 6.8 billion and increased by 57% compared to the previous year, and the market share reached 12.2%. The four quarters of 2020 also brought solid sales of cash loans worth PLN 4.62 billion. Electronic banking was actively used by over 2.05 million retail clients, and the mobile application was used by 1.7 million. In the third quarter, there was a noticeable start to a recovery in corporate banking activity, that demonstrate a fast reaction of companies to the new environment and a lower economic deterioration that forecasted.

In 2020 many new functionalities were introduced in internet banking, mobile application and branches. As one of the first banks in Poland, Bank Millennium began offering services using the potential of open banking, based on the PSD2 directive. We have also enriched our offer with further non-banking services - we are consistently developing our electronic banking channels, perceiving them as a center for managing every day, not only financial, users' affairs. Innovation is still one of the strategic elements of the Bank's development. The fact that we have been focusing on the development of remote channels for years was extremely important in the year when we had to quickly adapt our services to the new realities and when banking from home became an everyday reality for most of our clients.

The year 2020 has shown even more the importance of the philosophy of running a business and achieving goals, with simultaneous great attention to ethics, responsibility, care for customers, employees, local community and the environment. The business goal of "banking without physical, infrastructural and digital barriers" became particularly important socially in 2020. Thanks to electronic banking, our clients could safely pursue their financial goals during the pandemic, without leaving home. The branch employees supported customers who had so far been less active using the application or online banking, as a result the number of customers using electronic banking increased by 12%, and the number of customers using the mobile application by 18%. Immediately after the outbreak of the pandemic, we launched aid measures by introducing, among others, credit holidays for people and companies experiencing problems with debt repayment, and we helped medium and large enterprises to maintain liquidity. Through the banking platform, our

clients could take part in the PFR Financial Shield government program and benefit from financial support for their ventures.

We consistently implemented charity programs. This year, the Bank Millennium Foundation and the Bank provided financial support to the Institute of Bioorganic Chemistry Institute of the Polish Academy of Sciences, which developed the first Polish test for COVID-19. In the event of coronavirus infection, the need to cover the costs of treatment and rehabilitation, we have created a Special Support Fund for Bank Millennium Group employees.

The Bank is a signatory of the partnership for the implementation of the UN Sustainable Development Goals, which sets our course of action. For 11 years Bank is in Warsaw Stock Exchange index, which brings together companies with the highest standards of sustainable development. The Bank attaches great importance to the activity for climate protection, to new European Union regulations resulting from the concept of creating a green economy. In 2020, he formulated a new version of the environmental policy, according to which, inter alia, does not finance projects in the coal sector and declares commitment to the development of renewable energy. For 10 years, the Bank has been reporting the level of its own CO₂ emissions. This year, the Bank took second place among Polish enterprises in the ranking "Climate leaders Poland 2021".

The crisis made us even more aware of the importance of financial education. For many years, the Bank Millennium Foundation has been running an educational program aimed at pre-school children, i.e. in the period of shaping habits and attitudes. Children who get to know the world of finance from an early age, in adulthood, especially in crisis situations, cope much better - say the parents of preschoolers who participated in the survey conducted for the Bank Millennium Foundation. These conclusions confirm the sense of our actions. That is why this year, despite the pandemic, we continued the program in the online formula, enriching it with guide materials "Guide for parents - How to teach children to finance", available and promoted on the Internet.

What's ahead of us? The way we have dealt with the unprecedented events of the past months allows us to be optimistic about the coming ones. In the next 1.5-2 years, we want to reach the operating results from before the pandemic. We plan to finalize the cost optimization and operational efficiency program, and improve business results by increasing sales. Taking advantage of all the advantages of our digital maturity, we want to participate even more in the challenges of open banking and the development of non-banking services. In 2021, we will strive to reach the cost/income ratio at the level of 47% and 40% in the following years, and by constantly improving the quality of service, we will continue to achieve the highest customer satisfaction rates.

We expect that in 2021 economic growth will be in the recovery phase after the crisis, and according to our forecasts, the GDP dynamics will amount to 4.4%. The economy should be supported by consumption of households with a favorable, moderate increase in unemployment and exports. Due to the pandemic, however, the forecasts are subject to increased uncertainty, although the spread of the vaccine may provide an opportunity to improve the economic sentiment. We expect interest rates to remain at record lows in 2021 - the reference rate will be just 0.1% - and inflation to stay around the central bank's target of 2.5%.

We assume that it will be a year of a real return to normal economic and social life and an improvement in the mood of the society.

I cordially invite you to read the report.



Joao Bras Jorge
Chairman of the Management Board of Bank Millennium

[GRI 102-14]

I. BANK MILLENNIUM AND THE BANK MILLENNIUM GROUP



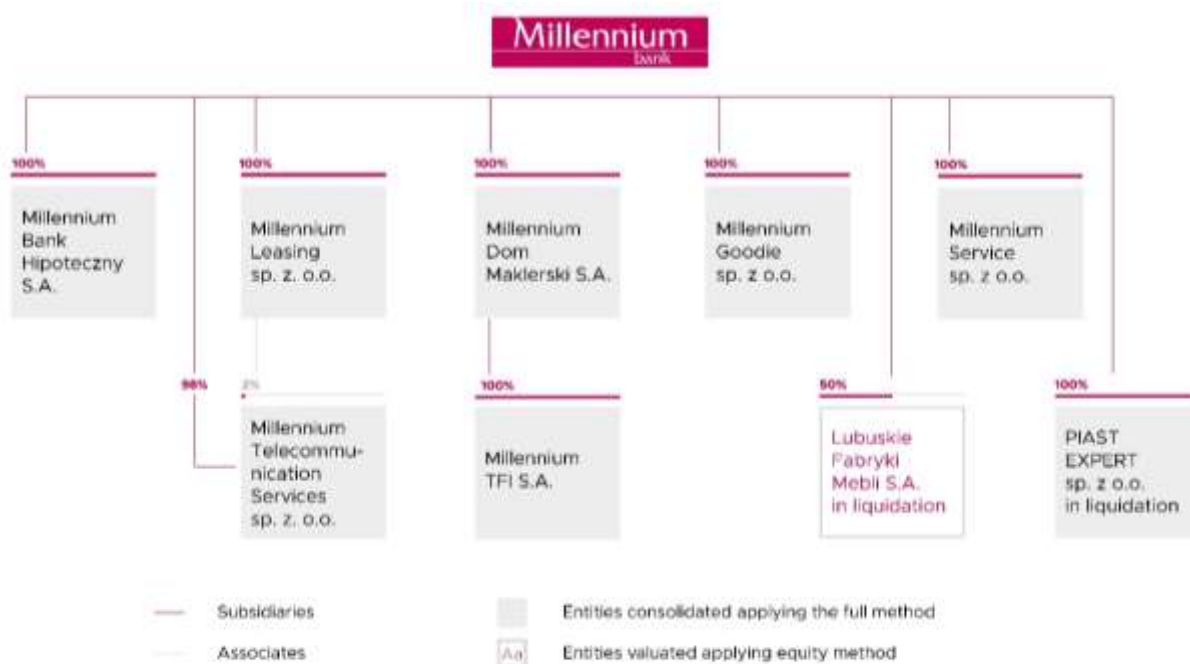
1. PROFILE OF THE ORGANIZATION

[GRI 102-1] Bank Millennium was established in 1989 as one of the first commercial banks in Poland. Presently, it is the 7th largest commercial bank in Poland in terms of assets. **[GRI 102-2]** 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.

From its operational launch 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. Today, it is a market leader in innovation defined as new technology solutions and process improvements. Innovation in Bank Millennium is an integral part of its business strategy. The Bank meets the highest corporate governance standards and pursues social programs to support children's financial education and employee volunteerism. The acquisition of Euro Bank in 2019 was a landmark decision that has contributed to growing its business magnitude and its overall development.

Bank Millennium and its subsidiaries constitute the Bank Millennium Group - one of the most modern and most comprehensively developing financial groups in Poland. In addition to the Bank, the key companies in the Group are: Millennium Leasing (leasing activity), Millennium Dom Maklerski (brokerage activity) and Millennium TFI (mutual funds) and Millennium Bank Hipoteczny (raising long-term financing through the issue of covered bonds). 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. **[GRI 102-4]** The Bank and its subsidiaries operate in the Republic of Poland. **[GRI 102-3]** The Bank's Head Office is located in Warsaw while some of its head office functions are also performed in Gdańsk and Wrocław. The Polish Financial Supervision Authority gave its consent for the establishment of Millennium Bank Hipoteczny S.A. Millennium Bank Hipoteczny S.A. was established on 9 July 2020 with Bank Millennium S.A. as the sole shareholder. Currently, Millennium Bank Hipoteczny S.A. is in the process of obtaining an approval from the Polish Financial Supervision Authority to commence its operations.

[GRI 102-5] Organizational chart of the Bank Millennium Group (as at 31 December 2020)



1.1. SCALE OF OPERATIONS

[GRI 102-6] The Bank operates throughout Poland and has no branches outside of its borders. Its assets are PLN 97.8 billion. After the merger, the Bank Millennium Group serves more than 2.6 million active retail clients. At the end of 2020, the Bank had 702 branches, of which it owns 477 and operates 225 through franchisees. The latter became part of the Bank Millennium Group's distribution network when Euro Bank was acquired in 2019 and became an important distribution channel, increasing the Group's presence in many new locations, especially smaller towns. The combined Bank has 479 own ATMs and modern mobile and electronic banking tools. Since the Euro Bank merger, Bank Millennium is ranked 5th in the banking sector in the consumer loan segment.

[GRI 102-7] Scale of the Bank Millennium Group's business activity

	2020	2019	2018	2017	2016	2015
Number of active retail clients (thous.)	2,633	2,571	1,838	1,635	1,492	1,369
Number of active corporate clients (thous.)	7.8	7.7	7.4	6.9	6.6	6.7
Number of branches*	702	830	361	355	369	413
Number of own ATMs	479	498	487	483	490	519
Number of employees (people)	7,645	8,615	6,270	5,945	5,964	5,992
Number of suppliers - Bank	6,679	6,352	5,012	5,153	5,378	5,623
Sponsoring and grants - Bank (m PLN)	1.4	1.7	2.79	1.58	1.54	0.88

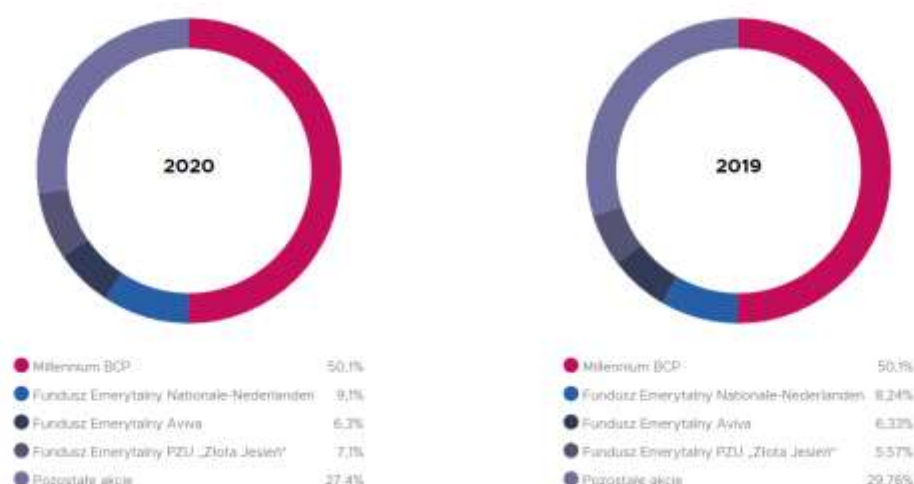
*own and franchise branches

1.2. SHAREHOLDER STRUCTURE

[GRI 102-5] Bank Millennium is a joint stock company that has been listed on the Warsaw Stock Exchange since 1992. Presently, the Bank is a member of the WIG Index, WIG 30, mWIG 40, WIG Banks and WIG-ESG.

Bank Millennium's strategic shareholder is Banco Comercial Português, the largest private bank in Portugal, which holds a 50.1% stake in Bank Millennium. Polish pension funds are significant shareholders, including Nationale-Nederlanden OFE, PTE PZU "Złota Jesień" and Aviva OFE that have equity stakes exceeding 5%.

[GRI 102-10] Bank Millennium's shareholder structure*



*As at 31 December 2019 and 31 December 2020

1.3. BUSINESS PERFORMANCE

[GRI 103-1, GRI 103-2, GRI 103-3] The Bank Millennium Group achieves its economic goals striving to balance the needs of the key Shareholders, in accordance with its growth strategy, taking into account the principles declared in the Code of Ethics.

[GRI 201-1] Selected business performance (m PLN)	Group			Bank		
	2020	2019	2018	2020	2019	2018
Total income	3,577.8	3,471.5	2,727.6	3 421.5	3,084.1	2,568.3
Total costs	(1,752.8)	(1,726.1)	(1,268.0)	(1,693.5)	(1,520.9)	(1,205.3)
including staff-related	(856.3)	(836.1)	(638.1)	(813.8)	(715.3)	(592.2)
Cost/income ratio	49.0%	49.7%	46.5%	49.50%	49.3%	46.9%
Provisions for risk	(621.3)	(439.0)	(236.6)	(541.5)	(235.1)	(205.6)
Bank levy	(279.1)	(248.0)	(198.5)	(279.1)	(236.9)	(198.5)
Corporate income tax (CIT)	(188.1)	(274.6)	(264.0)	(175.1)	(267.3)	(236.6)

[GRI 201-1] Selected business performance (m PLN)	Group			Bank		
	2020	2019	2018	2020	2019	2018
Loans and borrowings to clients (net)	74,088.3	69,754.9	52,711.7	73,501.4	68,828.8	51,786.8
Client deposits	81,510.5	81,454.8	66,243.8	81,832.5	81,637.5	66,399.8
Share in the loan market	6.1%	5.7%	4.6%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
Share in the deposits market	5.3%	6.0%	5.3%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
Ratio: credits/deposits	91%	86%	79.6%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
Non-performing loan ratio	4.95%	4.56%	4.52%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
Loan loss coverage ratio	65.7%	62.4%	74.4%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
CET1 ratio	16.5%	16.9%	19.8%	16.2%	16.8%	19.5%
Total capital ratio (TCR)	19.5%	20.1%	21.7%	19.2%	20.0%	21.5%
Equity	9,091.0	8,941.5	8,384.4	8,835.7	8,690.1	8,136.0
Net profit	22.8	560.7	760.7	18.6	600.7	722.3
ROE	0.2%	6.4%	9.6%	The stated data pertain only to the Group	The stated data pertain only to the Group	The stated data pertain only to the Group
Distribution of profit						
Dividend				0*	0	0
Capital				100%*	100%	100%

* Bank's Management Board's proposal prior to the General Meeting

2. BUSINESS MODEL AND THE VALUE CREATION MODEL

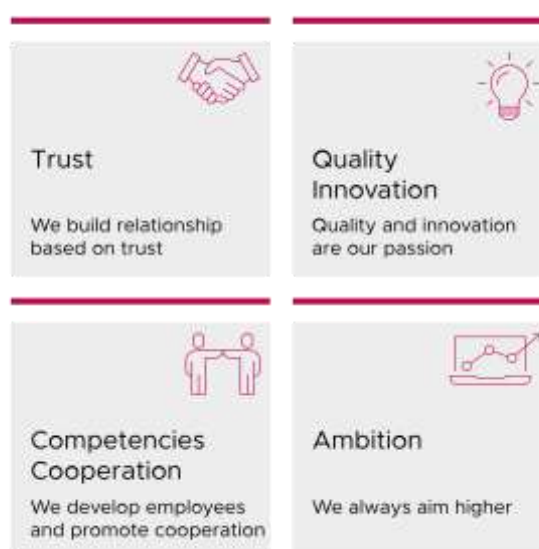
Business model

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 among banks in acquiring clients with whom we hold the main relationship.
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. **FLEXIBILITY IN RESPONDING TO CHANGE:** 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

PLN 9,091 million
own funds (including net profit)

Equity

PLN 88,681 million
total liabilities

Assets, loans and liabilities

PLN 74,088 million
net loans

PLN 97,772 million
total assets / liabilities



HUMAN CAPITAL

7,645
number of Group employees

Employees, their knowledge, values and attitudes that make it possible to grow the company.

100%
of new employees have been trained on our Code of Ethics

38.5
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.

+18% y/y
users of mobile banking

+525% y/y
clients using Mobile Authorization

53
NPS for retail clients

46.7%
cost/income ratio

79%
clients satisfied and very satisfied with the complaint process



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.

2.2 million
installations of the goodie app since 2018

425
number of IT employees

74.48%
employees holding a university education

242
development projects in the Application Development Department, to which 49,807 man-days were committed



SOCIAL CAPITAL

Quality of relations with the environment, Bank reputation, transaction safety, enhancing the society's financial awareness.





NPS 53
for retail clients

PLN 500,000
subsidy for Polish Academy of Science for developing the first Polish COVID-19 test



94%
customers very satisfied with the Bank's services


424,131
people watched the educational cycle entitled "How to teach finance to children - A guidebook for parents" on the Foundation's fb


... SUPPORT BUSINESS DEVELOPMENT THROUGH:


	Process optimization and digitization		Marketing products and banking services making everyday life easier
	Facilitating access to non-banking services		Creating the goodie smart shopping platform
	Creating a work culture to facilitate rapid response to changes		Organic growth and synergies after the acquisition of Euro Bank

... AND CREATE VALUE FOR STAKEHOLDERS:

 CLIENTS	Banking for all - no physical, infrastructural and digital obstacles	<ul style="list-style-type: none"> 2.05 million active users of electronic banking 67% of the branches are accessible to people with disabilities 100% of the Bank's ATMs are accessible to people with disabilities The Best Consumer Digital Bank in Poland for 2020 award in the Global Finance competition Bank Millennium's website was found the best website in The Best Consumer Integrated Bank Site in Central and Eastern Europe for 2020 category
	Non-banking digital functionalities, e.g. e-administration	<ul style="list-style-type: none"> 664 695 clients with access to e-administration
	High quality of service	<ul style="list-style-type: none"> 53 - NPS for retail clients 94% - retail clients satisfied with their cooperation with the Bank The main prize in the prestigious contest European Customer Centricity Award organized by ARCET Polityka's Golden CSR Leaf - awarded to companies with the highest social responsibility standards
	Ethical sales	<ul style="list-style-type: none"> 100% of new employees have been trained on our Code of Ethics
 EMPLOYEES	Employee turnover ratio	<ul style="list-style-type: none"> 3% - employee turnover ratio
	Education and development	<ul style="list-style-type: none"> 38.5 - average number of training hours per employee 22% - employees who were promoted
	Respect for diversity	<ul style="list-style-type: none"> 79% - returns to work following maternity leave 61% - women holding managerial positions

 INVESTORS	Profitability	<ul style="list-style-type: none"> 7.8% - Return on Equity (adjusted for material non-recurring events)
	Earnings for shareholders	<ul style="list-style-type: none"> -44% - stock price decrease in 2020 (under strong influence from the COVID-19 pandemic and the legal risk of mortgage loans in foreign currencies)
	Low risk	<ul style="list-style-type: none"> 19.5% - Total Capital Ratio
	High standards of ESG management	<ul style="list-style-type: none"> Member of the WIG-ESG index on the Warsaw Stock Exchange, adherence to the Best Practices for WSE Listed Companies and Corporate Governance Principles

 SUPPLIERS	Ethical cooperation	<ul style="list-style-type: none"> 77% of all invoices paid within a range up to 30 days
	Responsibility in the supply chain	<ul style="list-style-type: none"> 100% of newly-executed contracts have a clause obligating suppliers to apply the principles of the Bank Millennium Group's Code of Ethics

PLN 1,000,000		
 SOCIETY	Employee Support Fund	<ul style="list-style-type: none"> in a Special Bank Millennium Group's Employee Support Fund in case of COVID-19 infection (supplied with the Bank's funds)
	Financial education	<ul style="list-style-type: none"> 424,131 people watched the educational cycle entitled "How to teach finance to children - A guidebook for parents" on the Foundation's Facebook fanpage 410,247 people watched the educational campaign on the Foundation's YouTube channel (talks with a psychologist conducted by the Foundation's representative) 321,826 people saw the animated videos on Mr. Sebastian's financial adventures on the Foundation's YouTube channel (Financial ABC's online books)
	Promotion of Culture	<ul style="list-style-type: none"> PLN 489,649 - sponsoring of culture 65,000 viewers during the 17. Millennium Docs Against Gravity film festival and 60,000 tickets sold online Golden "Culture Lifter" award for the patronage over the Sacrum Profanum festival
	Expenditures for social purposes	<ul style="list-style-type: none"> PLN 1.4 million Bank Millennium and Bank Millennium Foundation's expenditures on sponsoring and social goals
	Taxes	<ul style="list-style-type: none"> 39% - effective tax rate on the operating profit*



Minimizing the
environmental impact

ENVIRONMENT

- Bank Millennium is the Poland 2021 Climate Leader in the ranking published by the Forbes magazine (ranking second of all participating companies, with a 34% annual reduction of CO₂ emission intensity)
- Replacement of 12,000 fluorescent lighting fixtures in the Head Office offices with modern LED lighting. This reduced energy consumption for this purpose by 54% (saving 677 MWh of energy and reducing CO₂ emissions by nearly 500 tons per year)
- 550 kg used-up batteries, rechargeable batteries and other electronic waste brought in by employees in electronic waste collection campaigns
- 11% less printouts for transactions performed in branches following the implementation of Mobile Authorization for some transactions

**the effective tax rate is the ratio of income tax (CIT) and banking tax to the operating profit of the Bank Millennium Group (without the cost of CHF provisions)*

3. EXECUTION OF THE 2018-2020 STRATEGY

2020 was the last year of the Bank's 3-year strategy. It unexpectedly proved to be a challenging year because of the COVID-19 pandemic. The consolidated net profit of the Bank Millennium Group was PLN 23 million, much lower than the figure one year earlier. The direct and indirect impact of the COVID-19 pandemic (which included lower levels of economic activity for a portion of the year, impact of the unprecedented cut of the base rate by 140 bps in Q1-Q2 2020) and material non-recurring negative items of the profit and loss account put the financial performance of the Group and Bank Millennium under stress. Although the 2020 profit was much below the Bank's ambitions, the initiatives undertaken and costs incurred during the year to implement them will benefit the Bank in the future.

The Bank reacted promptly and efficiently to the reduced revenue generation capacity and, as a result, the overall increase in costs in 2020 (+2% y/y, including depreciation and amortization) was slower than the increase in revenues (+3%). In Q4 2020, personnel costs fell 17% y/y and 10% q/q and we expect this positive trend to be continued into 2021. The Bank also beefed up its risk buffers (NPL/DPD90+ coverage ratios at 66%/119%, respectively, compared to 62%/106% at the end of 2019. Provisions for the legal risk associated with foreign currency mortgage loans increased to 6.7% at the end of 2020, excluding the former Euro Bank portfolio), while capital ratios remained at a high level (on the consolidated basis TCR/T1 was 19.5%/16.5%, respectively, or 14.1%/11.3% in respect to the regulatory requirements). The Bank also reduced the time needed to achieve synergies from the Euro Bank merger. Combined with the new initiatives aimed at improving the operating efficiency, the Bank shrank its distribution network by 15% (702 outlets vs. 830 at the end of 2019, with 124, or 21%, of own branches closed in this period) and the number of active FTEs was reduced by 14% down to 6.6 thousand. As a result, the Bank achieved significant and recurring net synergies (pre-tax PLN 100 million in 2020), which should double in 2021.

In spite of the challenges caused by the COVID-19 pandemic, in 2020 mortgage loan payouts reached a record high level of PLN 6.8 billion (up by 57% y/y) and the Bank's market share in sales increased significantly from 7.3% last year to 12.2%. Total assets managed by Millennium TFI and external funds increased to more than PLN 8.4 billion, which almost fully offset the repurchases in Q1 2020. The number of debit cards issued exceeded 3 million for the first time in the Bank's history.

Putting aside all negative effects of the pandemic, we see 2020 as a year of acceleration of our transformation towards the new era in banking. We strongly supported our customers during the pandemic and managed to strengthen our relationships. As a result, cross-selling ratios increased in many categories. We also acquired new customers despite the challenges of the pandemic. The digitization process accelerated considerably, both from the customer's perspective as well as

within the Bank. The number of digital customers rose by 12% y/y to 2.05 million and the number of active mobile customers reached nearly 1.7 million (up 18%).

Detailed information regarding the execution of the strategy can be found in the “Management Board Activity Report of Bank Millennium and Bank Millennium Group for 2020”.

The Bank Millennium Group’s growth outlook

The unprecedented scale of changes in the economic environment brought about by the outbreak of the COVID-19 pandemic in early 2020, coupled with dynamic changes in customer behavior, led to a sudden increase in the number of challenges facing banks, reduced predictability and increased uncertainty to exceptional levels. In this situation, the Bank Millennium Group made a decision to extend the strategy for 2018-2020 by another year and prepare a new one for the 2022-2024 period. The Bank’s goal for the next 1.5-2 years is to restore its operating results, which were eroded by the COVID-19 crisis and its direct and indirect consequences. We intend to achieve this goal by completing the current cost savings program, introducing new programs to improve operating efficiency and improving business performance by implementing an updated pricing policy and growing sales of key products.

In 2021, the Bank will continue to focus on improving its operating efficiency through restructuring of and streamlining of processes, automation and standardization. We intend to reduce our branch network, maintain the current strict control over costs, despite the higher legal and IT costs, in order to achieve the cost/income ratio of 47% and, in the medium term, set the goal at about 40%, compared to 49% in 2020.

We are working on achieving full digitization, actively migrating customers to the digital platform, with the goal of exceeding an 80% share of digital customers by the end of 2021.

4. MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

The Bank has defined its approach to managing sustainable development based on the **United Nations agenda with 17 goals, 169 targets, and 304 indicators**. The goals are to be implemented by 2030 and are to improve human lives in social, environmental and economic terms. The agenda has been adopted by nearly 200 states on all continents. The list includes goals such as: reduced inequalities, ensuring quality education, gender equality, responsible consumption and climate action. At the national levels, national governments are responsible for the implementation of the goals. The Polish perspective has been described in the government’s Strategy for responsible development. It is based on sustainable development of the entire country in economic, social, environmental and territorial terms.

In 2017 Bank Millennium signed the declaration committing to the implementation of the **Sustainable Development Goals** adopted by the United Nations. The Polish Development Ministry launched the coalition of business, state organization and non-governmental organizations for sustainable development.

Although committed to all 17 goals, the Bank focuses most of its attention on the following goals:

- 3. Good health and well-being
- 4. Quality education
- 5. Gender equality
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 13. Climate action
- 17. Partnership for the goals



Action for sustainable development is an integrated part of the business strategy at Bank Millennium. In 2020, the priority was to ensure health of employees, customers and local communities. Details are provided in Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS.



Our priority at Bank Millennium is to provide the highest quality of customer service, conduct ethical marketing and sales and facilitate the utilization of banking and non-banking services (e.g. e-government) by rolling out facilities for disabled persons and innovative services. The employees are also the addressees of CSR-related activities. **The Bank promotes diversity in the organization in addition to ensuring stable and attractive working conditions and offering opportunities to get involved in social activities.** Social programs are run through the Bank Millennium Foundation and pertain to financial education and cultivating employee volunteerism.

[GRI 102-11] The Bank also attaches great importance to the protection of the environment and climate, carrying out its actions in the spirit of the strategy developed by the European Union and its member states. The Bank set out its approach to these matters in the “Environmental Policy of the Bank Millennium Group”. The document defines the following three key areas of the Group’s environmental activities: own environmentally-friendly activities aimed at reducing consumption of materials, energy, water and fuels; environmental education targeted at clients, business partners and employees, as well as approach to the financing of investment projects.

[GRI 102-26] The President of the Bank’s Management Board is responsible for overseeing the pursuit of the CSR goals at the highest level.

[GRI 102-26, 102-31] Strategy execution is subject to regular reviews and assessments. They are administered by the Bank’s Management Board on the basis of information prepared by the units responsible for their performance and by the Bank’s Supervisory Board on the basis of the information presented by the Management Board. **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.

All its CSR activities have been summarized once a year for 14 years in the Bank Millennium Group’s Corporate Social Responsibility reports.

[GRI 102-12] The Bank is a signatory of two important international initiatives. In 2017, the Company joined the partnership between business and the government administration to achieve the UN Sustainable Development Goals; Bank Millennium declared that it would conduct activities in particular for the financial education of children and youth (goal 4 - quality education). In 2018, the Bank joined the **Diversity Charter**, which is a commitment signed by organizations that decide to introduce a ban on discrimination at work and acting to create and promote diversity.

The Bank’s adherence to sustainable development principles has been confirmed by external assessments. Since 2010, the Bank has been included in the Warsaw Stock Exchange (GPW) index grouping companies, which fulfill the highest standards of corporate social responsibility. In the period from 2010 to 2019, the Bank was included in the Respect Index and in 2019 it was added to the WIG-ESG index created to add an additional dimension to companies, which is their ESG (Environmental, Social and Governance) assessment provided by Sustainalytics, which is a global firm, and a corporate governance assessment carried out by GPW.

In the **Ranking of Socially Responsible Companies** published by the Responsible Business Forum, we are among those that espouse CSR to the greatest extent. In 2020, we were also awarded the **Golden CSR Leaf, which is the highest category of the award** in the ranking published by the Polityka weekly.

In 2020, Bank Millennium came second in the “Climate Leaders Poland 2021” ranking list of the Forbes magazine, by achieving annual GHG emission intensity reduction of 34%. It was the highest-rated bank in the ranking. The ranking was prepared by calculating the compound annual reduction rate (CARR) of greenhouse gas emissions adjusted by revenues.

4.1. DESCRIPTION OF THE SIGNIFICANT RISKS

[GRI 102-15] Following is the 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. In the social area Bank Millennium manages various types of risk, while the Bank’s main focus is on the risk relating to the safety of clients’ funds. It is a vector of other risks, including among others reputation risk, considered from the point of view of the Bank and the Bank Millennium Group, but also from the standpoint of the whole banking sector. Other than that, the Bank identifies the risk arising from its cooperation with customers and contractors.

In terms of **the risk of client relations**, the Bank considers the legal aspects of the contracts, risk of incorrect design of products and services and the risk of selecting the optimum product to suit the client’s needs and capacity. By monitoring new regulations and opinions of the UOKiK (Office of Competition and Consumer Protection) and other authorities, it is focused on delivering the best products and services to its clients, as the Bank’s top positions in various rankings amply attest.

In terms of **the risk of incorrect employment and work safety** practices, the Bank minimizes the risk of high employee turnover by embracing the pertinent policies (including HR, compensation and diversity) and offering high working standards.

The risk related to the issue of failing to **respect human rights and combat corruption** refers to the possibility of human rights violations and cases of corruption occurring in the organization. This entails risk of criminal, administrative and financial liability and loss of reputation. The Bank's Group prevents this risk by observing the "Diversity Policy" and 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 negative impact of the Group on the natural environment, both through its own operating activity and also through projects financed by the Bank. The Group mitigates this risk by submitting to legal regulations, monitoring its own environmental impact and implementing environmentally-friendly actions and observing the "Environmental Policy of the Bank Millennium Group" and the project financing rules.

Another key risk of the Bank is the risk of **financial loss** resulting from a failure of its clients to pay liabilities. With a large volume of loss loans, the Bank may lose its financial liquidity. In the same instance, the client's consequences and risk include loss of creditworthiness (negative entries in registers such as BIK), upsetting of the financial balance of a household and launch of legal proceedings by the Bank to enforce repayment of the liability.

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.

4.2. METHOD OF RISK MANAGEMENT

[GRI 102-11, 103-1, 103-2 103-3] Bank Millennium manages various types of risk. The Bank's main focus is on the risk relating to the safety of clients' funds. It is a combination of other types of risks, including, but not limited to, different types of financial or operational risks, which include also social, environmental risks, poor employment or human rights practices.

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 justified. Due to the nature of the Bank's business, the risk of its direct environmental impact has been assessed as negligible. However, in order to fully understand the broad spectrum of interrelationships between the Bank's operations and environmental risks, the Bank has chosen to incorporate various environmental aspects into the assessment of other risks directly related to the Bank's operations, as separate risk factors. Currently, the environmental aspect is considered for the annual materiality assessment of the individual risks in the context of credit risk, market risk related to financial instrument prices, operational risk and reputation risk. 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.

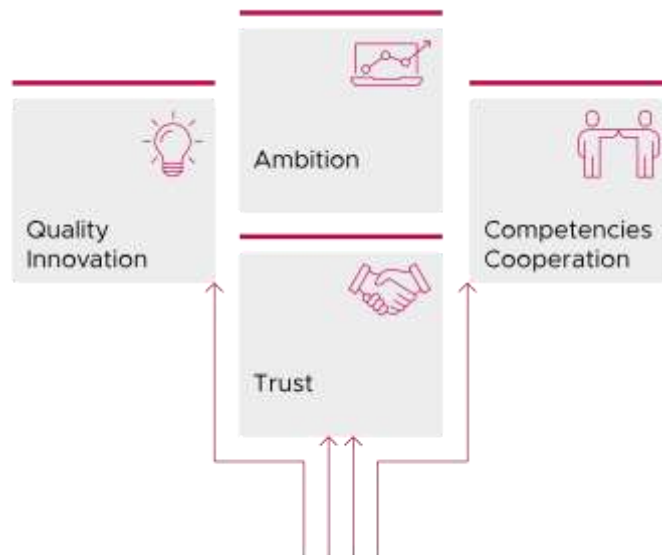
[GRI 102-30] The operational risk management structure defines individual management levels and the scopes of their duties and responsibilities. The owners of business and supporting processes play a crucial role in the Group's daily activity. Process owners are best fit to identify and curtail the threats 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.

5. MISSION, VALUES AND ETHICS

[GRI 102-16] The Bank's mission is to support clients in the achievement of financial success now and in the future. The Bank is building its competitive advantage on the values forming the basis for how it does business.

5.1. THE BANK MILLENNIUM GROUP'S VALUES



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 raise employee and team competences through training and certification programs. We carefully observe the environment, perfecting and changing ourselves, and we actively respond to challenges of the future.

The Bank Millennium Group has in place the **Code of the Leader** developed by a group of managers. It translates the company's values into the expected behaviors of the leaders in their day-to-day work. It defines how exactly a value may be expressed, which behaviors support it and which constitute its violation.

5.2. ETHICAL STANDARDS

[GRI 102-16,103-1,103-2,103-3] 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 manager of the Compliance Department discharges this function. The tasks of the Ombudsman on Ethics include watching over adherence to the Code of Ethics, promoting and advising on ethical standards, ordering the inspection of compliance with the rules of ethics and looking to cases of their violation;
- **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 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 Department assesses the risks related to breaching the rules of ethics. A report from the assessment is drafted, which is presented to the Bank's Management Board.



The Bank Millennium Group's Code of Ethics

The Bank Millennium Group has a Code of Ethics whose policies define the values by which its employees should be guided in the performance of their duties and in their relations with other associates and the Bank as their employer. This Code also outlines guidelines regarding relationships with clients, the market and suppliers, and applies to areas such as service quality, ethical sales, fair competition and communication, focus on ensuring long-term business continuity and sustainable development, 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 Code of Ethics is also binding on franchisees and managers of franchise outlets.

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. **Treasury Department** staff responsible for the execution of transactions with Clients and for interbank operations are also bound by their own codes of conduct.

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. [GRI 102-17]

Employees have the capacity to report breaches of ethical standards by electronic or traditional mail (also anonymously). No breaches of the provisions of the Codes of Ethics were reported in 2020.

[GRI 205-2, 412-2] Employees trained on the Code of Ethics*	Bank 2020	Group 2020	Bank 2019	Group 2019	Bank 2018	Group 2018
Management staff	20 (2.8%)	25 (3.3%)	22 (2%)	27 (3%)	31 (3%)	36 (4%)
Other employees	751 (10.5%)	781 (10.2%)	1,217 (24%)	1,265 (23%)	1,203 (25%)	1,259 (24%)

**number and % of undergoing a Code of Ethics training. The training is designed for new employees and those who participated in such a training more than 3 years prior*

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 Chamber.

In order to ensure safety of funds deposited by clients, make sure exhaustive information is provided on how the products work, how they are advertised and sold, **Millennium Towarzystwo Funduszy Inwestycyjnych**, in addition to the application of the Bank Millennium Group Code of Ethics, also complies with the provisions of law applicable to investment fund companies.

5.3. RESPECTING HUMAN RIGHTS

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 expose an employee to discrimination. This information does not constitute the criteria for selection of employees, termination of their employment, setting their terms of employment, promotion and access to benefits and training to raise their professional qualifications.






In the Bank Millennium Group employees exercise, among other things, the right to information and consultations, collective bargaining agreements and collective actions, social and housing aid, good working conditions and access to health care. The policies prevailing in the 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 containing an obligation to comply with the Code of Ethics is also included in agreements concluded with suppliers.

Additionally, 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**. The rules and regulations contain moreover 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 among others not to use the funding received from a loan for projects associated with forced labor and all forms of discrimination in employment.**

5.4. SELECTED AWARDS AND DISTINCTIONS 2020

	<p>Bank Millennium in the WIG-ESG index</p> <p>Since 2019 Bank Millennium has been in the WIG-ESG index of the Warsaw Stock Exchange. In 2010-2019, the Bank was part of the Respect Index. The WIG-ESG index is published on the basis of the value of the portfolio of companies considered to be socially responsible. The index includes 60 companies of the WIG20 and mWIG40 indices. The weights of individual companies in the WIG-ESG index depend on the number of shares in free float adjusted for the results of the ESG ranking prepared by Sustainalytics and an assessment of their application of corporate governance principles.</p>
	<p>The best digital bank for individual clients in Poland</p> <p>The Bank received The Best Consumer Digital Bank in Poland for 2020 award in the World's Best Digital Banks contest organized for the 21st time by the Global Finance magazine. Bank Millennium's website was found the best website in The Best Consumer Integrated Bank Site in Central and Eastern Europe for 2020 category.</p>
	<p>In TOP10 most digitally advanced banks in Europe</p> <p>Bank Millennium has been acclaimed one of top ten most digitally advanced European banks according to Bain&Company's benchmarking. The benchmarking was made on the basis of analysis of the degree of digitalization of more than 50 banks in Europe. Evaluating the sector experts took into account such factors as development vision, product offering, modern sales channels, customer experience, degree of satisfaction, operational model as well as use of technology and data.</p>
	<p>Golden CSR Leaf</p> <p>Bank Millennium was distinguished with the Golden CSR Leaf, thus joining a small group of institutions whose CSR activities are rated highest. The bank had been awarded the Silver Leaf as many as five times before. These exceptional awards go to firms that apply the highest corporate social responsibility standards in their daily operation.</p>
	<p>Technologically responsible company</p> <p>Bank Millennium was ranked first in this year's TOP CDR Technologically Responsible Company contest twice. The distinctions were awarded for the project titled "Banking without barriers" in the following categories: Digitization and Audience Award.</p>

	<p>Bank Millennium is a Solid Employer 2020</p> <p>As part of the Solid Employer of the Year program, the best employers in Poland are selected on the basis of many standardised criteria. Bank Millennium was recognised for maintaining the best HR practices and creating an environment enabling employee development.</p>
	<p>Bank Millennium with best customer reviews in Poland</p> <p>In the latest release of Banks Ranking - Customer's Choice 2020 by BANK Financial Monthly, Bank Millennium came first. The jurors were 1,459 respondents, representing the full spectrum of the Polish society. The survey participants were evaluating particular areas of activity of financial institutions as well as products offered by them. The general classification was won by Bank Millennium. Respondents gave bank highest scores in 5 categories: Recommended by clients, Loyalty, Cost assessment, Quality of remote service and Quality of branches, while altogether bank was among the top three in as many as 13 out of 16 competition categories.</p>
	<p>Bank Millennium as the climate leader</p> <p>With the result of 34% of the annual emission intensity reduction, Bank Millennium was 2nd in the "Climate Leaders Poland 2021" ranking list of the Forbes magazine, thus overtaking almost all participating companies in Poland. The Polish Climate Leaders list is the first compilation of this kind in the history of the Polish edition of Forbes. The ranking was prepared by calculating the compound annual reduction rate (CARR) of greenhouse gas emissions adjusted by revenues.</p>
	<p>A multiple winner of the Institution of the Year 2020</p> <p>In the Institution of the Year ranking list, prepared by mojebankowanie.pl (companies are distinguished for their unique and comprehensive approach to customer service), the Bank won in five categories: 1) The best service in remote channels; 2) The best remote account opening process; 3) The best Internet banking; 4) The best mobile application; 5) The social dimension of business for the Financial ABCs project.</p>
	<p>Growth star and other distinctions</p> <p>In the Banking Stars 2020 contest organized by Dziennik Gazeta Prawna and PwC, the Bank was on the podium as many as four times. It was ranked 1st in the "Growth star" category for the asset, revenue, net profit and client acquisition growth rate in 2019, 2nd in the "Customer relationship" category, 3rd for its overall activity in the main contest category and in the "Innovation star" category".</p>
	<p>European Customer Centricity Awards</p> <p>Bank Millennium was awarded the first prize in the Customer Centricity Awards contest in the complaints category for the project titled "Embrace the Problem", which supports the evolution of complaint handling towards addressing client needs and case-by-case approach.</p>

	<p>Millennium was rated highest in Poland in terms of positive client experience building</p> <p>The Customer Experience survey conducted for KPMG in Poland and published in 2020, the Bank was again considered by clients the Customer Experience leader among banks. Ranked 7th, Millennium moved up in the ranking list of a hundred highest rated brands operating in the Polish market with respect to its last year's position, when it was ranked 9th.</p>
	<p>The “Trusted in business” award from CRIF Polska</p> <p>Millennium Leasing with the “Trusted in business” award from CRIF Polska for building an automatic risk assessment tool integrated with external data sources functioning in real time. As a result, making a credit decision in the Business segment takes less than twenty seconds.</p>
	<p>Leader of the “Bank in clients’ opinion 2020”</p> <p>Leader of the “Bank in clients’ opinion 2020” ranking list prepared by Polski Instytut Badań Jakości based on opinions of individual clients of 14 most popular banks in Poland. The bank won in the general classification. It was rated particularly high for its friendly and competent customer service provided both in outlets and by telephone, for its efficient electronic banking and for its wide ATM network and low costs of services. It was also considered the most recommendable bank.</p>
	<p>Bank Millennium as the Service Quality Star</p> <p>Service Quality Star is an award received from consumers, who rate more than 46 thousand enterprises from 200 industries over the whole year through a multiplatform composed of the jakoscobslugi.pl portal and a mobile application. A CAWI questionnaire survey is also carried out. In addition to service quality rating, each brand is examined also in terms of probability of being recommended (NPS indicator). The title of the Service Quality Star is awarded to the businesses which have received the highest ratings from consumers and in the CAWI survey and which have stood out from the average results in their respective industries.</p>
	<p>The Golden Banker ranking</p> <p>In 2020, in the Golden Banker ranking list prepared by Puls Biznesu and bankier.pl, a financial portal, Bank Millennium was ranked first in the “Fin-Tech Innovation” category for implementing the Autopay service in the mobile application (together with Blue Media) and second in the “Mortgage loan” category.</p>

II. MILLENNIUM IN THE AGE OF CORONAVIRUS



1. HEALTH OF EMPLOYEES AND CUSTOMERS AS THE PRIORITY

To protect its employees and customers, the Bank has put in place special procedures to safeguard their health, while ensuring the availability of services and that the Bank is fully operational. A special team has been appointed to implement procedures related to the work organization protecting employees against the risk of infection by the virus. The team monitored the situation, recommendations from the Chief Sanitary Inspectorate (GIS) and the Health Minister and took appropriate action.

- The Bank has been actively promoting and informing its clients about ways to do their banking securely without leaving home. In a dedicated commercial, this was also encouraged by Radek Kotarski. In the spirit of the #stayathome recommendation, Radek shot the video himself without leaving home.
- In special letters addressed to clients and published on the Bank's electronic channels, the **President of the Bank Millennium Management Board encouraged** behaviors focused on **maintaining health and safety** and using the Bank's services remotely, without leaving home.
- The Bank's operations were reorganized in such a way as to be able to offer uninterrupted services at its branches, while ensuring safety of employees and customers. **Additional safety rules were introduced in all branches** (plexiglass separators, limited number of customers simultaneously allowed in the branch and recommended distance between persons, additional disinfection of surfaces, supplying employees with gloves, masks or visors).
- Employees were provided with the procedures to follow if they fall ill or contact an infected customer at a bank branch or a partner branch.
- In both the first and second waves of the pandemic, nearly **all employees who could perform their duties outside the office and wanted to work from home worked remotely**. In accordance with the priorities set by the pandemic response team, the IT Department and the Security Department granted all necessary permissions to those who could start working remotely. Employees were allowed to continue their duties on either business or private devices with access to the banking network and using messengers approved by Millennium.
- At the end of the first wave of the epidemic, a **three-stage plan for a safe return to the office was implemented** for head office employees working remotely. The plan included, among others: an approach to the organization of work for individuals from higher risk groups, the ones previously identified as critical for business continuity, and rules of mandatory attendance, rules for maintaining security, organizing meetings, organizing traffic in common areas of buildings, etc.
- A **rotating shift system was introduced**, the rules of which are adjusted dynamically depending on the external situation and in order to minimize the risk of spreading the virus in case one of employees is infected.
- **The employees, whose children are in preventive quarantine** introduced by their childcare centers or schools, are able to work remotely. The employees, whose children are studying at home in a hybrid model, were allowed to continue their work remotely upon their supervisor's approval.
- **Special safety rules and work arrangements** were put in place to keep employees safe and support their return to the office during the summer. The recommendations included, among others, an obligation to wear a mask, disinfect hands, maintain a distance of 1.5 m in office spaces and when moving within buildings.
- Specific visual communication was implemented in the office and in Intranet channels to remind people to follow the rules and recommendations. Flexible working hours were introduced for those commuting on public transport.
- Millennium World, an internal news portal, published daily infection and recovery statistics for bank employees; the data was updated with information from the pandemic response team.

2. CUSTOMER ASSISTANCE PROGRAMS

The unprecedented crisis caused by the pandemic severely disrupted the operation of the economy and social life. Through an enormous technological and organizational effort, the Bank quickly launched assistance measures for its customers.

2.1. SUPPORT FOR INDIVIDUAL CLIENTS:

- **Temporary deferment of loan repayments for distressed cash loan and mortgage loan customers** (the entire principal and interest installment is suspended and the loan term is extended by that suspension period). Clients could take advantage of 3- or 6-month credit vacation, or extend the existing 3-month vacation to 6 months. The proposal is available to those clients, who made a written or oral statement about the deterioration of their financial standing because of the epidemiological situation caused by the coronavirus.
- **Contactless payments up to PLN 100 without PIN** - the Bank increased the maximum amount of contactless payments without providing PIN. It provided Visa cardholders with access to Garmin Pay payments, in which the limit does not apply.

2.2. SUPPORT FOR BUSINESSES:

- **Temporary deferment of loan repayments for microbusinesses and companies** that experienced temporary problems due to pandemic (suspension of principal and interest installments for up to 3 months, suspension of principal repayments for up to 6 months). The program also covered factoring and leasing.
- **Interest co-payments**, i.e. a loan with partially subsidized interest payments. As part of the program, businesses received an interest co-payment of 2 percentage points, or 1 percentage point, depending on the size of the business. The co-payments were paid out from the Interest Co-Payment Fund managed by BGK.
- For factoring products, irrespective of the type of a company, **the period of tolerable delay could be extended up to 180 days** (recourse factoring or Mille-Link factoring) as well as the maturity of outstanding debt under a receivable financed under reverse factoring. For leasing products, repayment of the principal portion of the lease payment could be deferred or reduced for a maximum period of 6 months.
- With regard to leasing customers, upon meeting the same criteria as for banking products, Millennium Leasing offered the possibility of reducing lease payments by an amount corresponding to their principal part for a total period of up to 6 months
- **ARP Shield in leasing** Millennium Leasing was the first leasing company in Poland to sign an agreement with ARP Leasing, regulating the process and documentation required to take advantage of the anti-crisis shield offering. Through this scheme, clients from the transport industry were able to refinance their debt and take advantage of the 12-month repayment grace period offered by ARP Leasing.
- **De minimis guarantees on very attractive terms** as part of the assistance package for small and medium-sized enterprises in cooperation with BGK (up to 80% of the loan amount for a renewal or increase of the loan amount, extension of the term of a guarantee to 39 months for a working capital loan).
- **Liquidity assistance for medium-sized and large companies** - after signing another agreement with BGK, they may benefit from the available support in the form of liquidity guarantees from the Liquidity Guarantee Fund to secure credit transactions.
- **Participation in the PFR Financial Shield program** for micro, small and medium-sized businesses affected by the pandemic. The Bank offered the possibility of applying for the subsidy directly through the Millenet online banking service. The entire process, including delivery of the decision and signing of the agreement with the Polish Development Fund, is done online in Millenet.
- **Possibility of fully electronic signing of agreements for companies.** Digital circulation of documents is based on a qualified electronic signature with a qualified time stamp. It is used for loan agreements and loan collateral, transaction banking, factoring, trade finance and treasury products.
- **Factoring-based liquidity guarantees** The guarantee covers repayment of the client's liability under the signed reverse factoring agreement. The BGK liquidity guarantee is

available to owners of medium-sized and large companies as part of the application to grant a new factoring limit or extend or increase the existing one.

- **Declaration of participation in the PFR 2.0 Financial Shield** which means that companies from selected industries that are in a difficult situation due to the coronavirus pandemic will be able to apply for support under the second Financial Shield of the Polish Development Fund. In January 2021, the Bank will provide a user-friendly solution for submitting applications through the electronic banking system.

3. FUNDS FOR THE FIRST POLISH CORONAVIRUS TEST

The Bank Millennium Foundation and Bank Millennium have donated PLN 500 thousand to the Institute of Bioorganic Chemistry of the Polish Academy of Sciences in Poznań, which developed the first Polish coronavirus test and continues the R&D work on a new generation of tests. The tests have already reached the production phase. The Bank believes that, until the vaccine is universally available, helping to scale up and accelerate the testing process for Poles is a prerequisite for returning to social and economic normalcy. Support for the Institute of Bioorganic Chemistry (ICHB) of the Polish Academy of Sciences in Poznań has been agreed with the Bank's employees, who expressed their opinion on this topic in an internal survey.

ICHB is a leading scientific center, which has specialized in RNA research for many years, including the study of viruses with genetic material in the form of RNA. Such viruses include the SARS-CoV-2 coronavirus, which causes the COVID-19 disease. Right after the first infections were recorded in Poland, scientists from the Institute started working on tests detecting of SARS-CoV-2 in the human body. Thanks to their knowledge and experience, as well as excellent laboratory infrastructure, they quickly started a "Virus Support Group" carrying out SARS-CoV-2 testing on the 24/7 basis.

4. EMPLOYEE SUPPORT FUND

A Special Bank Millennium Group's Employee Support Fund was established in April 2020 in case of coronavirus infection. The Fund was supplied with the amount of PLN 1 million from the bank's resources. The program will cover employees and their close relatives. The Fund is an expression of the Management Board's solidarity with and commitment to those individuals from the bank's community, who become ill and find themselves in a difficult situation.

III. BUSINESS



1. BANKING WITHOUT BARRIERS

[GRI 103-1,103-2,103-3] “Banking without Barriers” remains one of the key social programs carried out by Bank Millennium. The idea of barrier-free banking, accessibility of products and services to all without exception, is not just one of the CSR programs, but a philosophy of the organization and an important component of the Bank’s business strategy. For years, by introducing solutions based on state-of-the-art technologies, Millennium has been trying to eliminate infrastructural, digital and physical barriers in access to financial and non-financial services. This year, the Bank, while operating in challenging epidemic conditions, continued in its commitment to the latest technological development tools, offering customers a remote, convenient way to use its services and products. Because of Covid, the open banking services gradually developed by Millennium become very popular.

1.1. INNOVATIVE SERVICES

Bank Millennium’s digital channels provide easy access to banking services and many options beyond banking. To provide further convenient and helpful solutions, the Bank is constantly expanding its offering available through its mobile application and the Internet banking system.

The Bank’s efforts are guided by the idea of making clients’ lives better and easier every day. The website, the Millenet Internet banking system and the mobile application are designed with the users in mind and together with them, following the spirit of Human-Centred Design. The Bank’s interface should be friendly, offer convenient options and any contact with the Bank should build a positive and personalized customer experience. The UX, UI and Electronic Channel Communication teams are responsible for designing services aligned with clients’ expectations and needs. As one of the first in the market, more than 10 years ago, the Bank created the User-Experience Lab, where a team of researchers works with users testing processes and interface of digital channels, conducting surveys, etc. The Bank wants to prove that there are no actual barriers to accessing its services and no user group should feel excluded. Millennium clients spend more and more time in the digital space and they expect the Bank to keep pace with them and offer new and better online services.

Banking during a pandemic has shown that the Bank, like the industry as a whole, by developing digital services had already prepared in advance to operate in quarantine conditions. The global epidemic triggered additional mobilization. Innovation and further digitalization of customer contact was no longer an “impulse for acceleration” - it became necessary to serve customers at all. The PSD2 directive created an opportunity to introduce services that did not previously exist in the market. The Bank took advantage of the potential of open banking and gave its customers remote control of their finances in one place by implementing and continuously developing PSD2-compliant open banking services.

In 2020, many new functionalities were introduced in electronic banking, mobile application and branches. What should be emphasized is the great commitment of branch employees to digital education of clients and active promotion of electronic banking. Below is the list of new features and facilities implemented in 2020.

Daily online banking and self-service

Bank Millennium thoroughly revamped a few of its most popular services and introduced new online solutions and services. During the pandemic it additionally strengthened client education and support activities focused on the use of online channels. Branch services were supplemented by elements featuring electronic channels (authorization of transactions through the mobile app) which helped reduce paper consumption and during the pandemic it additionally offered a more user-friendly and faster process. Digitalization activities are part of the Bank’s strategy and its employees (with the help of Digital Ambassadors) support digitally customers in starting to use their bank account via computer or smartphone. The same goal was pursued by the “First step online” campaign carried out in the Bank’s branches and on its website.

- **New transfer form.** The Bank has introduced changes, which sped up the process of making payments. The transfer form has been simplified to three fields and the amount of data

needed to be entered has been reduced to a minimum. After the recipient is selected, transaction details are filled in automatically.

- **Higher transaction limits.** In response to clients' expectations, the maximum daily transaction limits in Millenet and the mobile application were doubled. Individual and Business clients can, on their own, set the Main Limit up to PLN 200 thousand and the Mobile Limit up to PLN 20 thousand.
- **System operating 24/7.** The Bank extended the time of processing operations during night hours: internal transfers ordered in those hours are credited to the specified accounts immediately and external transfers are accounted for on an ongoing basis. Opening and closing of bank deposits and investment products can also be seen immediately in the account.
- **Mobile Authorization in branches.** This is an extremely important step in the process of digitizing the Bank's operations and limiting paper documentation. A client with an active Mobile Authorization is able to approve some transaction by using the Bank's mobile application.
- **Opening an account with a selfie.** Bank Millennium has allowed new clients to open a personal account whereby the client's identity is confirmed on the basis of a photograph of the client's ID document and a selfie. The account is opened in a few minutes without the need to contact a consultant or print any documents.
- **Recovery of log in details.** To help clients as much as possible to log into the account, the website now has in place a process of safe recovery of log in details for the Internet banking system (login and password).
- **Review of the status of a mortgage application.** In Millenet and in the mobile application, the client may check the progress of the submitted mortgage loan application at any time. Additionally, clients receive notifications each time the application status changes. The Bank has also implemented an add-on for the mobile app, which allows individuals that are not clients to view the application (also through a broker).
- **New cash loans process.** Based on the omnichannel approach, the Bank refreshed the process of applying for cash loan products. Additional funds may be requested through any service channel, fully remotely or online with support from a call center or branch employee. Moreover, the solution has modern and intuitive design in mobile and Internet banking.
- **Investment products available online.** Starting this year, clients are able to purchase the Millennium Investment program or open a structured deposit from a computer, tablet or phone. Both processes feature a MIFID questionnaire, which can also be filled out online.
- **Changes to chats.** The Bank has implemented a new platform that is fully integrated with the customer service system in the Contact Center. The change will have a positive effect on the work of consultants, who will gain additional tools, among others for advanced management of the ticket queue.

Development of open banking services

In accordance with the strategy of building a finance management platform in digital channels, after the EU PSD 2 Directive became effective, the Bank offered clients a fuller view on and even better control of their finances. From the beginning of 2020, it gradually implemented additional services using the potential of open banking.

- **360° Finance.** Bank Millennium is among the first banks in Poland to provide clients with a service that enables adding accounts kept by other banks its own electronic banking. By using this service, clients may aggregate an account in the mobile app or on the Millenet website and, by logging into the Bank Millennium account, check their account balance and transaction history for their accounts in as many as nine major Polish banks.
- **Possibility of initiating payments from accounts in other banks.** Bank Millennium was the first bank in Poland to provide a service, in which clients can order transfers from their accounts in other banks through Millenet. The service currently supports six major banks.
- **Confirmation of income when applying for a cash loan.** The Bank launched a multi-channel service, which allows clients applying for a loan in the online banking system and in the mobile app to confirm their income by logging into another bank. The service currently supports accounts held with nine major banks.
- **Confirmation of identity in an online application for a business account.** The Bank has made opening a My Biznes business account considerably easier for individuals running sole

proprietorships (who are not the Bank's clients). In order to confirm their identity, they can just log in to their account at another bank. The solution currently supports six Polish banks. This is the first such application of open banking for Business clients. Additionally, filling out the application is partially automatic since data are downloaded from the central register CEIDG. The bank's clients can also open a business account easily through electronic channels.

Cooperation with public administration

Bank Millennium has been cooperating with government agencies for years and has contributed to building a digital society and popularizing e-government services. In the year of the pandemic, projects carried out jointly with the public administration were particularly important for both individual customers and those in the corporate segment.

- **PFR Financial Shield.** The Bank assisted in the distribution of funds from the Polish Development Fund's subsidy for companies suffering from the COVID-19 pandemic. The entire application process was available in Milenet and Milenet for Corporates. For more details, see Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS.
- **Even more convenient update of an ID document.** The service is available to customers using Polish ID cards. To ensure data quality, the banking system communicates directly with public administration systems. This means that clients and the bank are certain that the data have been keyed in correctly.
- **Travel voucher.** On the PUE ZUS platform, which also can be accessed through the Milenet system, clients can collect a travel voucher to be used for holiday trips and other purposes. To log into the platform, MilleUrząd and then PUE ZUS should be selected from the menu.

Additional services

The Bank strives to make its electronic channels, in particular the mobile application, into a platform aggregating various functions making life easier every day. This is why it provides clients with additional services, which go the banking only area.

- **Purchase of cinema tickets** Directly in the mobile app, Bank's clients can see the repertoire of the nearest Helios cinema, read descriptions of movies and then select a movie and seats, buy and pay for tickets (the price is charged to the account or a credit card). Purchased tickets can be presented to the cinema staff in the application - there is no need to download or print them. Purchased tickets can also be shared with others (sent directly from the banking app).
- **Access to goodie directly from the Bank's mobile application.** Starting in November, mobile application users can go directly from the application to the goodie shopping platform and conveniently use numerous promotions, as well as receive refunds for online purchases through the goodie cashback service. This is another step in the development of the banking app as a convenient center for managing daily business.

1.2. SOCIALLY RESPONSIBLE PRODUCTS

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

INDIVIDUAL CLIENTS

360° Account



The 360° Account offer is universal and prepared so as to respond to the needs of various groups of clients regardless of their age and income.

Accounts for younger clients are always free of charge, while the structure of the 360° Account supports fee exemptions even if low monthly income is credited to the account. The Bank does not set a requirement regarding

the minimum amount of a single incoming amount or source of income. It suffices for the total proceeds to be at least PLN 1,000 regardless of whether those proceeds are for a job salary, social benefits, scholarships or cash deposits.

What's more, if the condition is met for the account to be free of charge, namely if a minimum amount is credited and at least one payment by a card issued to the account or one BLIK payment per month is made, then the **client also does not pay for any ATM withdrawals**. This means that clients who have mobility-related problems (elderly and disabled persons) may use ATMs in locations that are convenient for them without taking any additional fees for withdrawals from third party ATMs.

Clients whose finances do not allow them to order house calls by a physician can use this service in the event of a sudden illness affecting themselves or a child within the framework of the **Very Helpful Package** offered in conjunction with the 360° Account. Users of the Package are also provided with assistance by a plumber or electrician as well as with a repair service of household appliances, electronics, computers, smartphones and tablets. By selecting the Account with the Very Helpful Package a client can utilize 7 interventions during as many as 12 free-of-charge months from the time of opening the account.

Having regard for younger clients the Bank's offer includes the **Student 360° Account** for people aged 18 to 26 and the **Junior 360° Account** for clients who have not yet turned 18. Lending them a helping hand to take their first steps in the world of finance, the Bank does not charge fees for account handling, while the debit card and ATM withdrawals are free of charge if only one transaction per month is executed using the card or only one BLIK payment is made.

WWF Millennium Mastercard Credit Card



WWF Millennium Mastercard is a credit card **supporting protection of the natural environment**. Bank Millennium transfers to WWF Polska, the national branch of the largest international foundation dealing with nature protection, half of the monthly fee for handling the card and a certain percentage of the transactions made using the card. Additionally, the card is made using an environmentally-friendly PETG polyester which may be recycled.

Individual Pension Security Accounts

Millennium Dom Maklerski makes brokerage accounts available to its clients - IKZE (Individual Pension Security Accounts). IKZE are a type of personal pension program involving the accumulation of savings by investing through a brokerage account, thereby making it possible to increase one's pension in the future.

PRESTIGE AND PRIVATE BANKING CLIENTS

Bank Millennium's offering includes investment funds pursuing socially responsible and environmental goals.

Fund	Description
BGF Sustainable Energy Fund	Invests globally at least 70% of its total assets in shares of companies operating in the new energy sector.
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.
NN Subfundusz Polski Odpowiedzialnego Inwestowania	It emphasizes "responsible investments", i.e. analysis of the non-financial dimension of the business, which includes environmental impact, relations with customers, suppliers, employees, or corporate governance. The investment policy rules out investments in companies from selected groups, e.g. those that produce and process lignite and coal. The fund does not

Fund	Description
	invest in the stock of companies, for which the production of cigarettes and alcohol is the only source of income.
PZU Medyczny	The fund invests mainly in pharmaceutical and biotechnological companies, including drug producers and distributors; medical equipment manufacturers, diagnostic companies and companies financing the health care sector.

The Bank continues to work on expanding its investment offering available to Clients through electronic banking channels. Among others, it has implemented the possibility of opening and handling the Millennium Investment Program (based on Millennium TFI Funds) and structured deposits through remote channels. Access to investment products in the Milenet system and through the Mobile App reduces the volume of documents printed out in Bank branches, thus reducing the consumption of paper and contributing to protection of the natural environment.

CORPORATE CLIENTS

The Bank actively seeks for opportunities to create products and procedures that have the capacity to exert a favorable impact on the environment and social relations. Within the framework of its offering, the Bank creates incentives for clients undertaking environmental initiatives or minimizing their unfavorable impact on the environment. The Bank participates in support programs, for instance with Bank Gospodarstwa Krajowego (BGK), which reward investment in energy saving solutions. The Bank also supports innovation, including in socially responsible and environmentally-friendly areas, by participating in the distribution of public funds allocated to these ends.

Because of the pandemic in 2020, the Bank focused on the one hand on ensuring continuity of services for its clients, while on the other hand fulfilling its social responsibility mission by responding to new needs of businesses due to the new developments related to the epidemic and the market situation The Bank supported companies in maintaining financial liquidity and it was also involved in the digitization of processes affecting their functioning in conditions altered by Covid-19. Among other things, it performed work promoting the universal acceptance of electronic qualified signatures, reducing the use of hard copy documents and greater use of remote service channels.

- In the first half of 2020, the Bank offered the **possibility of a fully remote signing/use of a qualified electronic signature** with a time marker to sign agreements, applications, confirmations dedicated to corporate banking products. Digital circulation of documents is used for loan agreements and loan collateral, transaction banking, factoring, trade finance and treasury products. This was a new stage of digitization of customer service processes, through which the Bank ensures secure circulation of bank documents, freeing both parties from problems linked to presentation of hard copy documents. In Q4 2020, nearly half of loan agreements was signed electronically.
- In 2020, the use of remote channels increased dynamically; the number of accounts opened by clients by themselves in the Web application increased to 87% and more than **90% of trade finance products ordered was delivered electronically** via the Trade Finance online platform (this concerns guarantees and letters of credit).
- In leasing, in connection with the fact that a contract must be signed in writing, otherwise being null and void (Art. 709(2) of the Civil Code), the main challenge was to ensure continuity of business processes (signing of new contracts and mass annexation of existing contracts) in the remote working conditions caused by the pandemic. In Q2 2020, Millennium Leasing launched a new **program for remote signing of lease contracts** using a qualified electronic signature and ensured its adoption among clients.

The Bank also took a number of measures to support businesses in automating the transaction and settlement handling processes for the period of the pandemic and thereafter. As a result of the Bank's commitment to safety and convenience of its clients, it offered them the possibility of

carrying out all banking operations in the Millenet for Corporates banking system supplemented by the mobile app functionality.

The Bank continued to develop the offering of its electronic banking channels, driven by its business strategy as well as changes in the applicable law. The key assumption was a parallel development of electronic channels in the areas of direct interaction with customers and host to host integration, which enables automated exchange of information. For clients using its factoring services, the Bank has introduced and continues to develop a functionality supporting direct communication between the client's financial and accounting system and the bank's factoring system through web services. Clients are able to save costs and time of handling their operations, while eliminating errors and mistakes in the data exchange process and maintaining high level of safety. In order to support the social distancing recommendation, since March, the limit of contactless payments without PIN for corporate cards has been raised to PLN 100.

In an effort to help distressed businesses during the pandemic, the Bank became heavily involved in **providing support mechanisms**. Detailed information is provided in Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS, item 2.2 Support for businesses.

Environmentally and socially responsible lending

The Bank's exposure to financing high-carbon sectors, such as coal mines and coal-based power sector, was historically low compared to the banking sector average. The Bank's Group adheres to the provisions of the **"Environmental Policy of the Bank Millennium Group"**, which lay down, among other issues, the principles governing the provision of funding for projects affecting the environment. Moreover, 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, to environmental threats. The Bank has default exposure limits for clients in respective categories, where the caps are the most restrictive for high risk industries.

Based on its industry policies and the provisions of the **"Environmental Policy of the Bank Millennium Group"**, the Group supports investments related to the substitution of coal-derived energy with low-emission energy sources and modern power generation and distribution infrastructure. The Bank is interested in funding projects related to renewable energy sources, focused on reducing emissions and supporting energy efficiency, especially in energy-intensive and high-emission industries.

Millennium Leasing has been continuously involved in the funding of energy-saving projects. For this purpose, it has used programs organized by EBRD (European Bank for Reconstruction and Development) and has refunded part of financing costs to customers with its own funds. In 2020, **the company focused on developing MilleSun - a program dedicated to the financing of photovoltaic projects.** The leasing of solar panels is a solution targeted at businesses who want to change views of the public on the environmental protection and build an environmentally-friendly image. In photovoltaic panel leases, Millennium Leasing has been cooperating with leading, reliable suppliers of solar installations, offering safe financing on preferential terms and a very simplified leasing process to finance eco-friendly projects.

[GRI 203-1] The Bank also offers the **Biznesmax Guarantee Program** provided in collaboration with Bank Gospodarstwa Krajowego. Guarantees under the Program are intended to secure loans granted to provide funding for innovative ventures in the SME sector, with a particular focus on eco-efficient companies. Clients may use, among other things the "eco path" supporting the potential of innovative companies, which carry out or plan to carry out environmentally-friendly investment projects. **Projects from the following areas are considered to be environmentally-friendly: circular economy, electromobility, renewable energy sources, alternative fuel production technologies, energy storage, technologies reducing the consumption of electricity or heat or thermo-modernization of residential or commercial buildings.** Under the Smart Growth Operational Programme (SG OP), guarantees are granted to secure repayment of investment loans up to 80% of a loan/up to EUR 2.5 million. The term of validity of the guarantees is as long as 20 years. Biznesmax guarantee are totally free of charge to clients.

Loan for Technological Innovations provided in collaboration with BGK as part of Sub-Action 3.2.2. of the Smart Growth Operational Programme. The purpose of the program is to support innovative projects among SME sector entities; it enables beneficiaries to obtain a non-returnable grant in the

form of a technology bonus, which is used for partial repayment of the loan. The bonus amount may reach up to 70% of expenditures for micro and small businesses and up to 60% for medium-sized enterprises. The purpose of the loan is implementing new own or purchased technology and launch on its basis new or significantly improved products, processes or services. A positive impact on various aspects of the natural environment and implementation of the sustainable development principle is a significant factor in the evaluation of applications.

For more information on the principles of responsible financing of investments, see the “Environment” section.

1.3. ACCESSIBILITY OF SERVICES

[GRI FS14] The Bank’s goal is to eradicate digital and physical barriers to accessing financial and non-financial services. Bank Millennium is not just a financial services center for its clients, but also their first access channel to other services, e.g. in its mobile application clients can buy urban transport tickets, pay for a parking spot or buy vehicle insurance by merely scanning a code from the vehicle registration document. Remote contact with Polish government offices is also possible through Internet banking. The Bank endeavors to ensure that all its clients, including disabled persons have convenient access to financial services. For that reason many conveniences have been made for persons who are blind, visually impaired or use a wheelchair.

- **Bank Millennium’s website, the Millenet online banking system and the Bank Millennium mobile app** are constantly improved to meet the needs of blind and visually impaired clients. The services are written in a simple and understandable language for the users and can be read aloud 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.
- **Users of phones equipped with fingerprint readers may log into the app by using their fingerprints.** In the same way they can approve card transactions online by using 3D Secure protocol. Owners of iPhone X and newer models may also log in by using the FaceID face recognition service. The mobile application **has been adapted to the needs of the blind or visually impaired through compatibility with accessibility features such as Google TalkBack (Android), VoiceOver (iOS),** which present information by using speech.
- Bank Millennium was one of the first companies, which adapted its website to the needs of people with disabilities. In April 2020, the Bank received the **“Technologically responsible company”** award in the TOP CDR contest, for digitizing its services and for the banking without barriers initiative (1st place in the Digitization category and the audience award).
- Responding to the increased need for online services in connection with the pandemic, **Eduportal** was created, which is available on the Bank’s website at www.bankmillennium.pl/pierwszykrokonline and directly from the main page in the “Support” tab. In parallel, the “First Step Online” campaign was created, encouraging users to take advantage of digital channels. Short video clips are an important part of Eduportal. They are different from the previous instruction videos, because they feature live consultants, who explain the basic processes in a clear and accessible manner. The presence of a live human is intended to break down barriers for those users who prefer personal contact and dislike “automated” or “remote” elements. We selected actors with friendly faces, warm and peaceful voices to explain slowly, step by step, how to start using Millenet and the mobile app.
- **ATMs and deposit machines** - disabled people with impaired mobility can use the number keypad instead of function buttons next to the screen, which means that they do not have to reach too high. 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. 100% of our ATMs are customized to meet the needs of disabled persons.

- **Access to outlets** with architectural barriers - more than 70% of the Bank's branches are accessible to disabled persons. When it adapts and modernizes its branches the Bank pays attention to eradicating architectural barriers.
- **Customer service desks with seating** offering wheelchair access - they are in place in nearly 300 branches (more than 60%).
- **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 branch employees and - at the client's express request - in the presence of 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**.
- Clients with special needs **have the right to obtain the general terms and conditions of agreements and rules and regulations in forms that make it easier for such clients to familiarize themselves with the contents of these documents**, for instance by using large-size fonts, audio recordings or Braille script.
- **Service standards of the disabled** - detailed guidelines binding on employees of all of the Bank's outlets.
- The Bank expands the idea of a barrier-free world also to other areas of its activity, including cultural patronage initiatives. By providing audio description for movies during Millennium Docs Against Gravity, the largest Polish festival of documentary films, **it facilitated access of vision impaired people to culture**.

Bank's representatives also participate in the work done by the Polish Bank Association to enhance the accessibility of sites and services to disabled persons.

Accessibility of the Bank's services	2020	2019	2018	2017	2016
Number of outlets	477	602**	361	355	369
% of outlets accessible to disabled persons	67%	63%**	72%	91%	90%
Number of franchise outlets*	225	n/a	n/a	n/a	n/a
% of franchise outlets accessible to disabled persons	39%	n/a	n/a	n/a	n/a
Number of own ATMs	479	498	487	483	490
% of own ATMs accessible to disabled persons	100%	100%	100%	100%	100%

* Franchise network has been operating as part of Bank Millennium for the entire year, since 2020 (previously, as part of ex-Euro Bank)

** Aggregate data for Bank Millennium and ex-Euro Bank, a decrease in the number of accessible branches is a consequence of the merger with Euro Bank (franchise network data not included)

[GRI FS13] Access to financial services in sparsely populated or economically weaker areas

Access to financial services in sparsely populated or economically weaker areas	2020	2019	Change
Total number of access points to financial services (total number of own and franchise outlets and sales points in shopping malls)	702	830	-15%
Number of access points to financial services in sparsely populated* or economically disadvantaged** areas	228	256	-11%
Percentage of access points to financial services in sparsely populated or disadvantaged areas	34%	31%	3%

* According to the Statistics Poland data, the voivodships with the lowest population density in Poland include Podlaskie, Warmińsko-Mazurskie, Lubuskie, Zachodniopomorskie, Lubelskie, Opolskie, and Świętokrzyskie

** According to the Local Data Bank, the voivodships with the lowest economic activity include Lubuskie, Opolskie, Podlaskie, Pomorskie, Warmińsko-mazurskie, Zachodniopomorskie and Świętokrzyskie

2. QUALITY OF CUSTOMER SERVICE

[GRI 103-1, 103-2, 103-3] The quality of customer service is one of the fundamental values espoused by Bank Millennium. Thanks to the ongoing analyses of client expectations and the adjustment of products and services to the changing market needs, the Bank invariably remains at the forefront of institutions providing top quality service. By constantly monitoring client feedback and market trends across all business lines, even during the peak of the pandemic, the Bank has implemented many solutions in line with the current needs of clients in terms of product range, service facilities and access to transactions via the specific contact channels. In 2020, the Bank's activities in the area of quality focused on:

- ensuring safety of employees and clients in the branches,
- digitization of processes and supporting clients in migrating to remote channels,
- monitoring the clients' expectations and needs and the service quality levels,
- developing solutions to improve the client satisfaction in all contact channels.

Building processes and solutions based on the client perspective translates into client loyalty and satisfaction, and a positive banking experience. Clients expect ever newer and more innovative solutions, and the Bank designs these together with them, striving to ensure a positive experience. According to the results of an internal satisfaction survey, **94% of retail clients were satisfied with their cooperation with Bank Millennium and the level of recommendations of retail clients remained at a very high level, the NPS index in 2020 was 53.**

Bank Millennium is one of the best rated banks in Poland in terms of satisfaction, loyalty and NPS ratio, as confirmed by the Client Satisfaction Monitor survey conducted by ARC Rynek i Opinia. The Bank, in a study commissioned and published by KPMG Polska, **was recognized by the consumers as the Customer Experience leader among banks for another consecutive year.** Millennium was also for the second time among the first ten in the list of the hundred highest rated brands operating in the Polish market, moving up by two positions, to the 7th place.

The quality measures implemented by the Bank were also recognized in the **Institution of the Year 2020** competition, where it became one of the winners in the "Best service in remote channels" category and 19 branches of Bank Millennium received the "Best banking institution in Poland" title. In this year's edition of **Gwiazdy Bankowości** [Banking Stars] ranking organized by Dziennik Gazeta Prawna and a consulting company PwC, where the votes are given by clients, the Bank ranked second in the "Customer Relationship" category. The Bank was also awarded the **main prize in the prestigious European Customer Centricity Award contest**, in the "complaint" category. The ECAA competition organized by ARCET is one of the most important European contests promoting "customer centricity" and the Customer Experience perspective in business.

The Company Millennium TFI offers its products through distributors of participation units and does not have direct contact with clients. Client expectations and needs are identified through the Fund Management Company's relations with distributors. Appropriate service quality is ensured by the distributors' sales network who receive information and documents necessary to assure high service quality from the Fund Management Company.

2.1. HIGH STANDARDS OF CUSTOMER SERVICE

Common, unified standards of customer service apply across all contact channels of Bank Millennium. They are adjusted to the type of unit, the tasks entrusted to it and the adopted business model. The Bank has adopted standards for outlet staff, teams providing services to Prestige clients, Corporate Banking clients, teams dedicated to the Hotline, electronic communication personnel, the unit handling clients' complaints and employees of the Bank's Head Office.

The customer service Standards that have been adopted for the Bank's outlets and Hotline serve as the basis for models of conversations with clients about the Bank's various product groups:

- everyday banking (personal account and accompanying products)
- credit products
- savings and investment products

Customer 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. They are discussed in detail during preliminary training and exercised in practice.

Client Call Scripts augment the customer service Standards used in the Bank's outlets and its information line; they refer to various product groups: personal accounts and accompanying products as well as loan, savings and investment products. They define the framework of conversation on the subject of the Bank's products. Client Call Scripts refer to specific elements of customer service, procedural and regulatory duties. Therefore, they provide the client with comprehensive and understandable 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. The risk of decreased customer satisfaction may result in an increase in complaints or termination of the relationship with the Bank. **In 2020, an additional risk connected with the COVID-19 pandemic occurred, i.e. sanitary risk.** The outlets employees received detailed guidelines on how to minimize the risk of contracting the virus.

2.2. IDENTIFYING CLIENT NEEDS

The Bank has been regularly reviewing the clients' opinions and expectations concerning the product and service quality. **Discovering client needs is the constant starting point for each and every project aimed at changing a process, product, communication or the customer service model in Bank Millennium.** Actions designed to understand customer expectations are implemented in every service channel.

The second, and no less important, part of the analysis is to explore and learn about the causes of a client's particular expectation and the impact of the current social situation on their needs - this has been fundamental during the pandemic.

Before implementation, the solutions we design are tested in research and conversations with clients.

In 2020, Bank Millennium continued the traditional quantitative and qualitative research in the field of review of market trends resulting from the current socio-economic situation and the specific product and service assumptions. The research also supported the projects carried out under the **Service Design methodology** where the full understanding of client needs is of crucial importance. These projects served both to improve the quality of service and to develop the product offering.

As in the previous years, research was carried out on retail and corporate clients as well as high-net-worth (Prestige) clients and microbusiness (Small Business) clients.

Quality and Satisfaction Survey Bank Millennium	2020	2019	2018	2017	2016	2015
Surveys conducted	47	25	27	21	24	24
Number of Mystery Shopping visits	3,059	2,768	3,500	4,065	3,900	4,000

To further understand client expectations and provide immediate assistance in resolving difficulties that arise, the Bank continued the “**StuchaMY**” program. The assumption of the program is to collect suggestions submitted by clients, forward them to the Bank’s appropriate units for analysis and, if possible, make the expected improvements in products or processes. As a rule, each client receives feedback on how the case reported by him or her has been handled. In 2020, the number of clients participating in the project exceeded 4,000.

The **satisfaction and level of recommendations** among retail clients in internal research **stayed at a very high level** in 2020, with a Net Promoter Score (NPS) of 53 and 94% satisfied clients. The high satisfaction and recommendation ratings of the Bank are particularly satisfying after the successful merger with Euro Bank. The data confirm that former Euro Bank clients do appreciate quality of cooperation with Bank Millennium. Client satisfaction with the main contact channels is consistently very high: **97% in case of the mobile application, 95% in case of the Millenet electronic banking system and in case of the outlet service, 90% in case of the Contact Center**. Clients are also satisfied with the offer - 95% of customers are satisfied with their 360° Account.

Bank Millennium	2020	2019	2018	2017	2016	2015
NPS ratio*	53	53	51	51	39	31

** indicates clients’ willingness to recommend products and services. These data refer to the Bank’s internal research and pertain to retail clients*

The Bank executed also corporate customer satisfaction survey. The survey demonstrated a sustained upward trend in client satisfaction also during the pandemic (NPS increased to 48). The client feedback made it possible to assess the actions taken by the Bank and to use such information to plan the activities for 2021.

2.3. CUSTOMER SERVICE OPTIMIZATION

In order to improve the customer service in the quite special, marked by coronavirus, 2020, the procedures and working standards compliant with the sanitary requirements, including recommendations of the Chief Sanitary Inspectorate (GIS) and the Minister of Health, were implemented. The service models in outlets and via remote channels were systematically and consistently adjusted to the recent developments. The changes concerned all the business areas and all communication channels to provide the clients with comfortable experience while also enabling self-service in transactional devices and remote channels as well as employee support.

Among other things, the “Close the loop” procedure was introduced, i.e. contacting the dissatisfied clients to find the best solution. Also, the level of compliance with the standards was regularly monitored and solutions were worked out to enhance it.

2.4. COMPLAINTS MANAGEMENT

[GRI 102-15] The Bank’s purpose is to build a positive client experience and enhance customer service satisfaction during the complaint handling process. Product Regulations and “Complaints Handling Instructions” are documents governing the issues related to complaints. **The results of adopting this policy are manifested by the improved complaints handling process, shorter complaints examination and delegating more powers to employees who have been trained on the principles of straightforward client communication.** The risks associated with the failure to adhere to the policy include the loss of reputation, legal and financial risks stemming from the “Act

on complaint examination by financial market entities and on the Financial Ombudsman” and the “Act on payment services”.

Clients can submit a complaint through several channels: in the branch, by phone, through electronic banking and by mail. Clients who are especially active are invited to participate in tests and give opinions on new products and system solutions. **All problems reported by clients are subject to analysis.** The conclusions from analyzing complaints and client suggestions are taken into consideration when streamlining products and services. 202 minor and larger initiatives were collected in 2020 in the Voice of Customer (VOC) program to eliminate the causes of complaints, of which 113 were implemented.

Many actions were undertaken to streamline the complaints process for the purpose of shortening the complaints examination period and enhancing the level of client satisfaction:

- Robotization was used for recurring operational activities. Already three robots are helping in the process, work is underway on the implementation of new ones.
- The Bank implemented monthly client satisfaction monitoring of the complaint process and the “Close the loop” process - analyzes and contact with customers who assessed the process negatively. This allows the Bank to keep track of client satisfaction, analyze reasons for satisfaction or dissatisfaction, and take actions to increase client satisfaction.
- The “Embrace the Problem” project is continued, aiming to support personnel serving clients directly in dealing with complaints by informing them about the most frequently reported complaints and the need to accept reasonable and complete notifications.
- In December 2020, system hints for branch and Contact Center employees on how to properly resolve a client issue and to which department should the request/inquiry be forwarded were developed. This reduces the waiting times and helps avoid an incorrect registration of submissions as complaints.
- The Bank uses simple language in its responses to clients, and the texts are visually clear. In accordance with the principles of straightforward language, the Bank has developed templates for responding to the most common requests and has placed them in the complaint processing system. Consequently, it is easier to prepare a reply and the processing time is shorter.
- Thanks to the development of the principles of cooperation between the Bank’s distinct units, information from client complaints is used to improve products and processes and prevent the occurrence of similar complaints in the future.

Complaint reports are forwarded to the people responsible for individual products and processes allowing the Bank to analyze the quality of services it offers on an ongoing basis and take optimization measures. A broad range of ratios related to complaints is reported on a monthly basis, while the effects of the overall complaints handling process are presented regularly at the Process and Operational Risk Committee meetings and also at the meetings of the Supervisory Board Audit Committee.

Client satisfaction with the Bank’s complaint process	2020	2019	2018	2017	2016	2015
Clients satisfied and very satisfied with the complaint process	79%		85%	76%	77%	76%
% of clients that recommend the Bank	52%	Study was not conducted*	52%	55%	52%	44%
NPS ratio** on the complaints process	36		35	37	36	21

* Due to the operational merger with Euro Bank

** Indicates the willingness to recommend the Bank’s products and services

Group Companies 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 (TFI) offers its products through distributors of participation units and

does not have direct contact with clients. Client complaints are submitted to Millennium TFI as well as to distributors. The Bank reviews complaints related to the customer service provided by its employees. To the extent involving the quality of products offered by Millennium TFI, complaints are handled, at TFI's request, by the transfer agent who keeps the registers of participants and conducts transactions regarding the participation units. In the Brokerage House, 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*	2020	2019	2018	2017	2016
Number of complaints filed	113,182**	91,682**	70,707	44,493	41,750
Number and % of complaints handled in favor of clients	86,619 (76%)	65,488 (71%)	52,507 (74%)	30,315 (68%)	26,755 (64%)
[GRI 418-1] Number and % of complaints concerning privacy breaches or loss of client data	224 (0.2%)***	272 (0.3%)****	275 (0.4%)	160 (0.4%)	175 (0.4%)

* Complaints reviewed by Bank Millennium (except for investment products)

** The increase in the number of complaints resulted from, among other factors, the merger of Bank Millennium and Euro Bank's complaint portfolios, migration of client data and a rapid increase in the number of clients

*** Of which 94 complaints were accepted

**** Of which 93 complaints were accepted

The results of the complaint management and customer communication policy were noticed and appreciated by the market, as Bank Millennium was awarded the first prize in the 2020 European Customer Centricity Awards in the complaints category. The prestigious ECAA competition organized by ARCET is one of the most important European contests promoting **customer centricity** and the **Customer Experience** perspective in business. The jury recognized the “Embrace the Problem” project that focuses on addressing client needs and the case-by-case approach.

2.4. INITIATIVES TO ENHANCE CLIENTS' FINANCIAL AWARENESS [GRI FS16]

CORPORATE CLIENTS

EDUCATIONAL WEBINARS. Due to the limitations in organizing traditional, local meetings with customers, in 2020 the Bank supported customers remotely, using webinars - either independently or in cooperation with partners (CFO Club, BGK, Polish Development Fund). In total, nearly 1,500 participants attended those webinars. Topics discussed during the meetings included crisis management from the CFO's point of view, digitalization and automation in finance, working capital management in times of crisis, guarantee programs for commercial undertakings, as well as the scope of support and forms of applying for the Polish Development Fund's subsidies.

BANK MILLENNIUM CLIENT GUIDE The Guide for Corporate Banking clients, also issued this year, included information on legal changes affecting the clients' businesses, macro-economic information and articles on selected Millennium products and services. The Client Guide is a monthly publication attached to paper account statements. It is also available to everyone on the Bank's website.

3. RESPONSIBLE ADVERTISING AND SALES

3.1. RELIABLE MARKETING COMMUNICATION

[GRI 103-1, 103-2, 103-3, 417-1] In accordance with the principles of advertising banking services drafted 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 are specified. Clients also receive information where they can obtain detailed information regarding a given promotion.

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 clear and reliable, legally-required advice about the products offered. Implementation of the marketing communication standards reduces the reputation risk and the risk of penalties for non-compliance with the regulations.

[GRI 417-1] 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 Credit Act of 22 October 2017,
- Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents Act,
- internal instructions applicable to the rules for devising informational and advertising materials for banking products and services in Bank Millennium and the rules for preparing commercial publications regarding financial products and instruments in Bank Millennium.

Millennium TFI advertises its products only on its website and through unit distributors. Product advertising is in line with legal regulations governing investment funds and investment fund companies, and the guidelines of the Polish Financial Supervision Authority. To the extent that product advertising is not covered by specific regulations, the Fund Management Company applies the Bank Millennium Group's standards, including ethical standards, and does not use messages prohibited by law in its advertising.

The Fund Management Company has adopted the Corporate Governance Principles for Supervised Institutions and is committed to observing them in relation to advertising message practices. In all other respects, the Fund Management Company complies with the standards of the Bank Millennium Group.

[GRI 417-3] In 2020, there were no cases of non-compliance of the Bank Millennium Group with regulations relating to marketing communications.

3.2. TRANSPARENT INFORMATION ABOUT PRODUCTS AND SERVICES

The Bank provides clients clear and understandable product information through its employees in sales and customer service channels such as branches and its phone information line, and in the form of texts in 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. **Bank employees are informed on an ongoing basis about any significant changes** in sales and customer service through the Bank's various internal communication channels. The product sales process is executed on the basis of standardized models to make it possible to **present an offer customized to a client's needs and expectations** with

options that may be of interest to him/her, along with the scope of information necessary to make an informed decision about the purchase of a given product. How sales standards are followed and the scope and quality of information provided to clients are evaluated on a regular basis through Mystery Shopper surveys and as part of client satisfaction surveys. The method of sales and customer service is also checked and streamlined through inquiries and client complaints.

Informing about accounts

One of the primary objectives is to properly align the offer to the needs of each client. The Bank is committed to ensuring that offers/services are presented after an in-depth needs analysis and meet clients' expectations, while being fully understandable and transparent. In the processes of account opening and establishing relationships with clients, employees use support materials provided in an attractive form, transparent, written in a language that is clear and easy to understand. These materials have been developed as a result of research and interviews with clients, and their use is aimed at correctly and accurately identifying the clients' needs and properly adjusting the sales conversation.

Each person visiting the website can obtain detailed information on the offer and on the dedicated services recommended by the Bank, depending on their current needs. A 24-hour Hotline is also available.

Informing about mortgage products

Client filing a mortgage loan application with Bank Millennium receives, at each stage of the process, thorough information from a Bank employee about the product and the associated risks. In 2020, the Bank conducted a large-scale online training and webinars on product design and the lending process, reminding its employees how to convey the details of the offering made available to the clients in a comprehensible, reliable, and transparent manner. The training was attended by over 2,500 participants - both employees of the Bank's sales network (approx. 1,000 participants) and the Bank's sales partners (approx. 1,500 employees of all mortgage loan intermediaries cooperating with the Bank).

Information regarding the mortgage products contained the Bank's marketing materials and advertisements meets the standards set forth in the Mortgage Loan and Supervision of Mortgage Loan Intermediaries and Agents Act, and are updated on an ongoing basis.

Informing about insurance products

Information on insurance products is presented by the Bank in a manner adjusted to the sales channel of a given product, verbally or at specific stages of the sales process in the case of remote channels. Such information is also included in the insurance and/or banking documentation for the banking product for which the insurance is offered.

The insurance documentation contains standardized detailed insurance provisions in line with the law and the guidelines of Recommendation U on good bancassurance practices with a view to ensuring a transparent presentation of the product, including:

- description of the insurance coverage,
- description of insurance benefits and rules for determining their amount in the event of occurrence of an insurable event,
- dates of payment and methods of calculating insurance premiums or fees,
- amount of the sum insured,
- description of the insurance coverage term and rules for continuation or renewal of such insurance,
- exclusions and limitations of the insurance company's liability,
- principles and procedures of cancellation / termination of insurance coverage with respect to insurable event, as well as complaints and claims,
- name of the insurance company providing insurance coverage.

Informing about savings products

Information on savings products in the form of a summary of the most important features or in more detail, highlighting the elements of the products concerned, can be found on the Bank's website, obtained at any branch, via the Hotline or electronic banking channels. The Bank has been consistently improving the presentation of product information, in particular in remote channels.

The employees are trained to provide a specific range of information in relation to each product, including uniform information material on savings products comparing the features of all products in an easy and accessible way. The Bank also reviews customer queries and complaints with a view to eliminating their causes.

[GRI 419-1] In 2020, no penalties were imposed on the Bank with respect to savings products, and no consumer boycotts took place.

Informing about investment products

With regard to investment products, the Bank issues commercial publications that are prepared with utmost care and in compliance with the applicable rules and regulations in this area, e.g. the Code of Best Practice for the Financial Market and the guidelines of the Polish Financial Supervision Authority. Bank Millennium constantly follows and adapts its materials to the recommendations of the Polish Financial Supervision Authority. Commercial publications are evaluated by the Legal Department and the Compliance Department. These units are responsible for ensuring that the materials are prepared in accordance with the law and the guidelines of the regulatory authorities.

In addition, prior to the purchase of an investment product, the client is required to complete the Target Group and Appropriateness Test, the purpose of which is, inter alia, to review the client's knowledge of investment services and financial products and instruments, to assess the nature, size, and frequency of transactions, and to examine whether the client belongs to the target audience for a specific instrument or product.

Based on the answers provided, the client is assigned the Target Group and Appropriateness Score with information on products with regard to which the client is the so-called target group and which products are appropriate. The Bank does not apply any restrictions on the sale of investment products to certain groups.

Proposals to introduce a new product are subject to evaluation at several stages, inter alia, by the Risk Department, Compliance Department and Legal Department. Participation of these units in the assessment process makes it possible to evaluate the following:

- acceptability of significant risks identified and how to mitigate them related to the implementation or change of the product/service,
- compliance of the suggested product/service with the requirements in terms of provision of appropriate information to potential clients prior to signing the contract, fulfillment of information obligations during provision of a financial service, identification of potential conflicts of interest in order to take steps to prevent them, accuracy and completeness of information provided,
- compliance of the suggested product/service with the applicable laws and assessment of legal risks.

Security of investments

The Bank observes the requirements of the MiFID2 directive (Markets in Financial Instruments Directive). 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 evaluate target markets and appropriateness of investment products and services offered for 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 in accordance with the best interests of the Clients and a policy to prevent the conflict of interest and inform the Clients about these policies.

To ensure the best possible protection level to its Clients, the Bank applies some MiFID2 guidelines also to insurance and investment products, 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 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.

[GRI 417-1] Any information documents concerning investment 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.

If a Client wishes to purchase a product which, according to the Bank, is not appropriate for the Client or if the Bank is not able to evaluate the given product, the Bank warns the Client of this fact via the Bank's sales application when the order is placed. The Client receives the same warning in the order form. The Client is obliged to read the warning and, if they still wish to purchase the product, they are obliged to accept the warning by signing the form.

Before starting to offer investment products, each Relationship Manager must have at least twelve months' experience in offering those and must pass a test of knowledge of the products. Each Relationship Manager 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 investment product change, **e-learning refresher training is made available to Relationship Managers.** As a result, the employees have adequate and current knowledge of the investment products offered. Additionally, the Relationship Managers take advantage of regular market and product conference calls. The Bank's employees also have permanent access to up-to-date current product presentations.

[GRI 419-1] In 2020, no penalties were imposed on the Bank with respect to non-compliance with the law, and no consumer boycotts took place with respect to the investment products offered by the Bank.

Informing about TFI products

Millennium TFI does not sell the Millennium Fund Management Companies' units directly, but through licensed entities, i.e. distributors holding the appropriate licenses to accept and forward orders of purchase or sale of units. Information on the Millennium Fund Management Companies and documents concerning the funds containing information necessary for the clients are made available to participants and potential participants on the Fund Management Company's website and at distributors' customer service points.

The Fund Management Company drafts various information materials for the clients, in particular: prospectuses, terms of issue, key investor information documents (KIID), information for participants of Alternative Investment Funds (AIF), or information sheets of investment sub-funds. Moreover, in 2020, the employees of Millennium TFI conducted training for the employees of the Bank Millennium's distributor providing services directly to the investment fund participants. Training covered information on investment funds managed by the Millennium TFI, financial instruments, and the equity market mechanisms.

[GRI 419-1] In 2020, no penalties with respect to non-compliance with the law or other standards were imposed, and no consumer boycotts took place.

3.3. ETHICAL STANDARDS IN CUSTOMER SERVICE

[GRI 103-1, 103-2, 103-3, FS15] Ethical sales activities place a strong emphasis on the compliance of service with the applicable regulatory requirements and meet the following assumptions:

- the tools and guidelines in client call scripts are aimed at ensuring the best quality of customer service by providing full and precise information on the individual products and processes;
- client call scripts address the need to examine client needs and propose products adequate to client's expectations and situation;
- assumptions and tools pertaining to product models are reviewed by the Compliance Department.

The sales standards (including sales ethics) are implemented in the sales units by means of initial training, e-learning and post-implementation activities of persons and units appointed for that purpose (including managers).

The guidelines of the **Book of customer service Standards** obligate employees to do the follow in particular: analyze client needs, clearly present the Bank's offer, discuss the rules on how the product operates, present cost-related information, diagnose client doubts, provide explanatory information and finally - confirm that the rules on the product's operation are intelligible to the client prior to signing an agreement.

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 quality and a high level of ethical sales, the Bank also drafted **Client Call Scripts** about daily banking products, credit products and saving and investment solutions. These scripts have been in operation for several years and are gradually being updated and optimized. Each implementation of a new script involves mass implementation of the solution among direct customer service employees and training. All modifications to call scripts focus on providing clients with thoroughly transparent information and education to ensure that they are fully aware of the Bank services they utilize.

Observance of Client Call Scripts and customer service Standards is monitored continuously and the results are delivered to the Bank's management board and the direct superiors of the assessed employees, and are also used to take remedial 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, to which the Bank attaches great importance and takes into account all the conclusions resulting from them.

Regarding insurance products, the Bank has implemented standards in line with the guidelines of Recommendation U on good bancassurance practices and the Insurance Distribution Act.

Separate ethical sales regulations are in force in the companies. Millennium Dom Maklerski has implemented a number of documents governing the rules for showing due diligence in client contacts. The most important ones are the rules and regulations for providing brokerage services, contracts executed with clients and the "Policy of executing orders and acting in accordance with the best interest of the Client at Millennium Dom Maklerski SA".

Minimizing the risk of over-indebtedness and own budget management

Before offering a product, the Bank checks client needs to ascertain his/her knowledge about credit products and financial standing, whereby it is possible to tweak the manner of communication and align the product to his/her circumstances. **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 in which a client should not take out any more debt. The Bank offers its clients the opportunity to consolidate unsecured debt being repaid to other lenders, which often allows them to reduce their monthly credit charges in their household budgets and improve their financial security. Clients using online transaction banking may take advantage of advanced tools for managing expenses enabling them to deepen their knowledge on how to manage their budget effectively.

[GRI FS16] The Bank Millennium Foundation continued the "Financial ABCs" educational program for kindergarten children and created "A guidebook for parents - How to teach finance to children". One of the articles was entitled "Loans and debt or what is liability". This way, the Foundation continued to educate the youngest ones in the area of savings, the credit needs and the role of money in life.

The Finance Manager available in Internet banking is an example of an interesting tool. It is a free of charge service that allows the clients to manage their household budget comprehensively, and to easily control both spending and savings.

Assistance in repayment of debt

Bank Millennium offers a debt consolidation loan to clients who intend to reduce the costs of loan repayment with the option to amortize their debt in other banks. In addition, **clients may take advantage of a deferred payment of one installment of a cash loan or a consolidation loan**, which is very helpful for those who must use the funds for an installment payment in a given month for other purposes.

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

Debt restructuring applied by the Bank in the process of pursuing retail clients' receivables involves the execution of an annex to the original agreement (in a traditional form at the Bank's outlet or via electronic channels) or a separate restructuring agreement whose content modifies the binding debt repayment terms binding for the client, as appropriate to the client's standing and financial capabilities.

The restructuring and collection of receivables is carried out by dedicated organizational units of the Bank, separate for receivables due from corporate and retail customers (including Business customers), acting in line with both internal (instructions and guidelines) and external regulations. For instance, the Bank enabled customers to benefit from relief measures introduced by the government, such as the suspension of interest and principal installments or a non-legislative moratorium implemented in connection with the spread of the COVID-19 pandemic in accordance with the European Banking Authority's Guidelines on legislative and non-legislative loan repayments moratoria.

The process of recovery of retail clients' receivables is performed with the use of an IT support system, linked to the Bank's operating system and credit card administration system, enabling identification of bad debts, their review, monitoring, recording of activities, progress and effects of the recovery, dispatch of key correspondence, as well as reporting and management of the specific receivables.

3.4. SOLUTIONS FOR FX MORTGAGE BORROWERS

Bank Millennium is currently serving 2.6 million active retail customers. The number of active agreements regarding FX mortgage loans is 57.8 thousand (without former Euro Bank).

Mortgage loans indexed to or denominated in foreign currencies, in majority in Swiss francs, were offered to clients in years 2000, most of them were granted in 2005-2008. At the time of their granting, the loan agreements were in accordance with Polish law and applicable regulations, in particular with recommendations from the Polish Financial Supervision Authority KNF (in particular, Recommendation S). At the time of taking the loans in foreign currencies, clients had first to expressly reject the loan in Polish zloty. Polish Banking Association ZBP, at proper moment in time, suggested abandoning currency mortgages, but supervision and the public sphere encouraged them, which was described and documented in the ZBP study entitled "White book of franc loans in Poland". The reasons for this were significant. In Poland there was a lack of capital and significant demand for mortgage loans and the relatively high interest rate of the zloty was an obstacle to support finance the housing expansion carried out at that time. Foreign currency mortgages, supported by lower interest rates in Swiss francs and in euros, had a positive impact on Poland's economic growth and contributed to the creation of approx. 775,000 flats and houses.

Credit agreements were not questioned in the period when the Swiss franc to PLN exchange rate was favourable for borrowers. The borrower's questioning of contract provisions began when the exchange rate began to change to the detriment of customers. Clauses referring to exchange rate tables of some banks have been included in the list of abusive clauses as a consequence of abstract abusiveness control procedure. It is worth emphasizing that said inclusion does not necessarily mean unlawfulness in particular case. In fact, loans indexed to foreign currencies (which was in fact Bank Millennium main offer) were offered for the convenience of borrowers that wanted to be sure that at the moment of taking the loan they would have the exact amount in zlotys that they required.

The turn in increased dissatisfaction of borrowers was caused by the Swiss central bank, which unexpectedly removed the floor on its currency on 15 January 2015, as a result of which the Swiss franc appreciated significantly against other currencies including the Polish zloty. In this way, the decision taken had impact far beyond the borders of Poland and also hit Polish citizens who took out housing loans in this currency.

According to data from the Polish Bank Association, gathered from all banks, which have FX mortgages, the definite majority of the litigations were eventually resolved to the banks' benefit by 2019. However after the judgement of the Court of Justice of the European Union (CJEU) of 3 October 2019 (Case C-260/18) the proportions turned and in most cases banks lost the court cases.

However the case law regarding FX loans has not definitively developed yet. Significant influence on future court rulings may come from replies to further questions sent by Polish courts to CJEU (Court of Justice of European Union) as well as the judgement of the Civil Chamber of the Supreme Court, in its full composition, which sitting is planned for 25 March 2021.

On 8 December 2020 Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority, at Rzeczpospolita daily, proposed introduction of a “sectoral” solution regarding risk involved with FX mortgages. The proposal assumes that banks would voluntarily offer to customers the opportunity to convert FX mortgages loans to PLN as if the loans had been in PLN from the day of origination, with simultaneous retrospective change of interest calculation formula to WIBOR plus historical margin applicable to such credits from the day of granting the loan. The proposal has been under consultation with banks under the auspices of KNF and ZBP. In the current stage the final outcome as well as its timing remains unclear. Hence the Bank remains open towards customers, offering them amicable solutions under its own terms.

Case-by-case arrangements with customers

Bank Millennium is engaged in case-by-case arrangements with customers regarding terms of loan repayment or currency conversion, taking into consideration the particular situation and expectations of each customer. Bank Millennium has always been talking with its customers and offering solutions adjusted to their needs. During 2010-2015 customers were largely interested in changing the property, which is collateral to the loan, while in 2015-2020, due to strong growth of salaries during that period, first of all in making early repayment, hence enquiries concerned the possibility of offering a more favourable exchange rate. Since 2020, due to strong reduction of WIBOR, customers are mainly seeking an opportunity to convert currency of the loans to PLN, eliminating FX risk and maintaining a still low monthly payment. The bank’s proposal is prepared for customers on a case-by-case basis. The interest on part of customers is significant in our opinion. During 2020 the number of active agreements fell to 57.8 thousand by almost 6%, with full repayment and voluntary currency conversion accounting for 80% of that decrease.

Settlement at average NBP rate

Bank Millennium regularly prepares and presents to FX mortgage customers solutions, which aim i.a. to make it easier for borrowers repaying a loan directly in CHF to convert the currency of the loan (i.e. change repayment currency to PLN) or to repay the loan under terms favourable for the customer. One of the most important changes in 2020 was introduction in settlements of CHF loans of the average NBP rate and restriction to a minimum of formalities involved with loan currency conversion or repayment.

Sixpack

Since January 2015, when rapid growth of the CHF rate was observed, Bank Millennium is offering a special solution known as “sixpack”, comprising:

1. Taking into account negative LIBOR to calculate housing loan interest rate.
2. Strong reduction of FX spread, which results in a visible reduction of monthly loan payments for customers.
3. Extension of loan repayment period upon the customer’s request or temporary suspension of loan payment so that the payment is not higher or is only slightly higher than before unpegging the rate. These applications could be submitted only by borrowers living in the loan-financed real property.
4. Resignation from demanding new collateral as well as loan insurance for customers making loan payments on time.
5. Enabling borrowers to convert loan currency from CHF to PLN at a rate equal to average NBP rate.
6. Increasing flexibility of rules for restructuring mortgage loans for customers living in the loan-financed real property.

Borrowers Support Fund

Customers of Bank Millennium, who took a housing loan in Swiss francs and in PLN and are in a difficult financial situation, can apply for support from Borrowers Support Fund created by banks, including Bank Millennium, in 2015. Under the Act on support of borrowers who took a housing loan and are in a difficult financial situation, adopted in 2019, which came into force on 1 January 2020, criteria were changed for applying for support, which is to make the Fund more available.

The support is temporary aid granted to borrowers, who are in a difficult living situation, such as job loss or decrease of income. A borrower, who was granted support, receives money every month to be used for loan payments. The money is paid during a period of not more than 36 months, in amounts corresponding to loan payments, however not more than PLN 2,000. If the amount obtained from sale of the real property was not sufficient to repay the housing loan, the borrower may get a loan for debt repayment (interest-free aid) in a maximum amount of PLN 72,000. Returning the aid received starts after two years from disbursement of the last part of the support or loan and is spread into 144 interest-free payments. Part of the money may be forgiven provided that payments are regular.

Since its origination the Fund has been used-up in merely a few per cent and is still awaiting full allocation to borrowers in need.

[GRI 206-1] As at 31 December 2020 the Bank had 5,018 loan agreements and additionally 496 agreements from former Euro Bank subject to pending individual litigations (except for recovery cases) regarding indexation clauses of FX mortgages submitted to courts. The total value of claims filed by plaintiffs is PLN 562.4mn and CHF 34.3mn. Cases regarding 98% of loan agreements are before courts of first instance and regarding 2% before courts of second instance. Until 31.12.2020 only 69 cases were finally resolved.

The Bank is a party in a class action, which aims to ascertain the Bank's liability vs. members of the group on the basis of unjustified enrichment in relation to concluded FX mortgage loan agreements. This is not a litigation regarding payments. The ruling in the above cases will not involve awarding any amounts to members of the group. The number of loan agreements covered by these litigations is 3,281. The case has currently been postponed for an indefinite term.

In 2020 number of banks, including Bank Millennium, received a decision of the President of the Office of Competition and Consumer Protection recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof. A penalty was imposed upon Bank Millennium of PLN 10.5 million; its amount takes account of two extenuating circumstances: good cooperation with the UOKiK and discontinuation of the use of the provisions in question. The Bank appealed against the UOKiK decision and the matter is at a court of first instance.

4. SAFETY OF CLIENT FUNDS

[GRI 103-1, 103-2, 103-3] Ensuring the 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.

Millennium TFI ensures safety of client funds entrusted to funds managed by the Fund Management Company in accordance with legal regulations governing investment funds and investment fund companies. Under the Act, the maintenance of participant records and the execution of participant instructions has been entrusted to a specialized entity, the transfer agent. The security of the assets held by the Funds is ensured by their depositary, i.e. Bank Millennium in the case of the Millennium Funds.

4.1. COMPLIANCE - ENSURING COMPLIANCE WITH THE REGULATIONS

[GRI 103-1, 103-2, 103-3] The rules and standards to ensure compliance with internal and external regulations are described in "Compliance Policy of Bank Millennium S.A.". Within the compliance risk management process, Bank Millennium considers the following areas to be especially significant:

- monitoring changes in legislation and market standards,
- ensuring compliance of Bank Millennium's internal regulations with generally applicable provisions of law and with recommendations of regulatory authorities,

- monitoring and approval of new products as well as modifications or withdrawals of existing products,
- approving marketing materials,
- reporting violations of applicable laws, internal regulations, or market standards
- preventing money laundering and financing of terrorism,
- preventing and managing conflicts of interest;
- combating corruption,
- observing ethical principles;
- personal transactions,
- protecting confidential information and information subject to professional secrecy,
- monitoring and ensuring compliance with respect to the financial products and services covered by the MiFID2 directive.

A report on the functioning of the compliance supervision system is presented quarterly to the Bank's Management Board and the Supervisory Board Audit Committee and annually to the Supervisory Board.

[GRI 419-1] No fines for non-compliance with the generally applicable laws were imposed on the basis of a final ruling on the Bank in 2020.

4.2. FRAUD PREVENTION

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 and client funds. To this end, numerous prevention mechanisms have been designed and implemented to monitor the transaction systems. These tools are constantly being developed to better identify fraud schemes.

The Bank attaches the due attention to training persons responsible for dealing with customers reporting attempted fraud. One of the objectives of the Security Department (owner of the fraud prevention process) is to consistently inform employees of any threats to which both themselves and their customers are exposed. With this objective in mind, among other things, the Department prepares and publishes articles in the Intranet bulletin, "Millennium World". Additionally, in consultation with other units, it sends periodic push/sms/Millenet alerts to clients informing of criminal schemes.

[GRI 102-17] Another important constituent element of the program is the dedicated **electronic mail account and the emergency 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. The alerts are addressed to the Abuse Management Unit which plays a support role, makes decisions, and directs the actions to minimize the risk of fraud.

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

Bank Millennium identifies and assesses money laundering and terrorist financing risks related to the Bank's activities, taking into account risk factors connected with clients, countries or geographical areas, products and services, transactions, delivery channels, taking into account the nature and size of the Bank.

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 or terrorist financing. In order to minimize the risk, the Bank operates in accordance with the principles of the AML/CTF Program which sets out rules of conduct in line with national and international legislation and banking standards.

The Bank applies to its clients the financial security measures appropriate to the level of identified AML/CFT risk, takes steps to mitigate the risk of establishing relationships and conducting business with persons or entities suspected of obtaining their funds illegally.

The Bank complies with the Polish AML/CFT laws, the legal regulations of the European Union and the United Nations, as well as the international banking standards with respect to specific mitigation measures (sanctions). The AML/CFT program is reviewed for compliance with applicable laws and regulations at least annually.

All Bank Millennium employees are obliged to make every effort to ensure that the Bank's products and services are not used for money laundering and terrorist financing and that any suspicious activity is promptly reported to the appropriate banking unit.

The Bank provides AML/CFT training to all employees in order to meet the highest standards, particularly with regard to the applicable AML/CFT regulations, including but not limited to the application of financial security measures and specific mitigation measures in the business relationships with clients, and money laundering typology. The Bank has procedures and channels in place to report AML violations that ensure anonymity and fully reflect the requirements of the Act.

The most important functions, roles, and responsibilities as well as specific areas, in particular high risk areas, are appropriately described in the Bank's internal regulations. A dedicated AML unit is properly placed in the Bank's organizational structure and the persons responsible for the Bank's actions in the field of AML have the appropriate skills and qualifications.

The Bank's Management Board is regularly informed of the implementation of the AML/CFT Program. The reporting includes, in particular, the most significant management information, including the most important changes in the law and regulations, statistical data and other data required to provide a comprehensive presentation of the AML/CFT risk in the organization. The Bank has a specialized AML Committee which receives regular information on the matter, as does the Supervisory Board which is informed on at least an annual basis.

The Companies of the Bank's Group that are obligated institutions have in place separate policies on anti-money laundering and counter-terrorist financing and apply the requirements of AML/CFT regulations in a consistent manner. Employees performing the AML/CFT duties are properly trained in line with the training program.

4.4. PREVENTING CONFLICTS OF INTERESTS

[GRI 102-25] The Bank has implemented the "Policy for the prevention of conflicts of interest in Bank Millennium S.A.". In line with the Policy, the Bank has established the following principles governing this area:

- acceptance and provision of financial and non-financial benefits (the so-called "performance incentives"),
- product review and approval,
- appropriate organizational structure (including clear reporting lines) and information barriers,
- compensation policy,
- personal transactions,
- additional or competing activities,
- transactions with entities of the Bank Millennium Group.

The Bank's Management Board is responsible for the proper management of conflicts of interests and supervising them. On the basis of recorded cases of actual conflicts of interests, the Compliance Department carries out analyses of occurrence of conflicts of interest and provides the Bank's Management Board with the conclusions with a view to eliminating them in the future. These analyses are prepared periodically, at least on an annual basis.

Some Companies adhere to specific regulations on top of the regulations that span the Bank's Group, e.g. Millennium Dom Maklerski has in place the "Policy for the prevention of conflicts of interest at Millennium Dom Maklerski S.A." and Millennium Towarzystwo Funduszy Inwestycyjnych adheres to the "Regulations for managing conflicts of interest at Millennium TFI S.A.".

4.5. COMBATING CORRUPTION

[GRI 103-1, 103-2, 103-3] The Bank's approach calls for zero tolerance to any and all manifestations of corruption, which may be succinctly defined as the acceptance or giving of (financial or non-financial) benefits with a view to generating a specific behavior or omission by the other party.

Construed in this manner, corruption is associated with the area of ethical behaviors of employees and is governed by the Code of Ethics of the Bank Millennium Group. **As regards the prevention of counteracting corruption, the Code of Ethics focuses on:**

- **principles governing the relationships with the suppliers of goods and services** - the Bank applies fair and uniform rules for the selection of its suppliers where such selection is based on objective criteria such as the quality, price, reliability and compliance with the principles of ethical business conduct. Tenders are conducted in a transparent manner, in compliance with the applicable internal regulations. The Bank also keeps trade secrets confidential, adheres to confidentiality clauses and protects all information it obtains in the process of negotiating and performing contracts with its 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.
- **contacts with public institutions, including political parties** - the Bank complies with the law and ethical standards in their contacts with individuals holding a public office and get in touch with such individuals only when and to the extent such contacts are indeed necessary for the performance of their official duties. Moreover, the Bank has adopted an approach that requires political neutrality, which is manifested, among others, in the absence of support, funding or enabling any political activity within the space administered by the Bank.
- **accepting and giving (offering) benefits** - as a rule, it is forbidden to accept and give (offer) benefits, except when they are modest and of reasonable value, and their giving or receiving is non-binding, i.e. does not oblige to reciprocity, as nor does it give the impression that their handing over or receipt is to induce the other party to make a decision in return for their receipt. Benefits of small value are also allowed, as they are customarily given and received on special occasions (eg Christmas). Particular attention is also paid to maintaining the appropriate time for giving benefits, i.e. this time cannot coincide, for example, with conducting a tender, planning a cooperation agreement, etc., which could mean that the benefit given is to persuade the other party to make a specific decision.

[GRI 205-2] Within the framework of mandatory training on the Code of Ethics employees (806 people) familiarize themselves with the Bank Millennium Group's anti-corruption policy. 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 Compliance Department head.

Risk of corruption Bank Millennium Group)

[GRI 205-1] Number and percentage of organizational units analyzed for corruption risk

During internal audits, the vulnerability of bank processes to various types of threats and fraud, including corruption, is examined. Such examination covers all the operations of the Bank and all business processes implemented within the Bank Millennium Group, as appropriate for assessment of the degree of the risk of exposure to the specific type of threat. It is difficult to specify the number of audited units, since audits concern processes and often several organizational units may be involved in each process.

[GRI 205-3] Actions taken after corruption cases are found

In 2020, no corruption cases have been found.

[GRI 103-1, 103-2, 103-3] Some Companies have their own anti-corruption regulations. Millennium Dom Maklerski has implemented, among other things: Rules and regulations for persons engaged in

Millennium Dom Maklerski to invest in financial instruments, and 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. Millennium Towarzystwo Funduszy Inwestycyjnych applies the regulations stemming from the legal requirements applicable to that category of entities set forth in the Rules and regulations for accepting and giving performance incentives.

Millennium Towarzystwo Funduszy Inwestycyjnych applies also the principles provided for in the Bank Millennium Group's Code of Ethics.

4.6. SAFETY OF INFORMATION AND TRANSACTIONS

[GRI 102-15, 103-1, 103-2, 103-3] The Bank makes its best efforts to ensure the protection of its clients' funds and privacy. To this end, a risk analysis is conducted both before and after the development of a new product or service, also globally, taking into consideration the Bank's entire ICT environment. Key risks associated with insufficient protection of clients' funds and privacy include: leakage, loss or unauthorized modification of sensitive data that may affect the financial stability of clients. The consequences of materialization of such risks include regulatory and legal non-compliance (penalties and litigation), financial losses suffered by the Bank (compensations and return of funds lost by clients) and a decrease in the level of clients' trust in the Bank (reputation risk).

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.

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.

The introduced solutions and **implementation of the applicable policies and legal requirements are subject to regular audits and tests** performed by professional internal auditor teams as well as renowned audit and IT security firms.

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 about the best practices in personal data protection, banking secrets, company secrets and other confidential data. The training covers both current employees of the Bank Millennium Group and former employees of Euro Bank as well as staff of cooperating companies who may obtain access to the Bank's network.

Security training Bank Millennium Group	2020	2019	2018	2017
% of trained employees	91%	91%	92%	85%

4.7. INTERNAL AUDIT

[GRI 103-1, 103-2, 103-3] 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. **The planning process 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.

Internal auditing is an independent and objective assurance and consulting activity, which is part of the internal control system of Bank Millennium S.A. and which is pursued by the Internal Audit Department with a view to add value and streamline processes in the Bank / Bank Millennium S.A. Group as well as to evaluate the appropriateness and effectiveness of the risk management system and internal control system. Consulting activities may be performed if their nature does not infringe the principle of objectivity and independence of the internal auditor.

In 2020, 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 BCP Group. **The Department’s planned activity covered, among other things, the performance of audits of key business processes and support processes, branches and compliance with external regulatory requirements.** Tasks performed by the Internal Audit Department also included explanatory proceedings and preventive audits. As part of the consulting activity, the Department performed tasks related to SREP coordination and regulatory/external inspections and audits carried out in the Bank.

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.

5. THE BANK IN THE MARKET ENVIRONMENT

At the end of 2020, the Bank Millennium Group was the 7th largest commercial bank in Poland by total assets and deposits. The Bank’s share in deposits was 5.3% (6.0% at the end of 2019), and in loans - 6.1% (5.70% at the end of 2019). The Bank Millennium Group maintained a relatively stronger position in the segment of household deposits (6.7% relative to 7.2% at the end of 2019), retail loans (8.0% relative to 7.7% at the end of the previous year) and credit card transactions (7.8% relative to 7.9% in 2019). In the corporate segment, where the Group’s share is smaller than in the retail segment (3.2% in deposits and 4.2% in loans), the Group traditionally maintains above-average presence in leasing and factoring products. The Group distributes its products and services through a chain of outlets as well as through electronic channels, including ATMs, Internet, telephone and mobile applications.

5.1. COOPERATION WITH TRADE ORGANIZATIONS

[GRI 102-13] The Bank is a member of more than ten industry organizations operating on a regional, national and international level. Some of them concentrate their activities on the area of corporate business (Chambers of Economy, Commerce and Industry), while others on improving the relationships and knowledge of employees with specific competences (Polish Chamber of Statutory Auditors or Institute of Internal Auditors). The most important industry organizations are as follows:

Lewiatan Confederation (representing interests of employers in Poland), Stock Exchange Issuers Association, ACI Polish Financial Markets Association, Polish Association of Factors, Employers of the Republic of Poland, 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. It helps banks and clients create appropriate relationships and optimal development. Specialists from the Bank take part in the work to resolve sector-specific difficulties and issues performed, among others, by the Committee on the Quality of Financial Service and the Banking Cybersecurity Center.

5.2. RELATIONS WITH THE CAPITAL MARKET

Bank Millennium is the first Polish bank listed on the Warsaw Stock Exchange (since 1992). Presently, the Bank is a member of the WIG Index, WIG 30, mWIG 40, WIG Banks and WIG-ESG.

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 <https://www.bankmillennium.pl/o-banku/relacje-inwestorskie>.

The website presents up-to-date information, e.g. listings of the Bank Millennium's shares on the WSE, the company's shareholder structure, General Meetings, history of dividend payment or credit ratings. Current and periodic reports, presentations of results, .xlsx spreadsheets with key financial information and other relevant information about the Bank can also be found there. It is worth noting that the website is responsive, which means that it is adjusted to mobile devices: tablets and smartphones.

[GRI 102-43] 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 2020),
- **participation in conferences** organized for investors in Poland and abroad (9),
- **individual and group meetings** with capital market players (434),
- **current stock exchange reports** (32) and press releases,
- **dedicated website** in the Bank's portal on investor relations,
- encouraging participation 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 players	2020	2019	2018	2017	2016
Number of meetings	123	168	155	183	192
Number of participants	434	360	355	373	391

Bank Millennium is analyzed by 14 analysts who represent local and international brokerage offices and publish their reports and recommendations for Bank Millennium's shares. A complete list of the analysts is available on the Bank's website <https://www.bankmillennium.pl/o-banku/relacje-inwestorskie/analitycy>

At the end of 2020, the recommendations for Bank Millennium's shares are as follows:

Buy	Hold	Sell
6	5	3

ESG Best Practices

The Bank operates based on good ESG (Environmental, Social, Governance) practices and observes corporate governance principles. The Company is **included in the WIG-ESG** - the index of socially responsible companies listed on the Warsaw Stock Exchange - and reports on corporate social responsibility issues.

Best corporate governance practices

The Bank satisfies all the corporate governance principles described in the document "**Best Practices for WSE Listed Companies**". In accordance with the "comply or explain" principle, a breach of any of the principles described in the Best Practices should be publicly announced by the Company in the form of a relevant report. In 2019, the Bank complied with the corporate governance principles described in the document entitled "Best Practices for WSE Listed Companies". The only exception to this rule was the absence of two-way communication in real time during the Bank's Shareholder Meeting. In the Bank's opinion, the implementation of this principle entailed technological and legal risks to the proper and efficient conduct of the Shareholder Meeting. The Bank was convinced that avoiding these risks would provide the shareholders with a greater benefit.

Bank Millennium in the WIG-ESG



Since September 2019, Bank Millennium has been included in the WIG-ESG index of the Warsaw Stock Exchange. In 2010-2019, the Bank was part of the Respect Index.

The WIG-ESG index is published on the basis of the value of the portfolio of companies considered to be socially responsible. The index includes 60 companies included in the WIG20 and mWIG40 indices. The weights of individual companies in the WIG-ESG index depend on the number of shares in free float adjusted for the results of the ESG ranking prepared by Sustainalytics and an assessment of their application of corporate governance principles.

In 2020, the Bank was rated highest again in terms of environmental, social, economic and corporate governance issues (ESG 1.0) as well as compliance with the Code of Best Practice (KDP 1.0).

6. BUSINESS PARTNERS

Procurement policy

[GRI 102-9] 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 103-1, 103-2, 103-3] 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.

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. Some branches of the Bank are operated under franchise agreements entered into with commercial undertakings running them.

The Bank's Companies collaborate with business partners on the basis of agency cooperation agreements. They 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 suppliers 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.**

Purchases of goods used by the whole Group are governed by the Bank's supplier selection policy. Specific supplier selection criteria are employed by Companies 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 construction contracts or environmental services in waste disposal agreements). **[GRI 205-2, FS5] 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.** Additionally, any supplier agreements currently executed contain a clause confirming the supplier's compliance with the provisions of the Code of Ethics. In 2020, all suppliers of Bank Millennium participating in tenders were provided with the anti-corruption policies included in the Code of Ethics of the Bank Millennium Group.

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 2020, the quantity and quality of goods and services supplied was monitored for roughly 870 agreements by the Bank. In the case of 36 agreements, the suppliers' financial standing and their contingency plans were monitored. The quantity and quality of goods and services supplied was monitored for roughly 2,014 agreements by the Bank's Group.

Products and services purchased	Group 2020	Bank 2020	Group 2019	Bank 2019	Group 2018	Bank 2018
[GRI 102-9, 102-10] Number of suppliers	12,592	6,679	13,948	6,352	11,538	5,012
[GRI 204-1] % of amounts paid to local suppliers*	95%	94%	92%	91%	89%	90%

* with registered offices in Poland

Invoice payment term	Group 2020	Bank 2020	Group 2019	Bank 2019	Group 2018	Bank 2018
Up to 30 days	77%	67%	81%	60%	82%	67%
31-60 days	18%	26%	16%	33%	15%	28%
Over 60 days	5%	7%	3%	7%	3%	5%

Millennium TFI Partners

[GRI 102-9] Various types of business partners are present in the activity pursued by Millennium TFI and the funds it manages. These are: a transfer agent who keeps the registers of participants, a depositary of the funds' assets, distributors of participation units, an entity which keeps the funds' ledgers and calculates the value of the funds' assets, suppliers of office, transport, legal and IT services, an entity which stores documents and an entity which manages correspondence workflow, an entity which keeps the Company's ledgers (Bank), banks and brokerage houses as the funds' business partners. The main categories of entities supplying services to the Company and the funds are distributors of participation units, the transfer agent, the depositary of the funds' assets, the funds' business partners (banks and brokerage houses), legal advisors and financial auditors as well as suppliers of IT services.

Agreements with Millennium TFI suppliers are concluded and terms and conditions of services are specified based on the laws regulating the activities pursued by the funds and mutual fund management companies. In matters not covered by the abovementioned laws, the Company applies the Bank Millennium Group's Code of Ethics, which regulates the principles of establishing and maintaining relationships with suppliers of goods and services.

The main supplier selection criteria are specified in the laws regulating the activities pursued by funds and mutual fund management companies. Since mutual fund management companies and banks are governed by different regulations, the criteria applied by the Company can substantially differ from the criteria applied by Bank Millennium. To the extent to which the Company employs group solutions when buying goods and services, the supplier selection policy in force is compliant with the principles included in the Bank Millennium Group's Code of Ethics.

[GRI FS5] The Company has not obliged its suppliers to observe ethical and environmental standards. Such obligations are used when the Company concludes group agreements with suppliers in accordance with the principles included in the Bank Millennium Group's Code of Ethics.

IV. EMPLOYEES



1. HEADCOUNT

1.1. 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 **12 members (10 men and 2 women)**. **Seven** members of the Supervisory Board, including its Chairman, are **Polish citizens**. **Seven** 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 three years. The Supervisory Board's committees are the Audit Committee, the Personnel Committee, the Strategic Committee and the Risk Committee.

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 **7 members**. **Four Management Board members are Polish citizens**. Management Board members are appointed for three years.

Within the management structure, the President of the Bank's Management Board is responsible for the key environmental, economic and social issues.

In 2020, the provisions of the Articles of Association of the Bank regarding the Bank's bodies were slightly amended (e.g. Article 21 sec. 5, Article 17 sec. 2.2) - the consolidated text of the Articles of Association is available on the Bank's website.

[GRI 405-1] Bank Millennium's Management Board by age group

	Men	Women	Total
[30-50]	1 (14%)	0 (0%)	1 (14%)
≥50	6 (86%)	0 (0%)	6 (86%)
Total	7 (100%)	0 (0%)	7 (100%)

Governance structure in the Bank's companies

The entire Bank Millennium Management Board sits in the Supervisory Boards of Millennium Dom Maklerski SA, Millennium Leasing sp. z o.o. and Millennium Goodie sp. z o.o. In the Supervisory Boards of other Bank Millennium Group's companies, the Bank's Management Board Members constitute a majority of the Board's composition. Additionally, in the case of Millennium Bank Hipoteczny SA (apart from 4 Bank Millennium S.A.'s Management Board Members), the Supervisory Board is composed, as required by laws, of independent members.

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 indirectly supervises Millennium TFI (the mutual fund management company).

1.2. HEADCOUNT STRUCTURE

Bank Millennium opened 2020 with activities aimed to ensure organizational and process integration with Euro Bank, which was acquired in 2019. As a result of the merger, organizational structures were combined, overlapping organizational units were liquidated, processes were standardized and streamlined. The Bank's outlets were also subject to reviews - based on the conducted economic and market analyses, it was decided to close some of them. Collective redundancies were carried out between February and April 2020. The principles on which such redundancies took place, the criteria and amounts of severance payments were developed and consulted with the trade unions functioning in the Bank. The trade unions' response to the obligatory and additional severance payments as well as additional benefits (e.g. a six-month medical care for employees) proposed by the Bank was very positive. In the second half of the year, the Bank decided also to limit new employee recruitment in many areas.

As a consequence of the above measures, the headcount at the Bank Millennium Group decreased by 11%, i.e. to 7,645 employees, compared to 2019. The employee turnover ratio dropped to 3% relative to 4% in 2019. Women constitute the majority of employees (66%) and the average employee is 37 years old.

[GRI 102-8] 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	620	1,627	264	2,511	1,164	3,471	499	5,134	7,645
Bank Millennium	607	1,510	210	2,327	1,117	3,287	455	4,859	7,186

[GRI 102-8] Employees by type of employment

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Full time	2,445	4,974	7,419	2,311	4,793	7,104
Part time	66	160	226	16	66	82
Mandate agreement	42	44	86	41	36	77
Employment agreement	2,511	5,134	7,645	2,327	4,859	7,186
For indefinite term	2,149	4,472	6,621	1,976	4,216	6,192
For definite term	362	662	1,024	351	643	994

[GRI 401-1] New 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	226 (24%)	131 (14%)	11 (1%)	368 (40%)	370 (40%)	169 (18%)	23 (2%)	852 (60%)	930 (100%)
Bank Millennium	222 (26%)	111 (13%)	7 (1%)	340 (40%)	354 (42%)	140 (16%)	18 (2%)	512 (60%)	852 (100%)

[GRI 401-1] Departures - 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	320 (17%)	336 (17%)	37 (2%)	693 (36%)	439 (23%)	724 (37%)	77 (4%)	1,240 (64%)	1,933 (100%)
Bank Millennium	317 (17%)	310 (17%)	32 (2%)	659 (36%)	428 (23%)	697 (38%)	71 (4%)	1,196 (64%)	1,855 (100%)

[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	7%	2%	2%	4%	6%	2%	2%	3%	3%
Bank Millennium	7%	2%	2%	4%	6%	2%	2%	3%	3%

[GRI 202-2] Employees hired locally*

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Number (and %) of employees	2,492 (99.2%)	5,107 (99.5%)	7,599 (99.4%)	2,309 (99.2%)	4,835 (99.5%)	7,144 (99.4%)
Number (and %) of Management Board Members and senior managers	61 (89.7%)	28 (100%)	89 (92.7%)	47 (87%)	23 (100%)	70 (90.9%)

* Polish citizens and working in Poland

[GRI 405-1] Employees by position and gender

Bank Millennium Group	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Management Board		1	6	7					7
Upper management		27	34	61		15	13	28	89
Management	21	343	63	427	30	577	79	686	1,113
Sales personnel	418	543	35	996	943	1,862	203	3,008	4,004
Technicians	88	581	107	776	69	711	181	961	1,737
Other employees	93	132	19	244	122	306	23	451	695
Total	620	1,627	264	2,511	1,164	3,471	499	5,134	7,645

Bank Millennium	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Management Board		1	6	7					7
Upper management		22	25	47		13	10	23	70
Management	20	330	50	400	23	552	67	642	1,042
Sales personnel	417	525	27	969	938	1,833	201	2,972	3,941
Technicians	84	521	85	690	58	632	158	848	1,538
Other employees	86	111	17	214	98	257	19	374	588
Total	607	1,510	210	2,327	1,117	3,287	455	4,859	7,186

2. WORKING CONDITIONS

2.1. HR POLICY

The Bank Millennium Group has in place the **Bank Millennium Group Human Resource Policy**, which regulates employee recruitment, management, development and retention as well as the headcount planning and monitoring. On the other hand, the **Policy on the compensation of persons having material impact on the risk profile** articulates the assumptions used to shape the fixed and variable components of compensation of such employees.

Bank Millennium has 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 ensures 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.

The implemented **Diversity Policy** shows 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.

[GRI 103-1, 103-2, 103-3] 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.

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;
- Building an organizational culture based on values through the extensive promoting of organizational values and implementing the Code of the Leader.

2.2. COMPENSATION POLICIES

The Bank Millennium Group has in place a uniform **Compensation Policy for employees in the Bank Millennium Group**, which articulates the assumptions used to shape the fixed and variable components of compensation for all employees of the Group. It 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.

Additionally, the **Compensation Policy for risk takers in the Bank Millennium Group**, which defines the rules for awarding bonuses and other conditions affecting the decisions to pay out bonuses, applies to employees identified as having material impact on the risk profile ("Risk Takers"). Bank Millennium has also implemented Instruction for identifying Risk Takers in the Bank Millennium Group, which provides guidelines for the annual Risk Takers identification process.

In accordance with a statutory obligation, separate compensation policies are in place in the subsidiaries: **Millennium Dom Maklerski SA** and **Millennium Towarzystwo Funduszy Inwestycyjnych SA**. The solutions provided there fall within the framework of the Bank Millennium SA Group's Compensation Policy.

The adopted policies form an organizational framework for principles of compensation in crucial aspects:

- the principles of shaping compensation amounts,
- the relation between variable and fixed compensations,
- the decision-making process when changing compensations,
- oversight of all compensation-related decisions made in the Bank and in the Group,
- association of bonuses with both good results of the company and performance of the employee,
- counteraction against stimuli encouraging such actions and decisions as pose a threat to the long-term welfare of the Bank and Clients,
- determination of appraisal criteria corresponding to short-, medium- and long-term targets set to employees,
- inclusion of additional qualitative criteria in performance appraisal in the units where work is oriented chiefly towards sales results.

The Bank consistently applies stable forms of employment and compensation. Employees work under employment contracts and fixed compensation constitutes a major portion of the total compensation. The Policy outlines the framework for setting fixed compensations for employees - with consideration given to the tasks and competence levels applicable in particular teams and units. The assumed levels of compensation on specific positions are reviewed against the market situation and data derived from sector reports on compensation levels.

The Bank monitors the solutions adopted in individual business lines on an ongoing basis in particular for them not to create stimuli inclining people to engage in activities and make decisions that pose a threat to the Bank's long-term welfare and transcend the acceptable risk profile and not to incline people to undertake actions at odds with the best interests of the Group's Clients and investors.

Salary and position reviews are conducted in the Bank regularly. Pursuant to an assessment of the Group's financial condition and its business environment, the Bank's Management Board may make a 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

In pursuit of the Compensation Policy, the Bank Millennium Group has in place the “**Regulations for awarding variable compensation elements**” setting out the rules for awarding bonuses on a comprehensive basis for all of the Bank’s units, which is subject to an annual review. The document is a reference point for all solutions concerned with awarding bonuses in individual units of the Bank. Its provisions supplement the Rules and regulations for compensation of Bank Millennium SA’s Head Office employees.

Variable compensation is an additional motivational part of the overall compensation. 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 customer 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.

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.

Bonus for key risk takers in the Bank Millennium Group - according to the policy, 50% is paid in cash and the remaining 50% is paid out in the form of a financial instrument. At least 40% of the awarded variable consideration is deferred to be paid in successive years.

2.3. SIGNIFICANT RISKS RELATED TO THE EMPLOYEE AREA

[GRI 102-15] A significant risk factor is the **employee turnover ratio and the prospective loss of competences of importance to the Bank’s development**. Shortages of employees with specific competences in the labor market and competition in acquiring specialized employees might give rise to a temporary risk of deciding to recruit employees at higher rates than those applicable in the organization. Consequently, disproportions in compensations on similar positions could occur. The Bank takes measures to prevent this undesirable phenomenon, in particular by setting recommended levels of compensation in the recruitment process and periodic reviews of compensations.

Another risk related to the compensation policy could be the applied incentive mechanisms, which encourage employees to assume a task-based approach to work, thus potentially leading to a conflict of interest. This concerns the situations where, in order to protect the well-understood long-term interest of a client or the Bank, an employee should abandon a task aimed to bring a bonus. The risk of an excessively one-sided activity on the part of employees as a result of incentive mechanisms oriented towards generating higher sales, and hence a bonus, is mitigated by taking also qualitative criteria into account when appraising performance.

Moreover, consistent implementation of the adopted Compensation Policy has allowed us to minimize risks, among others by keeping the appropriate ratio of fixed to variable compensation, by using a formal appraisal system featuring criteria matching the character and the specific nature of the job and by taking a long-term perspective when evaluating business performance, a variable compensation pool management mechanism conditioned on the financial standing of the Bank.

The Bank has also consistently been raising the quality of management and **strengthening an organizational culture based on values**. This goal is achieved through management training. Its purpose is to support the actions of leaders not just to generate performance but also to build trust and relations with employees.

Another 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.

It must be emphasized that, in 2020, the epidemic risk was added to the list of standard risks. What became a priority for the Bank was to ensure safety to people and maintain business and service continuity. A range of measures were taken immediately to mitigate the risk of employees being infected with coronavirus in the Bank's head offices and branches. A detailed description can be found in Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS. At the same time, the Bank was unable to perform many of the actions planned in the development & training and social areas. The M#leaders manager training, student internship, employee trips or meetings as part of the Yes to Parenting and MilleClub were canceled.

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 Bank joined the **Diversity Charter**, which is a commitment signed by organizations that decide to introduce a ban on discrimination at work and acting to create and promote diversity.

The issue of respecting diversity in the Bank's Group is governed by the Diversity Policy, the Code of Ethics, the Work Rules and Regulations and regulations pertaining to recruitment. 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.

	Bank 2020	Group 2020	Bank 2019*	Group 2019*	Bank 2018	Group 2018	Bank 2017	Group 2017
[GRI 412-2]								
Number and % of managers trained on discrimination and mobbing**	98 (10%)	102 (9%)	83 (10%)	92 (10%)	81 (9%)	85 (9%)	159 (17%)	168 (7%)

* new managers and directors were trained; the data did not include ex Euro Bank employees

** the data are exclusive of employees of franchise branches. In franchise outlets, 76 managers completed the training in 2020.

- **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/parents. The Bank advises them of their parental rights. People with small children can take 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 aligned to their capabilities.

[GRI 405-1] Employees with disabilities	Bank 2020	Group 2020	Bank 2019*	Group 2019*	Bank 2018	Group 2018	Bank 2017	Group 2017
Number and % of employees	66 (0.92%)	68 (0.89%)	40 (0.68%)	43 (0.68%)	36 (0.62%)	39 (0.62%)	41 (0.74%)	44 (0.74%)

*excluding Euro Bank employees

- The Bank conducts regular **management training** aimed at strengthening 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 internal Intranet forums.

The HR Department keeps a **register** in which all claims relating to employee matters 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 406-1] Three notifications pertaining to actions involving mobbing were recorded in 2020. In each of these cases, anti-mobbing questionnaires were completed and discussions were conducted with team, unit leaders. Although mobbing was confirmed in none of them, the leaders were instructed about the absolute necessity to ensure that the team member relationships are compliant with the rules of social conduct.

2020 was a continuation and development of the 3xM(ille) project - a space for personalities at work and after work, a bottom-up initiative dedicated to the Bank's women, who meet regularly over coffee and, obviously, after working hours in a casual atmosphere. The project, which was introduced in 2019, successfully implements its assumptions - it builds a community of women in the organization and, through exchange of contacts and experiences and establishment of valuable relationships, activates, educates and helps discover one's potential. **3xM(ille)** integrates and supports diversity, is a form of internal teambuilding, a yet another organizational culture building tool. This activity enabled the authors of the project to establish cooperation with Vital Voices Poland as part of #I am a Leader, a project addressed to young women. Two online meetings were held in 2020, including one devoted to internal motivation. The 2020 meetings were attended by the total number of 140 women from Bank Millennium.



Compensation for women and men

In accordance with the Human Resource Policy in effect in Bank Millennium, in the compensation policy the Bank considers information on market compensation levels for similar positions. Employee compensation is periodically reviewed based on the Bank's current strategy, market data and job performance assessments as well as 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.

[GRI 405-2] Ratio of women's base compensation to men's*

Bank Millennium Group	2020	2019**	2018	2017
Upper management	0.83	0.83	0.81	0.85
Management	0.76	0.78	0.75	0.80
Sales personnel	0.91	0.91	0.88	0.90
Technicians	0.74	0.71	0.68	0.68
Other employees	0.79	0.81	0.80	0.78
All employees	0.70	0.71	0.68	0.69

Bank Millennium	2020	2019**	2018	2017
Upper management	0.83	0.85	0.85	0.84
Management	0.76	0.77	0.75	0.80
Sales personnel	0.92	0.91	0.89	0.90
Technicians	0.75	0.72	0.69	0.69
Other employees	0.77	0.78	0.77	0.75
All employees	0.71	0.72	0.69	0.70

* 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.

** without Euro Bank data

2.5. FREEDOM OF ASSOCIATION

[GRI 102-41] There are two trade union organizations functioning in Bank Millennium. More than 480 employees are trade union members. The Bank has been cooperating with the community representation to the extent required by the labor law and the Act on Trade Unions.

Dialog with employees is also conducted on an internal **social forum** and on the **Intranet**. These tools are used to inform employees of the most important issues relating to the Bank while making it possible to present remarks and exchange views on various topics. Additionally, the HR Department runs an **HR Zone** Intranet site on which it regularly posts all the information of interest to employees about employee matters. In 2020, the Bank implemented TETA, a new HR & payroll system. Every employee has access to his/her own HR information through the **TETA ME module**. Plans for 2021 include a further development of the system and expansion of the scope of information available to employees and managers. 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.

2.6. EMPLOYEE APPRAISAL

[GRI 404-3] All Bank employees, except for those who are on long-term holiday and other leave, are subject to regular appraisals. Bank Millennium has implemented **Instructions for employee appraisal in Bank Millennium S.A.**, which provide guidelines for developing the principles of employee appraisal with respect to its various forms, i.e. in particular performance or competence appraisal. This appraisal is conducted on the basis of previously communicated, objective criteria. The employee appraisal period and criteria are aligned to the nature of his or her work and refer to important attitudes in everyday work: cooperation, commitment, quality, efficiency and management skills.

Periodic employee appraisals might be the basis for:

- formulation of an opinion about an employee, promotion, transfers between organizational units, change of tasks and responsibilities, preparation of individual professional growth plans,
- preparation of specialist training and development training,
- decision to change terms of employment and continuation of employment,
- bonus recommendation if a bonus pool is allocated to an organizational unit.

The performance appraisal constituting the basis for recommending the variable component is carried out in a manner preventing the situation where poor performance is rewarded.

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.

Job promotions*

Bank Millennium Group	Men	Women	Total
Upper management	10%	21%	13%
Management	24%	27%	26%
Sales personnel	20%	19%	20%
Technicians	24%	16%	20%
Other employees	39%	30%	33%
Total	23%	21%	22%

Bank Millennium	Men	Women	Total
Upper management	13%	26%	17%
Management	26%	28%	27%
Sales personnel	20%	19%	19%
Technicians	27%	17%	22%
Other employees	45%	36%	39%
Total	25%	21%	23%

* % of employees in a given group who were promoted

2.7. PROFESSIONAL DEVELOPMENT

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.

Selected employees are assigned to **interdepartmental projects** initiated and overseen by the Bank's Management Board. This affords an opportunity to share knowledge and gain new skills.

The number of people subject to the internal rotation process was exceptionally high in 2020. This was connected with the project of merging Bank Millennium and the former Euro Bank, development of a consistent organizational structure and standardization of processes.

Internal recruitment	Bank 2020	Group 2020	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
Number of employees	753	753	87	87	95	95	141	141

Rewards for employee

Bank Millennium conducts programs in which employees who stand out through their above average commitment receive rewards:



- **IMPACT Employee Reward Program** in which employees reward their work colleagues. In 2020, 55 employees were recognized for their commitment, improvement of quality, innovative solutions and accepting challenges that inspire others. For the first time in the program history, this year's gala and award ceremony were held virtually.

- Once a year, the best employees and managers are rewarded with the **President's Prize** for their above average professional achievements. In 2020, the prizes were received by 12 employees of both the head office and sales network.

Training

At Bank Millennium, training is a vital element of everyday life and is treated as an investment in human capital. The training is supposed to improve employee competences, which translates into improved quality and efficiency of their work and achievement of the present and future business objectives.

Every year Bank employees have an opportunity to participate in internal, external and e-learning training in specialist areas and in conferences and congresses. Due to the pandemic, in the interest of employees' health, the Bank changed the form of training into remote and hybrid. The first training in the new form was introduced already on 16 March.

Number of e-learning training topics	Group 2020	Bank 2020	Group 2019	Bank 2019	Group 2018	Bank 2018
	490	495	483*	478*	245	212

* the growth results from training the former Euro Bank employees

Key training performed in 2020:

Introduction training for new employees of the Bank Millennium Group. Due to the pandemic, the training was delivered fully remotely using the MS Teams software.

Millennium Campus - a knowledge and competence development program aimed to support innovation growth in the organization. The proposition to take part in the program is addressed to all employees of the Bank as it allows a new perspective on many issues. Lectures are delivered online and recordings along with additional material are made available on the training platform and in Świat Millennium (World of Millennium), an employee PORTAL. There were 4,165 employees who signed in the 12 remote meetings held in 2020.

Training for retail branch and franchise network employees

- Specialist orientation training for new employees of the Bank's own branches and franchise network.
- SIM certification workshop - prepares for selling savings and investment products in accordance with the MiFID regulations and provides the knowledge of the standards required in the savings and investment model.
- Polish and foreign currency teller course - a classroom-based training delivered in Q1 2020 for employees of the former Euro Bank.
- "Mortgage loans" - the training is composed of three parts being successive elements of the process of familiarizing employees with the domain of mortgage product and its sales.
- "How to gain a positive perspective on negative credit decisions" for employees of Millennium Mini. It presents the credit process applied in the Bank.
- "I know everything about credit products - systematizing the knowledge of credit products for the retail client" for employees of Millennium Mini.
- "Sales by phone - learning the practical skills of conducting sales conversations on the phone using the principles of influence and effective argumentation" for employees of the Bank's own and franchise networks.
- "Preparation for Outlet Manager induction" for Regional Directors of the Bank's own and franchise networks. Prepared for conducting meetings with Managers/Partners/Leaders.
- "Business account offer for the franchise network" for employees of the franchise network.

Prestige Relationship Manager training

Prestige Relationship Managers were provided with training in the form of webinars on the current situation in financial markets run by an independent expert and organized in cooperation with the Retail Banking Marketing Department. The Bank continued the Certification Program for Prestige Relationship Managers. It included courses on financial markets and investing, products offered by Bank Millennium in the Prestige segment, techniques for handling doubts and objections based on the personality types of customers and effective sales closing. The program ends with a theoretical and practical examination to confirm the skillful ability to utilize this knowledge in daily work.

Corporate banking relationship manager training

The training program enhancing the skills of Corporate Banking Relationship Managers in building a professional image was continued. It was based on excellent product knowledge, thorough 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 and knowledge-related tests. Additionally, all the corporate banking relationship managers took part in training sessions to improve their sales effectiveness and implementing regeneration and stress management techniques. Moreover, corporate banking relationship managers and product specialists were invited to participate in 2-day training sessions in storytelling, where they developed methods of building their own storytelling catalog. With a view to reinforcing the training, a video course was added and 3 training webinars were offered to support sales meetings.

Additionally, Corporate Banking Relationship Managers attended the workshops and webinars concerning investment financing using EU funds, project selection criteria and model of cooperation with entities participating in obtaining subsidies, including the important role of the Bank as a business partner.

Insurance product seller training

Apart from product training closing with an examination taken to obtain a license for commencing insurance sales, the Bank employees selling insurance products underwent the annual professional training to improve their competences in the area of pursuing insurance mediation activities. In addition to legal issues, the training focused on general rules and practical aspects of the distribution activity.

[GRI 404-2] Management programs

Manager Development Program for managers of retail outlets of the Bank's own network. The aim of the training is to improve the manager's practical skills of defining, communicating and controlling objectives, building team commitment to their active pursuit and managing the sales team.

Online workshops titled Remote Work expanding the knowledge of remote and hybrid team management and achievement of the set objectives. Managers enhanced remote team management skills and developed methods for improving work efficiency. Bank Unit, Department/Team Manager and Regional Director training.

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

Bank Millennium	Women	Men	Total
Management Board	0	30.3	30.3
Upper management	21.4	15.5	36.9
Management	30.2	26.8	57
Sales personnel	50	57.9	107.9
Other employees	22.3	23.9	46.2
Total	123.9	154.4	278.3

Bank Millennium Group	Women	Men	Total
Management Board	0	30.3	30.3
Upper management	18.5	12.7	31.2
Management	28.6	25.4	54
Sales personnel	49.5	56.4	105.9
Other employees	19.6	21.6	41.2
Total	116.2	146.4	262.6

[GRI 404-2] Because of a small number of employees in retirement age, there are no current programs that would support continuity of employment and make the retirement process easier for the employees. Nevertheless, training is available on individual request.

2.8. SOCIAL BENEFITS

[GRI 401-2] 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 depend 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:

- conducting leisure, 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), including in states of exception or epidemic risks.

Companies tap into the social benefits offering offered by the Bank but they finance it using their own Social Benefits Funds.

Medical Care

The private medical care plan allows all the Group employees equally to have access to basic and specialist medical consultations, detailed diagnostic tests and prevention programs.

Financial assistance

Under their social assistance the Bank and Companies offer assistance to employees who are in a particularly difficult material, family or life situation.

Benefits awarded to employees of the Bank	2020	2019	2018	2017
Financial assistance (PLN)	388,550	316,800	452,200	502,000
Number of employees who received financial assistance	120	100	133	144

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	Bank 2020	Group 2020	Bank 2019	Group 2019	Bank 2018	Group 2018	Bank 2017	Group 2017
Number and % of employees who used the offer	2,840 (45%)	2,982 (44%)	2,915 (49%)	3,067 (48%)	2,940 (50%)	3,100 (49%)	3,034 (55%)	3,207 (54%)

Sport facility passes in the form of a MultiSport card and cinema tickets

The primary goal is to give all employees broad access to various forms of sport and leisure activities. Sport activities are offered based on a MultiSport card, which ensures employees access to diverse sport activities, such as a swimming pool, a gym, fitness, squash, dance classes or a climbing wall. Using the card, employees can live healthy and active lifestyles. Additionally, employees can buy such a card for their family members on specially pre-negotiated price conditions.

The employees who prefer other forms of leisure may choose an alternative form of spending their free time, namely cinema tickets to be used in large multiplexes and local cinemas with non-commercial programs of movies. The activity offering has been designed to enable each employee to pick whatever appeals to their interests and preferences from a broad range of sport and leisure services available in the market after working hours.

Holiday benefits

Before Christmas, employees can receive financial support in the form of a **holiday benefit**. The benefit amount varies depending on the social standing of a given employee.

Educational benefit and low income benefit

The pandemic has forced the Bank to develop new solutions. For instance, in 2020, it was not possible to implement certain social projects, such as trips and excursions as well as meetings, which had been organized by the Bank for its employees for many years. This is why two new cash benefits were introduced to the formula of the Company Social Benefit Fund: the **“Yes to Parenting” program and the low income benefit**. This is primarily a response to parents’ needs related to remote education of children, the necessity to buy computers and educational aids for home learning. Most of the funds were allocated to financial aid for employees, including support for remote education of children and youth.

Special Employee Support Fund in case of coronavirus infection

In the face of the spreading coronavirus pandemic, the Bank Millennium Management Board decided to establish a Special Employee Support Fund. The Fund was supplied with the amount of PLN 1 million from the bank’s resources. The Fund is used to provide financial aid in the form of a non-refundable financial assistance in the event of coronavirus infection in the Bank Millennium Group’s employees and their family members (spouses, life partners, children). The amount of the aid depends on the needs presented by a given employee in his or her application.

2.9. FRIENDLY WORKPLACE

In addition to providing attractive working conditions, development and social support, Bank Millennium offers the possibility to return to work after the maternity/parental leave, opportunities to take part in charitable activities, employee volunteerism, sport and cultural activities.

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

Bank Millennium Group	Men	Women	Total 2020	Total 2019*	Total 2018
Employees who took leave	4	468	472	272	259
Returned to work after leave	4	434	438	235	226
Employed 12 months after returning from the leave	2	196	198	222	208
% returning after leave	100%	93%	93%	86%	87%
% of employees retained by the Bank who returned from the leave	100%	84%	84%	83%	79%

Bank Millennium	Men	Women	Total 2020	Total 2019*	Total 2018
Employees who took leave	4	455	459	265	252
Returned to work after leave	4	422	426	231	222
Employed 12 months after returning from the leave	2	193	195	179	202
% returning after leave	100%	93%	93%	87%	88%
% of employees retained by the Bank who returned from the leave	100%	84%	84%	81%	79%

* data for Euro Bank not available

Individual approach to the form and time of work

The employees of the Bank Millennium Group 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.

Other available solutions enable employees to work remotely due to the epidemic situation in Poland. They are described in more detail in item 3.1 Measures taken in connection with the COVID-19 pandemic.

Employee volunteerism

[GRI FS16] Despite the pandemic, the Bank volunteers continued the "Financial ABCs" project (a financial education program for preschoolers) in a new format. As a result of the epidemic situation, the activities held in preschools were suspended until further notice, but the Bank Millennium Foundation ensured the online availability of educational material, which can be used by both preschool staff and parents. The volunteers created, among others, a series of modern educational material shared online on the Foundation's YouTube channel and website. See more in Chapter "Social activity".

Take care of yourself in May

In May, during the first wave of the coronavirus pandemic, the Bank Millennium Group's employees took care of their physical and mental wellbeing as part of a special campaign titled "Take care of yourself in May". The preventive healthcare action was implemented in all internal social channels of the Bank. For a month, everyone could consult LUX MED specialists, chat with a psychologist online and relax while watching free documentaries, cooking or taking part in special online yoga classes. All employees of the Bank engaged in the May campaign of taking care of oneself, which motivated them to being even more active.

3. EMPLOYEE HEALTH AND SAFETY

3.1. MEASURES TAKEN IN CONNECTION WITH THE COVID-19 PANDEMIC

On 3 March 2020, the Bank's Management Board appointed a COVID-19 Pandemic Measure Coordination Team, which has held regular meetings since its establishment to report the action plan and status of individual task to the Bank's Management Board. The COVID-19 Pandemic Measure Coordination Team is composed of representatives of all Bank areas.

The area of the Team's activity covers:

- monitoring the situation in Poland on an ongoing basis, adapting the Bank's actions to the current government guidelines,
- organizing the Bank's operation during the pandemic,
- ensuring availability of hygiene products for the Branches and HQ (disinfectants, regular disinfection of the office space, gloves, masks, shields, plexiglass, etc.),
- taking preventive measures for minimizing the number of infections in employees and clients of the Bank,
- equipping all employees who are critical for the Bank's continued operation with laptops and smartphones, introducing remote work of all critical employees from Friday, 13 March 2020,
- enabling other employees to work remotely,
- providing ongoing communication to employees about how to behave in the present situation, how to take care of proper hygiene,
- ensuring strict monitoring of all employee infections, supporting employees and their families.

The COVID-19 Pandemic Measure Coordination Team adapted the Bank's actions to the current pandemic situation in Poland on an ongoing basis. Work performance was monitored at regular team meetings and reported at Management Board meetings. See more on the activities taken in Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS.

3.2. STANDARD ACTIVITIES

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.** In 2020, the catalog of topics was extended by the rules of conduct in the face of the COVID-19-related threats published in the PANDEMIC catalog. Companies are governed by the same regulations.

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.

[GRI 102-15] The key risks related to failing to observe OHS rules pertain to the possibility of employees sustaining unfavorable health consequences (chiefly falling, getting hit, mental and physical burdens and SARS-CoV-2 infections), 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.

The obligations and objectives for 2021 include increase in the employee safety level through a further consistent application of the adopted solutions in order to eradicate the SARS-CoV-2 infection-related threats.

[GRI 403-9] Occupational health and safety	Group 2020	Bank 2020	Group 2019	Bank 2019	Group 2018	Bank 2018
Accidents at work*	36	34	12	10	8	7
Fatal accidents at work*	0	0	0	0	0	0
Lost days ratio**	0.08%	0.07%	0.10%	0.10%	0.04%	0.04%
Absence ratio***	11.20%	11.85%	7.28%	7.4%	7.18%	7.4%
OHS training**** - number and % of participants	1,175 (17%)	1,099 (17%)	1,465 (23%)	1,408 (24%)	1,340 (21%)	1,254 (21%)
Branch audits	197	197	185	185	184	184

* Number of employees who had 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.

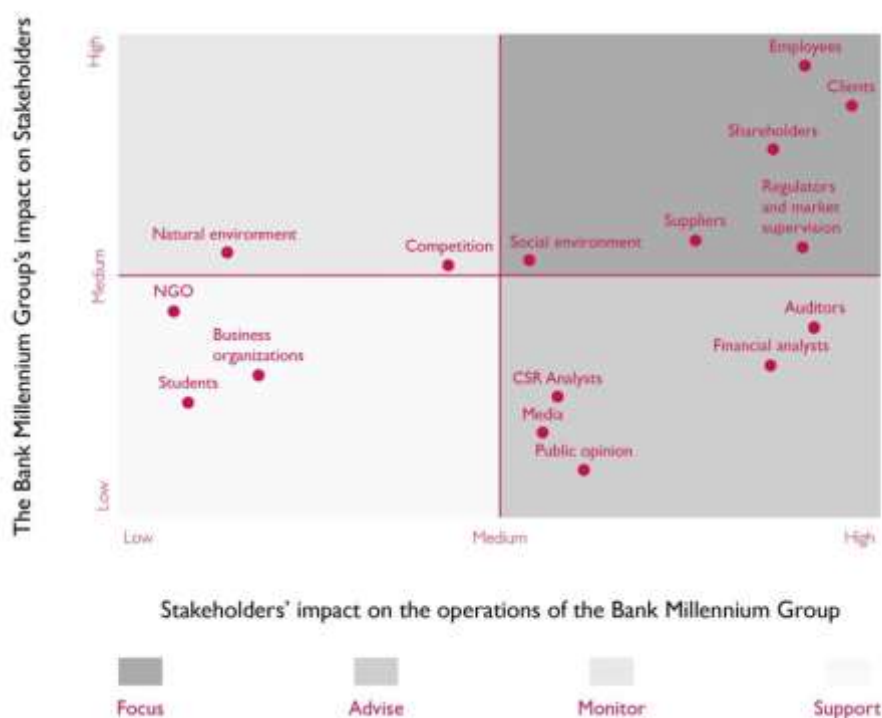
**** Introductory and periodic training (conducted once every 5 years).

IV. SOCIETY



1. SOCIAL ENVIRONMENT

[GRI 102-42] The Group's stakeholders were selected during the mapping process, which 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.






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 (organizations active in this area).





[GRI 102-40] Bank Millennium Group's Stakeholders



2. DIALOG WITH STAKEHOLDERS

[GRI 102-43, 102-44] The expectations and opinions of Stakeholders 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:

Stakeholder	Channels of communication	Topics raised	Bank's actions
 INVESTORS AND MARKET ANALYSTS	<ul style="list-style-type: none"> General Meeting of Shareholders Roadshows and conferences Meetings Stock exchange communication and press releases 	<ul style="list-style-type: none"> Transparent activity, quick and easy access to information about the Bank, ethical and socially responsible business. 	<ul style="list-style-type: none"> Observance of corporate governance principles, ensuring transparency, security and ethical character of operations, quick exchange of information through multiple communication channels with Shareholders.
 CLIENTS	<ul style="list-style-type: none"> Branches, mobile and Internet banking, Internet, social media Hotline Complaints Satisfaction surveys 	<ul style="list-style-type: none"> 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-banking services. 	<ul style="list-style-type: none"> 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.
 EMPLOYEES	<ul style="list-style-type: none"> Intranet, Internet, social media Whistleblowing system Market analyses Employee appraisal 	<ul style="list-style-type: none"> Stability of employment and professional development opportunities, fair salary, friendly working conditions, ability to engage in social activities. 	<ul style="list-style-type: none"> Communication with employees and responding to their expectations, professional competence development programs, programs for parents, co-funding of activities outside the workplace, employee volunteerism offering.

 <p>SUPPLIERS</p>	<ul style="list-style-type: none"> Periodic meetings Telephone, e-mail Negotiation and performance of agreements 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 and environmental criteria into account.
 <p>SOCIAL ENVIRONMENT</p>	<ul style="list-style-type: none"> Offers of cooperation Meetings with students Employee volunteerism Supporting social projects by the company and employees. Merit-based and financial support for social projects; financial education; encouraging employees to take part in social and volunteering campaigns.
 <p>ENVIRONMENT (ENVIRONMENTAL PROTECTION ORGANIZATIONS)</p>	<ul style="list-style-type: none"> Environmental rankings Monitoring of changes in market trends and laws. Reducing the Bank's negative environmental impact, responsible project financing, environmental education. Monitoring and lowering impact on the environment, rules for financing projects affecting the environment, environmental education programs.
 <p>REGULATORS (KNF, BFG, UOKIK, NBP, KSF)</p>	<ul style="list-style-type: none"> Reports Correspondence Regulatory audits Recommendations for communication with clients activity, reports on the Bank's activity, evaluation of risk associated with the Bank's activity. Reporting on and implementation of regulatory recommendations.

3. SOCIAL ACTIVITY

[GRI 103-1, 103-2, 103-3, 203-1] Social programs are chiefly run through the Bank Millennium Foundation and pertain to **financial education**. The Bank also supports cultural events and university education as well as programs promoting innovation. In 2020, the Bank Millennium Foundation and the Bank engaged in aid programs concerned with works on the first Polish COVID-19 test and employee support in case of coronavirus infection on an unprecedented scale.

Donations (D) and sponsoring (S) from the Bank (PLN)	2020		2019		2018		2017	
	D	S	D	S	D	S	D	S
Culture		489,649		752,667		797,983		558,848
Education	300,000	30,750	278,256	18,560	776,500	394,215	21,500	219,836
Charitable causes								
Other	549,000	77,044	508,655	145,678	487,005	332,191	566,059	211,812
Total	849,000	597,443	786,911	916,904	1,263,505	1,524,389	587,559	990,495

3.1. BANK MILLENNIUM FOUNDATION EDUCATIONAL PROGRAMS

Financial education of preschoolers



[GRI FS16] Despite the pandemic, the Bank Millennium Foundation continued the educational program “Financial ABCs”, yet in a changed formula. As soon as COVID-19 occurred and the related restrictions were introduced, the activities that had taken place in preschools were suspended until further notice and it was decided to prepare a remote formula of the project, including the creation of modern online educational material.

The four existing printed “Financial ABCs” handbooks were released in the form of funny cartoons for children on the Foundation’s YouTube channel, which could be accessed from any computer and smartphone. And so, they could be used not only by children but also by preschool staff and parents.

“A guidebook for parents - How to teach finance to children”, published on the Foundation’s website, was an effect of our cooperation with a psychologist. It is a cycle of advice for parents about financial education of preschoolers, which might be very helpful to parents involved in home education, not only during the pandemic. The articles include interesting exercises and games, which are engaging for both children and adults. They aim is to teach good habits associated with saving, respect for work and money.

The Bank Millennium Foundation has presented the outcome of the survey of opinions on financial education conducted among parents of preschool children. According to the parents taking part in the survey carried out for the Foundation by the GfK research institute, it is best to start learning about finance when you are between three and seven years old. The results of the survey confirm that the concentration of the Foundation’s activity on educating the youngest children is a good choice.



As part of the cycle of advice to parents about financial education, the Foundation of Bank Millennium has recorded a cycle of video interviews carried by the representative of the Foundation with a psychologist on topics related to the specific nature of financial education of preschool children. It was a special proposition for the time of the 2020 pandemic. The conversations with the expert can be found on the Foundation's YouTube profile.

3.2. CHARITABLE CAMPAIGNS

Funds for the first Polish COVID-19 test

[GRI 203-1] The Bank Millennium Foundation and Bank Millennium have donated PLN 500 thousand to the Institute of Bioorganic Chemistry, Polish Academy of Sciences in Poznań, which has developed the first Polish COVID-19 test. For more details, see Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS.

Employee Support Fund

A Special Bank Millennium Group's Employee Support Fund was established in April 2020 in case of coronavirus infection and the necessity to cover costs of treatment and rehabilitation. For more details, see Chapter II. MILLENNIUM IN THE AGE OF CORONAVIRUS.

3.3. PROMOTION OF CULTURE

Since the beginning of its business activity, the Bank has engaged in sharing and popularizing culture in Poland. This has been an important part of the Bank's social activities for over 30 years now. The pandemic has not changed anything in this approach. The 2020 budget of the Bank and the Bank Millennium Foundation remained at its standard level. Being aware that the months marked by COVID-19 were extremely challenging for cultural institutions, cinemas and theaters, the Bank decided not to reduce its aid in this field. The activity in the area of culture was customarily based on 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.

In 2020, the Bank engaged in the following events:



Joining the **#stayhome** action, the Bank shared the Millennium Docs Against Gravity festival movies from previous years and online versions of the theater plays transmitted some years before by Polish TV (TVP) as part of "Millennium Pearls" ("Perty Millennium") online free of charge during the first weeks of the pandemic.

The most important cultural project in which the Bank is a patron is the **Millennium Docs Against Gravity Film Festival** - the largest global documentary film festival in Poland. In 2020, the Bank became its patron for the fifteenth time.

The 17th edition of the festival was organized in a hybrid form for the first time - for two weeks, traditional screenings were held in cinema auditoria and then, for another two weeks, online, on the MDAG.pl website. Overall, 150 documentaries from all over the world were shown. In seven Polish cities: Warsaw, Wrocław, Gdynia, Poznań, Katowice, Bydgoszcz and Lublin, 65,000 viewers came to the documentary film shows and the accompanying events organized in accordance with the sanitary requirements and 60,000 tickets were sold for the online part of the festival.

Like the year before, the festival program included **movies with audio description and captioning for the deaf - prepared specifically for the blind and visually impaired, the elderly and people with dyslexia and intellectual disabilities** so that they could participate in the shows with no restrictions. Movies with captioning, audio description and voice-over versions were screened through a special application in Warsaw and Gdynia as well as online. The four movies were "iHuman", "Fat Front", "Ściana cieni" and "For Sama".

Employees were also able to take part in the cultural events over which the Bank assumed patronage. For instance, all employees of Millennium received 1,000 free online tickets to be used during the virtual edition of the Millennium Docs Against Gravity festival.



The 18th edition of the **Sacrum Profanum** contemporary music festival, in the online format on the Play Kraków platform this time, was held between 1 and 30 November 2020. Bank Millennium became the sponsor of the event again. The interested employees also had a chance to receive e-tickets and take part e.g. in nine premiere concerts at their homes.

Millennium was appreciated for its culture promotion activity and **awarded the Golden Lifter of Culture**. The award was received from Kraków Festival Bureau (KBF) for the Bank's patronage over the Sacrum Profanum festival, which has been supported by it continuously since 2012.

3.4. SUPPORT FOR INNOVATION



As part of social activity Bank Millennium analyzes the trends in innovation in the market environment. The Bank's experts prepare and disseminate an annual report entitled "Millennium Index Report - Regions' Innovation Potential", which describes the similarities and differences in development of innovations in Polish voivodships. The "Millennium Index Report" is our contribution to the public debate concerning the drivers of regional development in Poland and to level the inequalities that exist between them. In 2020, the fifth edition of the report was published. Apart from ranked statistical data, the leading subject of this year's study is the limitations and opportunities arising from the COVID-19 pandemic-related crisis. Traditionally, expert practitioners from the areas of business, science, governmental and non-governmental institutions were invited to comment on the findings in individual regions. They shared their experiences in what aided and what hampered the development of innovative

projects, how the pandemic had changed the approach to innovation and how innovation development could be supported in the second half of 2020. This year's report and the comments contained there are a vital contribution to the public debate on innovation in the age of coronavirus and on how it has changed compared to the situation before March 2020.

3.5. SUPPORTING EDUCATION

Undergraduates

The Bank offers employment opportunities to both experienced specialists and young people without a long professional history. Our organization has attached particular importance to promoting the Bank as an attractive employer among students for many years. To this end, it has devised special internship programs and cooperated with student clubs and institutions of higher education. This year, despite having planned a program of internship and cooperation with the academia, we have made the hard decision to withhold or limit our activity in this area due to the pandemic and to shift to remote work.

Cooperation with institutions of higher education

The Bank has been cooperating with reputable universities, including the Warsaw University or the Warsaw School of Economics. One of the examples of such cooperation is the Bank's membership in the **SGH Partner Club** and substantive contribution to the university life and creating the first **coworking center at SGH**. It is a place for meetings, networking, consultations with business theorists and practitioners from SGH and the bank. The coworking center allows students and graduates who have established or plan to establish a start-up business to work freely and marry their concepts with business practice.

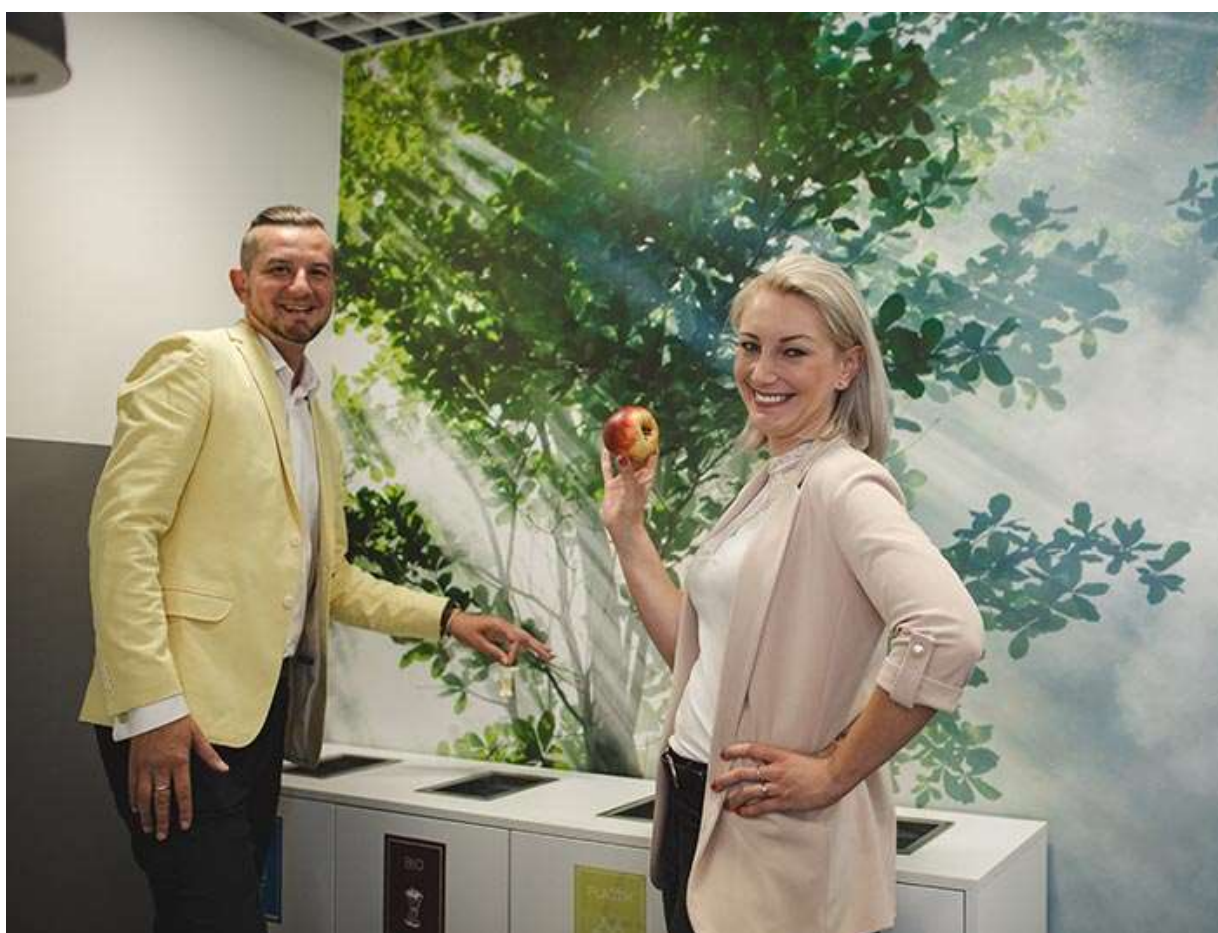
As part of its joint activity with SGH, Bank Millennium also continues its collaboration with the **Student Scholars Club of Statistics**, with which it implements flagship projects and substantive workshops for Club members.

As a consequence of the pandemic, most activities are performed in a new, online, form.

The Bank supports the students' intercultural development

Since 2013, as part of its cooperation with the University of Warsaw and the Camões Institute, Bank Millennium has funded **scholarships for the best bachelor degree students of Portuguese studies at the University of Warsaw**. In 2020, the scholarship financed by Bank Millennium allowed the winner to go to Portugal to learn its culture and language even better. The Bank sees its special role in creating educational opportunities which bring two countries together and facilitate a better mutual understanding. Supporting talented students is the best investment in the future.

V. ENVIRONMENT AND CLIMATE



1. MANAGEMENT OF ENVIRONMENTAL IMPACT AND CLIMATE PROTECTION

[GRI 103-1, 103-2, 103-3] Climate change is, in addition to protection of life and health, one of the defining challenges of this century and requires urgent and unprecedented action. Bank Millennium is guided in its sustainability approach by the United Nations Sustainable Development Goals, among which protection of the climate is one of the major issues. Initiatives focused on the natural environment and climate protection are embedded in the business strategy of the Bank Millennium Group and are consistent with the approach adopted by the parent company, Bank Millennium bcp.

Bank Millennium is carefully observing the measures taken by the European Union and it does understand the role that banking sector institutions are to play in the transition to a low-emission and climate-resilient economy. In recent months there were important decisions taken in this matter as in December 2020 the European Council adopted a new carbon reduction goal of 55 percent until 2030. This means that the EU accelerates on its path to climate neutrality, which it intends to achieve by 2050. All countries and all sectors of the economy will have to contribute to this goal.

Environmental and climate policy as well as regulations applied by the Bank

During last years Bank's environmental and climate actions focused on limiting own impact. The Bank implemented high ecological standards in its own activities, requiring the same commitment from suppliers and partners. Also for several years now, the Bank has been involved in special programs of financing energy sector transformation, offering various solutions for example leasing products to finance equipment upgrades increasing energy efficiency and financing large wind farm projects.

In 2019, the Bank decided to formalize its approach to the environment and climate issue, and developed the "Environmental Policy of the Bank Millennium Group", which defines the three main areas of activities:

1. Bank's own environmental activities

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

2. Environmentally-friendly products and responsible financing

The Group supports the pursuit of environmental goals by introducing specially profiled products to its offering. The Bank Millennium Group does not provide funding for new coal mines and new investments in coal-based energy sources, except for new investments aimed at reducing pollution levels. New financing in the energy sector is possible only if used to engage in non-carbon energy sources, energy transformation to non-carbon energy sources.

For many years now, the Group has supported the funding of environmentally-friendly and energy efficient projects, including those aimed at replacing carbon-based energy generation with low-emission energy sources and modern energy infrastructure for renewable energy sources reducing emissions and supporting energy efficiency, especially in energy-intensive and high-emission industries, projects focused on low-emission cars.

The Bank's customers are obligated not to use proceeds from loans in any way that is related to the actions featured on the Environmental Exclusion List of the European Bank for Reconstruction and Development. They are also obligated to obtain and maintain all the necessary environmental permits in connection with their business activity and to conduct the 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 rules of social conduct.

3. Environmental education

Employees, customers and business partners receive communications building their environmental awareness. Environmental clauses are used wherever reasonable in contracts with product suppliers.

The Bank Millennium 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.

Key risks and new opportunities

[GRI 102-15] Key risk is associated with the management of the Group's environmental and climate impact through its own operating activity, banking products and services offered, including the funding of projects and management of climate, transformation and physical hazards for the Group.

[GRI 102-11] The Group mitigates this risk by submitting to legal regulations, monitoring its own environmental impact and implementing environmentally-friendly actions as well as observing the "Environmental Policy of the Bank Millennium Group" and the project financing rules. More information about risk is included in chapter I. Bank Millennium and the Bank Millennium Group, in section 4.2. Methods of Risk Management.

It is worth noting that historically, the Group's involvement in the financing of coal mining and coal-based energy sectors was significantly lower than the banking sector average. In 2020, the Bank Millennium Group's exposure to the coal mining and carbon-based energy constituted 2.2% of the corporate portfolio (down from 2.5% in 2019) and 0.6% of the Group's entire portfolio (down from 0.7% in 2019). A few years ago, the Bank made a decision to reduce significantly its exposures financing the coal industry. As a result, currently the portfolio exposures to the coal mining sector and industries directly related to coal mining are insignificant. Additionally, the Bank has exposures to the energy industry, in which it finances holding companies rather than individual producers; these funds may also be used for modernization and changing of the energy mix towards renewable energy.

The Bank can see new climate-related opportunities in various sectors of the economy, in developing new financial products and services.

The financial sector will take an active part in the planned achievement of climate neutrality by 2050. Out of the reconstruction fund agreed in 2020, which is EUR 23 billion for Poland, one third will be used for "green transformation". The funds are expected to be directed, among other things, to investments in clean and efficient generation and use of energy and sustainable transport. According to official statements full implementation of the EU recommendations will also require Poland to prepare a package of reforms: first and foremost, to develop a new energy strategy aligned with the EU's more ambitious climate objective. It will also be necessary to remove regulatory barriers and enact missing legislation that is needed to unlock clean energy growth, effective energy saving and achieve other Green Deal objectives, such as reducing pollution, implementing a circular economy and protecting and regenerating wildlife. Investments and funds from private sources will be necessary to achieve the objectives. It is also important to note that opinion polls and market researches analyzed indicate increasing environmental awareness of Polish society. The growing attention to the issue among individual customers may translate in long term into changes of behavior and expectations towards products and services, which also might be seen in the banking sector.

Reporting on performance and selected indicators

The Group has been reporting on its environmental impact and level of emissions already since 2011. As described below in the definition of methodology, data published includes greenhouse gas emissions Scope 1, Scope 2 and partially in Scope 3. In respect to Scope 3, the Group is currently working on analyzing the existing methodologies that would allow it to report reliably on indirect emissions. It broadens its knowledge of this subject by participating in consultations, conferences and expert workshops (organized by WWF, the Polish Association of Listed Companies, or the Polish Confederation Lewiatan) and by participating in the work of the Polish Bank Association.

Over the period of ten years from 2011 to 2020, Bank Millennium's total greenhouse gas emissions decreased significantly from 39,659 to 25,419 tons. During this period, Bank Millennium merged with Euro Bank in 2019, as a result of which the figures for individual years are not comparable, in particular those important for this report, i.e. for the 2019/2020 period. However, it is worth noting

that in 2020 the Bank undertook numerous initiatives to further reduce its emission levels by lowering energy and fuel consumption. The major environmental investment project implemented in the Bank's headquarters was an upgrade of the lighting in the office space. As a result, nearly 12,000 conventional light fixtures were replaced by modern LED fixtures, which will consume 54% less energy and allow it to lower its CO₂ emissions by 500 tons annually.

The Bank also received "white certificates" based on the Energy Efficiency Act of 20 May 2016 (Journal of Laws 2016 Item 831), which confirm that a modernization project has been completed, which improved energy efficiency and achieved energy savings (confirmed by an energy efficiency audit and a positive assessment of the application by the President of the Energy Regulatory Office).

Bank attention to the environment and climate protection were noticed by the public. For example in December 2020, Bank Millennium was ranked second among Polish companies in the Climate Leaders ranking published by Forbes in cooperation with Statista. It was the highest-rated bank among the contenders. The ranking was prepared by calculating the compound annual reduction rate (CARR) of greenhouse gas emissions adjusted by revenues.

Organization and responsibility for achieving the planned levels of indicators

The Bank believes that the environment and climate matters relate to many areas of the Bank's operating activity and will be even more in future interwoven into the organization. Therefore, various aspects of these issues are within the responsibility of the Bank's individual departments and are an integral part of the business. The strategy and policy setting is under direct supervision of the President of the Bank's Management Board.

The Group's environmental impact indicators 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.

Fulfillment of reporting requirements

Bank Millennium is preparing to comply with the new reporting requirements arising from the dynamic development of regulations aimed at achieving the climate objectives established by the Paris Agreement. The European Action Plan: financing sustainable growth and the European Green Deal envisage the implementation of a number of regulations introducing new disclosure requirements for financial institutions on ESG Environment Social Governance issues. The preparation of such disclosures will require banks, insurers and investment funds to obtain in some areas a range of information from their corporate clients and therefore will require the aggregation and preparation of appropriate data by companies, which use external financing or are participants in the capital market.

That is why Bank Millennium has become part of a working group established by the Polish Association of Listed Companies, the Polish Bank Association, the Polish Chamber of Insurance and the Reporting Standards Foundation. The objective of the team is to develop solutions that would make it easier to apply the new regulations and to unify the format of the data. From the standpoint of Bank Millennium, the relevant issues include the European Commission's Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01); Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 and Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

[GRI 307-1] In 2020 the Bank Millennium Group did not receive information on any case of it infringing the environmental protection regulations.

2. LIMITING THE CONSUMPTION OF RESOURCES

Reduced consumption of materials

The Bank Millennium Group has centralized the process of purchasing and supplying the Group's organizational units with materials needed for their day-to-day operations. Procurement discipline is ensured by the REZA+ IT tool, in which every item ordered is reviewed for justification of its purchase. This allows the Group to reduce consumption of materials considerably. Permanent monitoring of the fulfillment of budgets and definition of limits, to ensure that purchases are reduced to the level of current consumption also contributes to lower consumption of materials. The process of ordering office supplies and equipment is governed by internal instructions and verified in terms of the rationale for purchase and the equipment standards in place in the Bank. Purchases of devices such as counting machines, shredders, refrigerators, microwave ovens and furniture (office chairs, desks, chairs, cabinets) is preceded in each instance by a review of the available resources in order to ensure their reuse. This allows the Bank to reduce purchases of new equipment and furniture.

The merger of Bank Millennium with the former Euro Bank finalized at the end of 2019, which increased the number of customers served, resulted in higher consumption of materials in 2020. At the same time, excellent organization of the centralized procurement system and strict purchasing discipline pushed such consumption down. The Bank continues to take ongoing activities to reduce consumption of the purchased materials and thus reducing its adverse environmental impact.

Among other issues:

- an Outsourcer is responsible for **collecting and regenerating toners** from multifunction printers used in the Bank.
- waste paper and documents from the Bank's Archive, whose storage period has expired in the current calendar year, are forwarded to specialized document destruction firms. **The documentation destroyed in industrial-grade machinery is then fully recycled.**
- any non-hazardous (and non-municipal) **electronic waste (ITC, electrical equipment, data carriers), metal, plastic, wooden and glass waste** is collected by a specialized company holding a permit to transport, collect and recover all types of waste. A contractor collecting ITC, electrical equipment and data carriers operated in accordance with the Act on Used Electrical and Electronic Equipment. This means that **all electronic waste is fully recycled.**
- In its activities, the Bank complies with all environmental regulations, i.e. the Act on Waste of 14 December 2012, as amended, Journal of Laws 2020, Item 797, i.e. of 4 May 2020. As a result of the amendments made to the Act on Waste, **in 2020 the Bank was entered in the Waste Database (BDO) Register.**

[GRI 301-1] Consumption of materials (kg)	Bank 2020	Bank 2019*	Bank 2018	Bank 2020/ 2019	Reasons for change
Paper and paper rolls for operational needs	354,994	327,930	307,433	8%	Increase in the number of customers after the merger with Euro Bank; a 49% increase in mortgage agreements; increased volumes of mass mailing, e.g. to customers of ex Euro Bank
Envelopes	116,064	77,655	61,381	49%	Increase in mass mailing due to merger with Euro Bank, mailings about interest rates, rules and regulations, a sheet for Mass and Prestige depositors

Plastic articles	40,911	12,948	13,304	216%	Increase due to necessity of safety measures (e.g. 3 311 plexiglass separators for branches, disinfecting liquids). 99% decrease in plastic cups, replaced by paper/biodegradable cups.
Consumable materials for printing devices	1	418	703	-99%	Lower consumption due to effective management of own resources and change of a process to outsourcing.
Batteries	760	556	540	36%	Result of battery-powered disinfectant dispensers installed in Bank's outlets.

*without the former Euro Bank data

[GRI 301-1] Consumption of materials (kg)	Group 2020	Group 2019*	Group 2018	Group 2020/2019 (Change %)
Paper and paper rolls for operational needs	364,592	343,277	322,953	6%
Envelopes	117,541	79,031	62,834	49%
Plastic articles	41,371	14,252	14,285	190%
Consumable materials for printing devices	1	418	n/a	-100%
Batteries	785	610	588	29%

*without the former Euro Bank data

Waste management

Depending on the voivodship, the Bank sorts out its waste into five fractions: plastic, multi-material packaging and paper, glass, bio and mixed). The Bank's head office in Warsaw has also placed containers to collect batteries and small electrical waste. A campaign to collect large size electronic waste takes place once a year. Mixed municipal waste is collected by the city based on the number of containers declared monthly in advance. 75% of segregated waste is processed. This applies to the plastic fraction, multi-material packaging and paper (the city does not provide any information on bio waste or glass).

The COVID-19 pandemic, which started in early 2020, contributed to an increased consumption of plastic from, among others, containers and diffusers with hand sanitizers. However in the situation of a real health hazard, the Bank's priority was to prevent the spread of coronavirus and ensure safety of its employees and customers. In order to limit the consumption of plastic, in 2020, non-reusable plastic water cups were replaced with environmentally-friendly BIO paper cups. The cups do not contain plastic and are fully biodegradable and compostable in accordance with the European standard EN 13432. They can be filled twice. Also, providing Head Office employees with water purifiers and water dispensers in branches helped to reduce plastic consumption by several hundred plastic bottles per day.

A 70% increase in the volumes of mass correspondence in 2020 resulted from an increased number of customers after the merger, additional correspondence required among others due to the pandemic, information on changes concerning SEPA and internal regulations. Additionally, a considerable portion of customers of the former Euro Bank do not use electronic account statements (new customers in the Bank have an active online statement service).

The Bank continues to work on further digitization and the highest quality of Internet services to ensure that customers give up the hard copy versions of the documents.

In 2020, the Bank designated **579 assets to be reused** in the Bank's branches (devices and furniture) and **collected 300 kg of used up batteries and 250 kg of electronic waste** delivered by the Bank's employees as part of an electronic waste collection campaign.

As in the previous years, the management of buildings maintained a waste register in three categories: Metal and plastic, Paper and Glass.

[GRI 306-3] Recycling and Disposal of Materials (kg)	Bank 2020	Bank 2019*	Bank 2018	Bank 2017	Bank 2020/2019	Reasons for change
ICT equipment and devices	53,084	23,185	17,654	17,210	128%	Regular replacement of the slowest telecommunications and IT equipment, which is no longer fit for use, in the Head Office and in branches; the numbers increased significantly after the merger in 2019.
Paper	272,316	243,782	298,428	289,815	11.7%	The increase in the quantity of waste paper is due to the merger (a larger number of branches and the new Head Office facility in Wrocław)
Metal waste and cable	9,998	21,986	13,217	7,020	-54%	Change of the way the consumption of plastic waste is calculated, taking into account the average consumption of waste per person and input from Euro Bank.
Plastic articles	4715	1,667	936	1,253	182%	The increase is due to the Euro Bank merger (a larger number of branches and the new Head Office facility in Wrocław).
Glass	828	637	3,176	1,581	30%	The decreased quantity of waste resulted from the fact that responsibility for the management of waste created during office reconstruction was transferred to the service providers.
Furniture	7,160	49,028	22,711	14,177	-85%	UPS units from units being closed.
Lead batteries	6,928	14	0	380	49,385%	The increase is due to the collection of the used up toner cartridges in Wrocław.
Waste printing toner	614	295	438	406	108%	Responsibility for managing waste in connection with the reconstruction of outlets has been transferred to the service providers, which report directly to BDO (Waste Database Register)
Mixed concrete and brick rubble waste, waste from construction sites and renovations	0	3,520	5,310	7,556	-100%	

Recycled waste (%)**	88%	84%	82%	80%	11%	The increase in the quantity of recycled waste is due to the smaller quantity of waste from branch renovations (concrete, rubble, etc.)
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* no data for the Bank Millennium Group; without Euro Bank data

** at least 84% of waste shown in the table was recycled

Monitoring energy, water and fuel consumption

After an analysis of the consumption of water, energy and fuels, measures are taken to reduce consumption of these resources, including:

- use of energy-saving lighting in the Head Office and field branches as well as automatic systems for reducing energy and water consumption in the Head Office building, which has obtained an environmental BREEAM certificate (at a Very Good level);
- in order to reduce the consumption of fuels, the Bank Millennium Group has replaced almost all cars in its fleet with hybrid models. For business travel, low-emission means of transport (such as trains) are preferred. The use of air transport is kept below the set limit.
- the number of business trips (by air, train and bus) was much lower; fuel consumption fell by about 20% in 2020 vs. 2019 (which contributed to a significant reduction of exhaust gas emissions); this was caused mainly by the COVID-19 pandemic and remote working arrangements (online formats of meetings, presentations, training and conferences).

* without Euro Bank data

[GRI 302-1] Energy and water consumption	Group 2020	Bank 2020	Group 2019*	Bank 2019*	Group 2020/2019	Bank 2020/2019	Reasons for change
Electricity purchased (GJ)	94,936	83,621	100,147	88,192	-5.49%	-5.47%	Merger with EB (in plus), the energy saving initiatives, replacement of lighting with LED and impact of COVID-19
Heating energy purchased (GJ)	115,969	102,763	83,637	75,553	27.88%	26.48%	The EB merger (higher number of outlets and new Head Office buildings)/ longer heating season
Natural gas (GJ)	7,897	6,821	5,260	4,532	33.39%	33.55%	The EB merger (higher number of outlets)/ longer heating season
Heating oil (GJ)	291	240	396	353	-36.14%	-47.34%	
Total energy consumption (GJ)	219,092	193,444	189,440	168,630	13.53%	12.83%	
[GRI 303-3] Water (m ³)	101,898	93,391	100,963	94,078	0.92%	-0.74%	Stable; due to COVID-19 and lower occupancy, despite increased number of employees

Fuel consumption	Group 2020			Group 2019*		Group 2019/2018	
	Gasoline	Diesel	LPG	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	540,896	282,251	131,415	553,441	289,578	-2%	-3%

Fuel consumption [GRI 302-1]	Bank 2020			Bank 2019*		Bank 2020/2019	
	Gasoline	Diesel	LPG	Gasoline	Diesel	Gasoline	Diesel
Fuel consumption (liters)	422,327	271,300	131,415	463,117	258,242	-9%	5%

* with Euro Bank data (for 1 October - 31 December 2019)

[GRI 302-1] Business travel

Rationalization of business trips resulted from the fact that the Bank restricted the available types of means of transport and introduced an approval path if a higher standard of transport is to be used. Employees may use 2nd class trains and PKS bus transport. Only a limited group of employees (due to their position or function) may use 1st class trains. The Bank orders train and plane tickets through an external company, with which it has signed a contract for supporting business trips. Approval from a Management Board member is required for air travel or for using private cars.

Business travel Bank (km)*	2020	2019	2018	2017	2016	2020/2019
Air	266,680	624,505	566,782	212,425	185,227	-57%
Taxis	1,181,247	8,784	3,562	3,155	1,716	13348%
Railway	1,943	3,183,766	2,739,829	2,227,450	1,923,347	-99%
Bus	208,455	561,841	483,499	247,495	211,568	-63%

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

The lower number of business trips in 2020 was due to the coronavirus pandemic. Business trips were only effected in Q1 2020 and partially during the summer when the government restrictions were lifted.

Companies handle their business travel on their own.

[GRI 305-1] GHG emissions (CO₂ and CO_{2e})

In 2020, CO₂ emissions in the Bank Millennium Group increased by about 21% as compared to 2019. Higher emissions were caused by the acquisition of the former Euro Bank, which included properties (more than 230 new outlets, the Bank's head office in Wrocław and a car fleet).

CO₂ emissions for the Bank Millennium Group

	2020*	2019	2018
CO ₂ emissions by year (in tons of CO ₂):	28,330	22,400	22,435
Total CO _{2e} emissions by year (in tons of CO _{2e}):	28,521	22,596	22,629

* the above data include the consumption of electricity, heat and fuels in the Bank and the Bank Millennium Group; at the same time, the calculated emission takes into account only data on emissions generated as a result of business trips by Bank Millennium employees. CO₂ - concerns carbon dioxide emissions CO_{2e} - concerns total greenhouse gas emissions: CO₂, CH₄ and N₂O calculated as the CO₂ impact equivalent

In 2020	In 2019
<ul style="list-style-type: none"> nearly 92% of the Group's entire carbon footprint came from indirect emissions related to the consumption of electricity and heat in the Bank's facilities (about 36% and 56%, respectively), about 8% came from the combustion of fuel in its own power installations and vehicles, 0% came from indirect emissions associated with the use of public transportation, which can be ascribed to the outbreak of the COVID-19 pandemic. 	<ul style="list-style-type: none"> nearly 89% of the Group's entire carbon footprint came from indirect emissions related to the consumption of electricity and heat in the Bank's facilities (about 38% and 51%, respectively), about 10% came from the combustion of fuel in its own power installations and vehicles, approximately 1% came from indirect emissions associated with the use of public transportation.

CO₂ emissions for Bank Millennium

Total emissions (tons)	2020*	2019	2018	2017	2016	2015	2014	2013	2012	2011
CO ₂ emissions by year (in tons of CO ₂):	25,249	19,963	19,516	33,295	35,971	32,127	41,819	42,787	43,305	39,117
Total CO _{2e} emissions by year (in tons of CO _{2e}):	25,419	19,989	19,685	33,462	36,151	32,636	42,388	43,346	43,879	39,659

* the above data pertain to emissions resulting from the consumption of electricity and heat, combustion of fuels in own heat sources and emissions associated with business trips. CO₂ - concerns carbon dioxide emissions CO_{2e} - concerns total greenhouse gas emissions: CO₂, CH₄ and N₂O calculated as the CO₂ impact equivalent

In 2020, CO₂ emissions in the Bank Millennium Group increased by about 21% as compared to 2019. The ratios announced in 2020 differ from those used earlier by nearly 20%. For 2020:

- nearly 91% 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 36% and 55%, respectively),
- about 9% came from the combustion of fuel in its own power installations and vehicles,
- 0% came from indirect emissions associated with the use of public transportation, which can be ascribed to the outbreak of the COVID-19 pandemic.

CO₂ emission calculation methodology

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) - see: www.ghgprotocol.org

The reporting scope of these CO₂ emissions pertains to direct emissions from burning fuel in its own sources of energy and cars (according to Scope 1 GHG Protocol), indirect emissions from burning fuel to generate the electricity and heat purchased by the organization (according to Scope 2 GHG Protocol) and other indirect emissions resulting from burning fuel in means of transportations not controlled by the organization, i.e. taxis, aircraft, trains and buses (according to Scope 3 GHG Protocol); 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/UK Government Conversion Factors for company reporting, domestic environmental agencies, i.e. kobize.pl and kape.gov.pl and electricity suppliers.

Data on greenhouse gas emissions may be stated as CO₂ or CO₂e emissions (where CO₂e is the CO₂ equivalent when we include carbon dioxide emissions resulting from direct emissions from the combustion of fuel and indirect emissions - from the consumption of 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).

Although greenhouse gases are emitted in small quantities compared to CO₂ in these combustion processes, their impact on global warming (GWP, or the Global Warming Potential) is relatively greater per unit than that of CO₂. CH₄ has the GWP value of 28, while the GWP value of N₂O is 265.

This is why the CO₂e value, which takes into account the global warming impact of not only CO₂ but also other greenhouse gases, is slightly higher than the carbon dioxide CO₂ emissions only.

In the 2020 report, the GWP factors were updated in line with the most recent European Commission data. Some other emission measures for fuels were also updated based on the current national table of calorific values and emission measures to be used in 2020.

3. ENVIRONMENTAL ACTIVITIES

Bank Millennium Group conducts a number of activities aimed at optimizing the consumption of energy, water, fuel and purchased materials.

Plastic

Action	Description
Limiting plastic consumption	<ul style="list-style-type: none"> ▪ popularity of payments using a virtual card and BLIK in a mobile application reduces the need to issue plastic cards; ▪ new option of a temporary card freeze eliminating the need to generate a new card immediately; ▪ water treatment purifiers have been installed in the Bank's Head Office - there is no need to buy bottled water; ▪ 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	<ul style="list-style-type: none"> ▪ 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). ▪ Equipment and appliances from shut-down or reconstructed branches are forwarded for continued use in other outlets.
IT Tools	<ul style="list-style-type: none"> ▪ 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. ▪ In 2020, the Bank completed the project of replacing workstations in bank outlets, from physical PCs to the VDI (Virtual Desktop Infrastructure)

Action	Description
	<p>technology, achieving the target level of 3,500 workstations. VDI is a technology, in which each instance of a desktop (operating system) operates on a remote virtual machine and shares hardware resources (processor, operating memory, disk resources) with other virtual machines.</p> <ul style="list-style-type: none"> VDI reduces considerably, among others, the consumption of plastic and electricity (for example, a “traditional” workstation consumes about 200W on average, while a “thin client” in the Bank’s model uses less than 5W. Despite the additional consumption of energy in the Data Center, the capacity of a single physical server to support hundreds of virtual machines allows the VDI technology to reduce the Bank’s carbon footprint significantly.
Recycling - handing over 300 operational computers to people in need	<ul style="list-style-type: none"> in cooperation with the Forani foundation, the Bank handed over 300 fully operational personal computers to schools, clubs in villages, the poor and disabled in Poland. Another batch of equipment will be donated to children receiving support from a specialist family aid center in the Śródmieście district in Warsaw. By providing the equipment, Bank Millennium not only reused the hardware but also responded to the educational, development and financial needs of many families suffering from poverty and aid and care centers, which have no funds to buy the infrastructure, which proved to be indispensable during the pandemic.

Paper

Action	Description
Restrictions on printing of documents	<ul style="list-style-type: none"> in the branches, internal transactions are accounted for in the system - there is no need to print them out. 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. monitoring of the number of printouts - reports are sent to the units generating the largest numbers of printouts, which allows them to take reduction measures; printouts can be made on company printers only after an employee logs into a specific device, which prevents accidental printouts.
Opening an account online by using a selfie	<ul style="list-style-type: none"> in 2020, the Bank introduced the possibility of opening an account online by using a selfie. The process is carried out fully online and does not require any printouts.
Purchase of cinema tickets in a mobile application	<ul style="list-style-type: none"> when cinema tickets are purchased directly in the app, they do not have to be printed - they can be presented on a phone screen or sent to friends directly from the app.
Electronic property valuation in the mortgage loan application process	<ul style="list-style-type: none"> The Bank has introduced the possibility of obtaining an electronic valuation of property, which is one of the documents needed in the process of applying for a mortgage loan. A valuation, or the whole property valuation process is commissioned by the Bank’s system and provided to the Bank for analysis also electronically. As a result, customers do not have to provide a hard copy document. In addition to paper, the Bank also saves electricity needed to scan documents and uses up a smaller number of toners, which must ultimately be disposed of.
Confirmation of some transactions in branches through Mobile Authorization	<ul style="list-style-type: none"> The Bank has rolled out the possibility of confirming some transactions through Mobile Authorization in branches. This is yet another important step towards digitizing the bank’s operations and reducing the volume of hard copy documents. So far, all transactions performed in branches were confirmed by a signature on a transaction confirmation form printed out by a bank employee. Now, a customer with an active Mobile Authorization is able to approve some of transactions ordered in a branch with a phone. This reduced the number of transaction-related printouts made in branches by as much as 11%.

Action	Description
Opening and handling the Millennium Investment Program and structured deposits through remote channels	<ul style="list-style-type: none"> The Bank continues to work on expanding its investment offering available through electronic banking channels. Among others, it has implemented the possibility of opening and handling the Millennium Investment Program (based on Millennium TFI Funds) and structured deposits through remote channels. Access to investment products in the Millenet system and through the Mobile App reduces the volume of documents printed out in Bank branches.
Opening a personal account with the Profit Savings Account with a selfie	<ul style="list-style-type: none"> The Bank has introduced a new remote way to open a personal account with the Profit Savings Account by using a selfie. Customers are now able to manage their finances without leaving home - all it takes is a smartphone and Internet access. The process is very simple and safe.
Electronic workflow of internal documents	<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; By continuing the digitization of its processes (both business and internal processes within the organization), in 2020 the Bank reduced the number of printouts by about 1/3rd, which translated to lower consumption of paper, printer toner as well as the space needed to archive hard copy documents (one of the examples is the possibility of mobile authorization of basic cashier operations and without printing hard copy confirmations).
Less printouts for clients	<ul style="list-style-type: none"> in 2020, an electronic document workflow was implemented through Millenet for Corporates. The solution supports transmission and receipt of digital documents and conclusion of contracts by using a qualified certificate for electronic signatures. As a result, the Bank does not have to print documents for signing. replacing the annual hard copy balance confirmations with notifications in the Millenet system for corporates brought about savings equivalent to about 23 full-grown average-sized trees (each of them can continue to absorb 1 ton of CO₂ per cubic meter of growth and produce 727 kg of oxygen). some documents are posted on the Bank's website and on the Internet banking site. Through Internet banking, the client is e.g. informed on changes in the terms and conditions of services (on durable media). consolidation of documents (several instructions in one document, several agreements in one form); shortening of documents (tables and equivalents of sentences instead of descriptions) to reduces the quantity of printed pages; access to e-government - option to submit official applications through the electronic banking channel, which reduces the consumption of paper (applications under the Family 500+, Good Start (300+) program, logging into the PUE ZUS platform, creation of a Trusted Profile; option to pay highway tolls, purchase public transport tickets and parking tickets through the mobile application; 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; the Bank additionally carries out active campaigns promoting the use of electronic statements. Customers of the former Euro Bank are the ones that we encourage the most, as previously they received bank statements only by traditional mail or in the branch. electronic application process for products: opening of another bank account, cash withdrawals, loan applications, establishment of a term deposit, etc.; contactless payments with a telephone with the option of virtualization of plastic cards and promotion of cashless payments; purchase of insurance products also through remote channels, where insurance can be purchased conveniently and intuitively, fully online, without the need to use paper documentation; when applying for a mortgage loan, it is possible to directly upload scanned documents to the Bank's system. They are collected from public registers and clients' current account statements generated on-line. the goodie procurement platform launched by Bank Millennium makes it possible to browse stores' online offers and electronic newspapers instead of

Action	Description
	<ul style="list-style-type: none"> their hard copy counterparts; On-line trade finance module - solution for corporate clients facilitating electronic orders and remote correspondence with the Bank; e-guarantee for business clients - it is a bank guarantee issued in electronic form (as PDF file) using qualified electronic signatures of two of the Bank's legal representatives; In Millennium TFI, transaction confirmations may be sent to the client by e-mail, replacing hard copy confirmations. A customer provides an e-mail address, to which electronic confirmations are to be sent. The distributors, with which TFI has signed distribution contracts, offer the possibility of purchasing fund units over the Internet (the purchase form has an electronic version). Millennium Leasing offers electronic invoices and text message notifications with information about new invoices, upcoming due dates and missed payment dates. The priority initiative of Millennium Leasing is the promotion of the e-signature implemented in 2020 as a form of signing contracts and applications.
Product sales via remote channels	<ul style="list-style-type: none"> Retail clients may apply for credit, savings and insurance 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 and for opening of new accounts through the Internet banking system, in which the entire documentation is uploaded remotely.

In 2020, digitization of products accelerated and, in view of the COVID-19 pandemic, consumer habits changed considerably - they were more willing to use online solutions, both in banking products and in additional services. The number of Internet-based transactions and e-commerce payments increased significantly, especially in respect to BLIK payments, in which the volume of transactions nearly doubled (+90%). At the end of 2020, the number of customers using **Mobile Authorization** was **525% higher** than one year before.

Share of electronic channels in the volume of major product sales

Personal accounts*	Cash loans	Term deposits
25%	49%	91%

*process commenced in the electronic channel

Increase in the number customers using online services

	2020	% in 2020	2019	% in 2019	difference	comment
All clients with access to electronic banking	3,230,769	-	3,049,471	-	6%	
Active users of electronic banking	2,052,806	-	1,838,363	-	12%	

Active users of mobile banking	1,658,554	-	1,410 855	-	18%
Clients using Mobile Authorization	1,394,169	-	223,060	-	525%
Clients using open banking services (Finance 360°)	36,300	-	-	-	- Introduction of the service in 2020
Clients using online statements	2,643,960	63%	2,415,393	79%	9% The result is worse due to migration of Euro Bank customers
Clients with access to e-administration	664,695	-	282,350	-	135%

Electricity and water

Action	Description
Energy-efficient building of the Bank's Head Office in Warsaw	<ul style="list-style-type: none"> savings in energy consumption were achieved, among others, by using modern LED lighting in Head Office stairwells and offices. in 2020, the Bank replaced the lighting in the Head Office offices with modern LED lighting. The decision was aimed at improving energy efficiency - reducing CO₂ emissions and analyzing ongoing costs of electricity consumption as compared to the available modern solutions and their impact on the environment. overall, about 12,000 fluorescent technology lighting fixtures were replaced with modern LED fixtures. This reduced energy consumption for this purpose by 54% and annual CO₂ emissions by 500 tons. the improved quality of lighting in offices has had an enormous impact on the health and well-being and productivity of employees. the lighting upgrade has allowed the Bank to apply to the Energy Regulatory Office for an allotment of white certificates, which constitute an energy certificate and confirm the quantity of energy saved. heat recovery in ventilation 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 6:00 p.m., rainwater collection and use system. The office building has a BREEAM certificate for environmentally-friendly buildings.
Reduction of the working time of technical devices	<ul style="list-style-type: none"> The reduced working time of technical devices in Head Office buildings in 2020 was particularly significant because of the pandemic and limited presence of employees in office spaces. The Bank changed the technical settings and parameters of office equipment, such as: the time of operation of office lights, the time of operation of ventilation and air conditioning equipment and changed the temperature settings in individual areas. This optimization allowed it to minimize consumption of electricity in the Bank's head offices.
Energy savings in branches	<ul style="list-style-type: none"> in all branches, traditional light sources in advertising panels were replaced with energy-efficient LEDs; time control of the lighting of advertising panels using astronomical clocks; in 2020, LED lighting was installed in four more branches, which means that there are a total of 117 branches with LED lighting; in all outlets, the operation of the air conditioning system has been limited by installing operation control clocks. in connection with the changed opening hours of the outlets due to the pandemic, the time of operation of devices and lights in owned outlets and buildings was reduced.

Action	Description
Rational management of energy consumption	<ul style="list-style-type: none"> in the Bank's Head Office, air conditioning is set at 21 degrees Celsius and ceases to operate after working hours; in all branches of the Bank, clocks controlling the air conditioning operation time have been installed; 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; the implementation of virtual desktop infrastructure (VDI) has reduced the power consumption of each desktop from 200W to less than 5W. Rather than working on a desktop personal computer (PC), users work on virtual machines. regular replacement of computer hardware with more energy-efficient equipment; during the reconstruction of office space, human presence detectors are installed in meeting rooms, employee amenity areas and kitchens that turn off lights when no-one is in the room. In 2020, 5000 m2 of office space was rebuilt with human presence detectors in selected zones.
Water and energy consumption is monitored on an ongoing basis.	<ul style="list-style-type: none"> 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.
Reduced working time of cleaning firms	<ul style="list-style-type: none"> In the previous years, the companies worked from 8 p.m. to 4 a.m. in the morning and the lights had to be turned on during those hours, resulting in higher electricity consumption. In 2020, the companies work from 5 p.m. to 10 p.m. The lighting is turned off after 10 p.m.
Design of services	<ul style="list-style-type: none"> The processes in the mobile and Internet 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).
Optimization of water consumption (branches and the head office)	<ul style="list-style-type: none"> In 2020, in 14 own buildings the Bank installed 173 modern tap aerators - special nozzles aerating the water stream increasing it optically. Tap aerators help save from 15% to 25% of water. In the Bank's Head Office, some of the tap aerators were installed already in 2018, which generated savings of water of approximately 15% The quantities of flushing water was reduced by limiting the quantities of water in the tank to the minimum. The head offices have installed hot and cold water fountains, which encourage office employees to use them instead of buying bottled water. This reduces production of waste, including plastic.
Application of the Virtual Desktop Infrastructure technology	<ul style="list-style-type: none"> In 2020, the Bank completed the project of replacing workstations in bank outlets, from physical PCs to the VDI (Virtual Desktop Infrastructure) technology, achieving the target level of 3500 workstations. Among other things, VDI reduces considerably the consumption of electricity (for example, a "traditional" workstation consumes about 200W on average, while a "thin client" in the Bank's model uses less than 5W. Despite the additional consumption of energy in the Data Center, the capacity of a single physical server to support hundreds of virtual machines allows the VDI technology to reduce the Bank's carbon footprint significantly.

[GRI 302-4] Energy savings in Bank's branches	2020	2019**	2018	2017	2016
Branches with LED-lit advertising panels	456 (100%)	357 (100%)	361 (100%)	355 (100%)	369 (100%)
Branches with panels turned off at midnight	409 (90%)	310 (86%)*	305 (84%)*	307 (86%)*	312 (84%)*
Energy-efficient light sources in branches	117 (26%)	113 (32%)	100 (28%)	80 (22%)	72 (19%)

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

** without Euro Bank data

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. Reduction of fuel consumption in 2020 by about 20% vs. 2019 (which contributed to a significant reduction of exhaust gas emissions); in addition to the replacement of traditional motor cars with hybrid motors in 2017-2020, this was caused mainly by the pandemic and remote working arrangements.
Reduced number of business trips	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. The lower number of business trips in 2020 was mainly due to the COVID-19 pandemic. Business trips were carried out only in Q1 and partially during the summer when the government restrictions were lifted.

Millennium Towarzystwo Funduszy Inwestycyjnych also monitors and reduces its adverse impact on the natural environment; among others by significantly reducing the consumption of plastic water bottles. It also encourages its employees to care for their surroundings. The company has also put in place rational material management, monitoring of water, energy and fuel consumption and implementation of environmentally-friendly solutions.

Since the Company uses the Bank Millennium Group procurement system, it is subject to the same rules governing the management of consumable resources entailing continuous monitoring and lowering the consumption of materials through: analyzing the fulfillment of budgets to purchase office supplies, verifying requests for ordered products, restricting purchases to the level of actual needs and real consumption and ensuring that unnecessary equipment is reused.

4. RESPONSIBLE FINANCING

[GRI 103-1, 103-2, 103-3] In line with the provisions of the “Environmental Policy of the Bank Millennium Group”, the Group supports the pursuit of environmental objectives by offering profiled products in all its business lines:

INDIVIDUAL CLIENTS

- The Bank offers its clients a credit card supporting environmental protection causes - **WWF Millennium MasterCard**. Bank Millennium transfers to the environmental foundation WWF Polska 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.
- **Mortgage loans** granted by the Bank are verified in terms of the investor's/borrower's holding appropriate environmental decisions that enable the performance of the loan-backed investment. The Bank's offering also includes mortgage loans for renovation or modernization of buildings which clients often use to obtain funds for modernization of, for instance, roofs covered with asbestos, replacement of central heating and furnaces, etc.

PRESTIGE AND PRIVATE BANKING CLIENTS

Bank Millennium also offers units in **responsible funds** investing in environmentally-friendly initiatives, including green technologies, e.g. BGF Sustainable Energy Fund, BlackRock GF World Healthscience Fund or PZU Medyczny.

CORPORATE CLIENTS - FUNDING OF INVESTMENT PROJECTS

- Based on loan agreements entered into with the EBRD (European Bank for Reconstruction and Development), for over 10 years now the Bank Millennium Group has been strongly involved in the provision of support to **clients purchasing or leasing production lines and equipment that is characterized by high energy-efficiency and energy-saving parameters** (Polish Sustainable Energy Financing Facility for Leasing - PolSEFF Leasing). In turn, the contract entered into with Millennium Leasing regarding the Polish Green Economy Financing Facility (PolGEFF) supports initiatives aimed at improving energy efficiency, reducing CO₂ emissions and providing funding for the acquisition of equipment for generation of electricity from renewable energy sources (MilleSun program), water management and waste management.
- The Bank offers the Biznesmax Guarantee Program provided in collaboration with Bank Gospodarstwa Krajowego (BGK). Guarantees under the Program are intended to secure loans granted to provide funding for innovative ventures in the SME sector, with a particular focus on eco-efficient companies. **A client taking advantage of the “ecological path” of the Biznesmax Guarantee Program may pursue an investment project that involves at least one environmental category**, e.g. electromobility, renewable energy sources, including photovoltaic installations, technologies for reducing energy consumption, technologies for producing alternative fuels, circular economy, installations for the recovery of raw materials from production processes, etc.
- The Bank has adopted a **lending policy for financing renewable energy sources for photovoltaic plants** below 1 MW and for wind farms above 1 MW. Within the framework of this lending policy, renewable energy policy for Poland and the European Union's 2020 target are supported.
- The Bank has adopted a **sectoral policy to support the funding of environmentally-friendly and energy-saving investments**, containing exclusions for the provision of funding for new coal mines and new investments in generation of energy from coal sources, except for initiatives aimed at reducing pollution levels.
- [GRI 103-1, 103-2, 103-3, FS5] Bank Millennium has introduced to its corporate lending regulations certain restrictions regarding the financing of socially harmful activities included

in 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, Borrowers are obliged to run their businesses in compliance with environmental protection regulations and other health and safety regulations and the rules of social conduct.

5. ENVIRONMENTAL EDUCATION CAMPAIGNS



Starting with the assumption that actions of individuals, if repeated by thousands, have immense impact, the Bank Millennium Group has been sharing information with its employees on how to take care of the environment for years now. The organization develops environmental awareness among its employees, clients and business partners, among others through the following campaigns carried out in 2020:

- **“Push yourself, not the button” campaign** - encouraging the employees of the Warsaw Head Office to use stairs instead of elevators. In the first quarter of 2020, plaques promoting a healthy lifestyle and choosing stairs instead of elevators in daily habits were put up in all elevator halls of the head office building. In addition to the main goal of building “well-being” among employees, the campaign was also used to minimize electricity consumption.
- **Collection of electronic waste and an increased reach and length of the environmental/charitable campaign** involving the recycling of plastic caps collected throughout the Bank (an NGO cooperating with the Bank sells them as a recyclable material and uses the funds to help the poor).
- **Intranet-based contest of environmental knowledge** for employees, in which the winners received gifts made out of biodegradable materials with a Bank Millennium logo.
- **Remodeling of the Warsaw head office floors, with the environmental design and footprint/ecology** being the main themes, environmental slogans and natural materials (also from Polish manufacturers). The newly completed office space is decorated with numerous plants, which has a positive impact on the office atmosphere and ecoclimate.
- **Informing about changes in waste collection arrangements** (marketing campaigns, new containers for selective waste collection with appropriate logos). The new containers are located in the main corridors of each floor of the office. Paper and mixed waste containers are also located in kitchen spaces.
- **Waste segregation process has been implemented in most branches.** In the fourth quarter of 2020, a pilot program was carried out to replace segregated waste containers in outlets and financial centers in Krakow and Warsaw (20 locations). Based on the pilot’s results, recommendations for the replacement of containers in the entire network were presented.
- The Bank also collects other waste, such as old batteries and electronic waste. In 2020, the Bank **collected 300 kg of used up batteries and 250 kg of electric waste** delivered by the Bank’s employees.
- Plastic straws, paper packaging for sugar, plastic packaging for sandwiches have been removed from the cafeteria located in the Bank’s Head Office in Warsaw; patrons are encouraged to use their own cups and dishes.
- Bicycle transport is encouraged and infrastructure for cyclists is developed (additional bicycle stands and showers).

VI. ABOUT THIS REPORT

1. APPROACH TO REPORTING

About this report

[GRI 102-50] The Bank Millennium Group's non-financial report depicts the operations of the Bank Millennium Group (Bank Millennium and its main subsidiaries: Millennium Dom Maklerski S.A., Millennium Leasing sp. z o.o. and Millennium TFI S.A.) during the period from 1 January 2020 to 31 December 2020 unless stated otherwise. The report has been prepared in accordance with the Core GRI Standards and in compliance with the non-financial reporting requirements under the amended Accounting Act. It contains a recap of the Bank Group's activity in the sustainable development context, i.e. in the economic, social and environmental areas. **[GRI 102-52]** The Bank Group publishes the reports annually. **[GRI 102-51]** The most recent report, prepared for 2019, was published in February 2020.

[GRI 102-45] The report describes the operations of the Bank and the major companies of the Bank Millennium Group: Millennium Leasing, Millennium Dom Maklerski and Millennium Towarzystwo Funduszy Inwestycyjnych. **[GRI 102-10]** In the reporting period, significant changes resulting from the merger of Bank Millennium and Euro Bank in November 2019 continued within the organization. They concerned mainly the outlet structure (Bank Millennium acquired not only Euro Bank branches but also franchise outlets).

[GRI 102-49] This report has not undergone any major changes in terms of its reporting scope and boundaries compared to the most recent publication in 2020. **[GRI 102-48]** Nor does this report contain any adjustments to the information in the previous report.

Methodology

[GRI 102-46] The reporting process required involvement of employees and managers responsible for various reporting areas. The process of defining the report's contents for 2019 was carried out with the assistance of a consulting firm and entailed a review of the topics previously reported on 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 prepared. During the 2020 report preparation process, it was decided that there was no need of repeating the full examination. The materiality analysis was updated based on the performed review of internal documents as well as best practices and the major sustainable development trends in the financial industry.

[GRI 102-47] 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 significant 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 medium importance. 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 letter (w), while external ones have been labeled with the letter (z). The nature of the impact has in turn been divided into a direct impact (b) and an indirect impact (p) - related to the firm's business relations.

The aspects of the Bank Millennium Group's sustainable development reporting

impact		nature			
int.	ext.	d	in		
internal	external	direct	indirect		
1 Key aspects	■ Corporate values		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Legal compliance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Quality of Customer Service		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Free competition		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Ensuring the safety of the deposited funds		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Technologies and innovations		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Accessibility of financial services		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2 Important aspects	■ Business performance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Marketing communication, ethical marketing		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Employee satisfaction		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Transparency and dialogue with the environment		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ OSH in the workplace		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Relationships with Stakeholders		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Protection of client privacy		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3 Aspects of medium significance	■ Respecting human rights		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Relationship manager's powers, customer service		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Recruitment		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Diversity		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Employee development and training		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Customer service for disabled people		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Combating corruption		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Employment terms		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Procurement practices		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Financing environmentally-friendly investments		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Financial education		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Employee volunteerism		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Counteract mobbing		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Charitable and sponsoring activity		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Non-financial risk management		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Employee benefits		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Environmental impact related to electricity consumption		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Issues related to the climate and the associated emissions into the air		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Sewage and waste, including hazardous waste		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	■ Environmental impact related to water consumption		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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

This report contains resultant data and descriptions.

Concise information in the report or reference to other documents.

[GRI 102-56] This report has been verified by Deloitte as an external entity.

2. ACCOUNTING ACT COMPLIANCE TABLE

Mandatory items from the Accounting Act	Group (page)	Bank (page)
Description of the business model	9-10	9-10
Description of the policy concerning combating corruption	53-54	53
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.	17, 83, 85-86	17, 83, 85-86
Significant risks adversely affecting social issues.	17	17
Description of the policy on employee issues.	65-67	65-67
Significant risks adversely affecting employee issues.	18, 67	18, 67
Description of the policy on environmental issues.	89	89
Significant risks adversely affecting environmental issues.	18, 90	18, 90

3. GRI STANDARDS CONTENT INDEX



Within the framework of the Materiality Disclosures Service, GRI Services verified whether the GRI Content Index is clearly presented and references to disclosures 102-40 through 102-49 match the relevant sections in the report.

[GRI 102-54] THIS REPORT HAS BEEN PREPARED ACCORDING TO GRI STANDARDS: CORE OPTION. THE SECTOR ADDITION FOR FINANCIAL SERVICES HAS ALSO BEEN USED.

[GRI 102-55]

GRI Standard	Title of the GRI Standard	Disclosure number	Title of the disclosure	Page number
GRI 101 Basis 2016		[GRI 101 does contains no disclosures]		
General standard disclosures				
GRI 102	General standard disclosures 2016	102-1	Name of the organization	5
GRI 102	General standard disclosures 2016	102-2	Operations, brands, products and services	5
GRI 102	General standard disclosures 2016	102-3	Location of organization’s headquarters	5
GRI 102	General Standard Disclosures 2016	102-4	Location of the Organization’s offices	5
GRI 102	General standard disclosures 2016	102-5	Nature of ownership and legal form	5, 7
GRI 102	General standard disclosures 2016	102-6	Markets served	6
GRI 102	General standard disclosures 2016	102-7	Scale of operations	6
GRI 102	General standard disclosures 2016	102-8***	Information on employees	62, 63
GRI 102	General standard disclosures 2016	102-9	Supply chain	57, 58

GRI 102	General standard disclosures 2016	102-10	Significant changes in the organization and its supply chain	7, 58, 108
GRI 102	General standard disclosures 2016	102-11	Rule or approach relating to prudence	17, 18, 90
GRI 102	General standard disclosures 2016	102-12***	External initiatives supported by the organization	17
GRI 102	General standard disclosures 2016	102-13***	Membership in Organizations	55
GRI 102	General standard disclosures 2016	102-14***	Statement of the senior management	3
GRI 102	General standard disclosures 2016	102-15***	Description of key impacts, risks and opportunities	17, 40, 54, 67, 78, 90
GRI 102	General standard disclosures 2016	102-16***	Values, principles, standards and norms of behavior	19
GRI 102	General standard disclosures 2016	102-17***	Mechanisms for requesting advice and explicating doubts related to ethics	20, 51
GRI 102	General standard disclosures 2016	102-18***	Governance structure	61
GRI 102	General standard disclosures 2016	102-25	Conflict of interest	52
GRI 102	General standard disclosures 2016	102-26	Senior management's role in setting goals, values and strategy	17
GRI 102	General standard disclosures 2016	102-30	Effectiveness of risk management processes	18
GRI 102	General standard disclosures 2016	102-31	Overview of environmental and social topics	17
GRI 102	General standard disclosures 2016	102-40	List of the Stakeholder groups	81

GRI 102	General standard disclosures 2016	102-41	Collective bargaining agreements	70
GRI 102	General standard disclosures 2016	102-42	Identification and selection of Stakeholders	81
GRI 102	General standard disclosures 2016	102-43	Approach to engaging Stakeholders	56, 82
GRI 102	General standard disclosures 2016	102-44***	Key points and problems reported by Stakeholders	82
GRI 102	General standard disclosures 2016	102-45	Entities included in the consolidated financial statements	108
GRI 102	General standard disclosures 2016	102-46	Defining the report's content and boundaries	108
GRI 102	General standard disclosures 2016	102-47***	List of significant reporting topics	108
GRI 102	General standard disclosures 2016	102-48	Information adjustments to previous reports	108
GRI 102	General standard disclosures 2016	102-49	Changes in reporting	108
GRI 102	General standard disclosures 2016	102-50	Reporting period	108
GRI 102	General standard disclosures 2016	102-51	Date of the most recent report	108
GRI 102	General Standard Disclosures 2016	102-52	Reporting cycle	108
GRI 102	General standard disclosures 2016	102-53	Contact person	117
GRI 102	General standard disclosures 2016	102-54	Statement concerning reporting according to the GRI principles	111
GRI 102	General standard disclosures 2016	102-55	GRI Content Index	111
GRI 102	General standard disclosures 2016	102-56	External verification	109

Approach to management*

GRI 103	Approach to management 2016	103-1	Explanations regarding reporting topics and boundaries	7 (business performance), 30, 83 (local communities), 18 (risk), 19 (ethics), 38, 46 (customer service), 43 (ethical marketing and distribution), 50 (legality), 53 (combating corruption), 50, 54 (safety of funds), 55 (internal auditing), 57 (procurement practices), 65 (conditions of employment), 89 (environmental impact), 106 (product portfolio).
GRI 103	Approach to management 2016	103-2	Approach to management and its components	7 (business performance), 30, 83 (local communities), 18 (risk), 19 (ethics), 38, 46 (customer service), 43 (ethical marketing and distribution), 50 (legality), 53 (combating corruption), 50, 54 (safety of funds), 55 (internal auditing), 57 (procurement practices), 65 (conditions of employment), 89 (environmental impact), 106 (product portfolio).
GRI 103	Approach to management 2016	103-3	Evaluation of the approach to management	7 (business performance), 30, 83 (local communities), 18 (risk), 19 (ethics), 38, 46 (customer service), 43 (ethical marketing and distribution), 50 (legality), 53 (combating corruption), 50, 54 (safety of funds), 55 (internal auditing), 57 (procurement practices), 65 (conditions of employment), 89 (environmental impact), 106 (product portfolio).

*The disclosures regarding the approach to management (103-1, 103-2 and 103-3) refer to all standards below.

Specific information on a given subject

GRI 201	Business performance 2016	201-1	Direct economic value generated and distributed	7
GRI 202	Market presence 2016	202-2	Proportion of upper management hired from the local community	64
GRI 203	Indirect economic impact 2016	203-1***	Investments in infrastructure and supported services	35, 83, 85
GRI 204	Procurement practices 2016	204-1	Proportion of spending on local suppliers	58
GRI 205	Combating corruption 2016	205-1***	Business entities assessed in connection with corruption risk	53
GRI 205	Combating corruption 2016	205-2***	Communication and training on anti-corruption procedures and policies	20, 53, 58
GRI 205	Combating corruption 2016	205-3***	Confirmed incidents of corruption and actions taken	53
GRI 206	Anti-competitive behaviors 2016	206-1	Proceedings concerning anti-competitive behavior, antitrust and monopolistic practices	50
GRI 301	Materials 2016	301-1***	Materials used by weight and volume	92, 94
GRI 302	Energy 2016	302-1***	Consumption of energy in the organization	96, 97
GRI 302	Energy 2016	302-4***	Limitations on energy consumption**	105
GRI 303	Water and sewage 2018	303-3	Water consumption	96
GRI 305	Emissions 2016	305-1	Direct greenhouse gas emissions	98
GRI 306	Waste 2020	306-3	Waste produced	95
GRI 307	Environmental compliance 2016	307-1	Non-compliance with the law and environmental regulations	91

GRI 401	Headcount 2016	401-1***	Newly-hired people and employee turnover	63
GRI 401	Headcount 2016	401-2***	Benefits offered to employees	74
GRI 401	Headcount 2016	401-3***	Parental leave	76
GRI 403	Occupational health and safety 2018	403-9**	Injuries in the workplace	79
GRI 404	Training and education 2016	404-1***	Average number of training hours per employee	74
GRI 404	Training and education 2016	404-2***	Professional competence development programs	73, 74
GRI 404	Training and education 2016	404-3***	Percentage of employees who receive a regular job and employee development appraisal	70
GRI 405	Diversity and equal opportunities 2016	405-1***	Diversity in the management board and among employees	62, 64, 68
GRI 405	Diversity and equal opportunities 2016	405-2***	Ratio of women's base compensation to men's	69
GRI 406	Counteracting discrimination 2016	406-1***	Discrimination incidents and actions undertaken	69
GRI 412	Human rights - evaluation 2016	412-2***	Employees trained on procedures or policies regarding human rights	20, 68
GRI 417	Marketing and product labeling 2016	417-1	Requirements concerning labeling and information about products and services	43, 46
GRI 417	Marketing and product labeling 2016	417-3***	Cases of inconsistency concerning marketing competition	43
GRI 418	Client privacy 2016	418-1***	Justified complaints concerning the violation of a client's privacy and the loss	42

of his or her data

GRI 419	Compliance concerning socio-economic issues 2016	419-1	Non-compliance with the law and regulations concerning the socio-economic area	45, 46, 51
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** disclosures reported partially

SPECIFIC STANDARD DISCLOSURES FOR THE SECTOR

Disclosure number	Page	Omissions	External verification	Description
SECTOR-SPECIFIC TOPIC: PRODUCT PORTFOLIO				
FS5	58, 59, 106		No	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.
SECTOR-SPECIFIC TOPIC: LOCAL COMMUNITIES				
FS13***	38		Yes	Access points in low-populated or economically disadvantaged areas.
FS14***	36		Yes	Initiatives to improve access to financial services for disadvantaged people
FS15***	46		Yes	Policies for the fair design and sale of financial products and services.
FS16	42, 47, 77, 84		No	Initiatives to enhance financial literacy by type of beneficiary.

*** disclosures subject to an independent verification by an external entity

4. CONTACT DATA

[GRI 102-53] Thank you for reading our report. Please send comments on this subject to:

Iwona Jarzębska, Public Relations Director
iwona.jarzebska@bankmillennium.pl

SIGNED BY:

Date	First and last name	Position/Function	Signature
22.02.2021	Joao Bras Jorge	Chairman of the Management Board	Signed with a qualified electronic signature
22.02.2021	Fernando Bicho	Vice-Chairman of the Management Board	Signed with a qualified electronic signature
22.02.2021	Wojciech Haase	Management Board Member	Signed with a qualified electronic signature
22.02.2021	Andrzej Gliński	Management Board Member	Signed with a qualified electronic signature
22.02.2021	Wojciech Rybak	Management Board Member	Signed with a qualified electronic signature
22.02.2021	António Ferreira Pinto Júnior	Management Board Member	Signed with a qualified electronic signature
22.02.2021	Jarosław Hermann	Management Board Member	Signed with a qualified electronic signature

This report contains the declaration of Bank Millennium and the Bank Millennium Group (hereinafter: report), drafted in accordance with the Accounting Act (Article 55, sec. 2b-2e) according to the GRI Standards; it contains non-financial information on Bank Millennium and the Bank Millennium Group for the period from 1 January to 31 December 2020 and forms an integral part of the Annual Report of Bank Millennium and the Bank Millennium Group.



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Independent Limited Assurance Report on Indicators Presented in the Non-financial Report of Millennium Bank and Millennium Bank Group for 2020.

To the Management Board of Millennium Bank S.A.

Stanisława Żaryna 2A,
02-593 Warszawa

Scope of work performed

We have undertaken a limited assurance engagement on the indicators presented in the **Non-financial Report of Millennium Bank and Millennium Bank Group for the year from 1st January 2020 - 31st December 2020** (the “Non-financial Report”), developed by Millennium Bank S.A. (the “Company”) and marked with symbol “****” in a column “Disclosure” in a table “GRI Standards Content Index” that is selected profile disclosures and material specific indicators: 102-8, 102-12, 102-13, 102-14, 102-15, 102-16, 102-17, 102-18, 102-44, 102-47, 203-1, 205-

1, 205-2, 205-3, 301-1, 302-1, 302-4, 401-1, 401-2, 401-3, 403-2, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 412-

2, 417-3, 418-1 and FS-13, FS-14, FS-15 („Selected indicators”). The indicators have been reported on the basis of Sustainability Reporting Guidelines GRI Standards for “Core” option, issued by Global Reporting Initiative (GRI).

Responsibility of the Management Board of the Company

The Management Board of the Company is responsible for the preparation and presentation of the indicators presented in the Non-financial Report in accordance with Sustainability Reporting Guidelines GRI Standards for “Core” option, issued by Global Reporting Initiative (GRI). This responsibility includes establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Management Board of the Company is also responsible for reliable, correct and fair information and for correct preparation of the documentation provided to us.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In compliance with International Standard on Quality Control No 1, issued by International Federation of Accountants Deloitte maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the indicators as marked in the GRI index presented in the Non-financial Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the selected indicators presented in the Non-financial Report are free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. A limited assurance engagement is substantially less in scope than a reasonable

assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In order to form our conclusion on the indicators as marked in the GRI index presented in the Non-financial Report, we undertook in the period 26th December 2020 - 17th February 2021 the following procedures:

- Through inquiries, obtained an understanding of Millennium Bank S.A. control environment and information systems relevant to reporting the indicators under review, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Obtained an understanding through inquiries, analytical procedures, observation and other applicable evidence gathering procedures on a sample basis on the key structures, systems, processes, procedures and internal controls relating to collation, aggregation, validation and reporting of data for the indicators under review.
- Evaluated whether Millennium Bank S.A. methods for developing estimates are appropriate and had been consistently applied. However our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Millennium Bank S.A. estimates.
- Compared the information included in the Non-financial Report to internal documentation of the Company.
- Assessed the completeness of the indicators under review, data collection methods, source data and relevant assumptions applicable to the indicators.

Limitations

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our limited assurance engagement has been limited to the indicators as marked in the GRI index presented in the Non-financial Report and does not extend to the rest of the information included in the report nor the report as a whole. Accordingly, our conclusion below covers only these indicators and not all data presented or any other information included in the Non-financial Report.

The process the organization adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organizations and from year to year within the organization as methodologies develop. The accuracy and completeness of the information disclosed in the Non-financial Report are subject to inherent limitations given their nature and the methods for determining, calculating or estimating such information.

Conclusion

Based on our work we have obtained limited assurance that the information concerning the indicators as marked in the GRI index included in the Non-financial Report developed by the

Millennium Bank S.A. are not non-compliant with Sustainability Reporting Guidelines GRI Standards for 'Core' level issued by Global Reporting Initiative and no matters has come to our attention to cause us to believe that the reviewed indicators presented in the Non-financial Report are materially misstated.

On behalf of Deloitte, the attorney: Karol Remy

Deloitte Audyt sp. z o.o. sp.k.
Warsaw, 17th February 2021

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District Court for the city of Warsaw KRS, No. 0000446833, NIP: 5270200786

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