

REMUNERATION POLICY WITH REGARD TO MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF BANK MILLENNIUM SA (“POLICY”)

I. GENERAL PROVISIONS

1. The Policy has been prepared for Bank Millennium S.A. (“Bank”) taking account of effective laws and supervisory regulations including, in particular:
 - a) the Act on public offering and conditions of introduction of financial instruments to organised trading of 29 July 2005,
 - b) the Act - the Banking Law of 29 August 1997,
 - c) acts of executive legislation issued for regulations referred to in point a) and b), in particular the Regulation of the Minister of Development and Finance of March 6, 2017 on the risk management system and internal control system, remuneration policy and a detailed method of estimating internal capital in banks.
 - d) the Principles of Corporate Governance for Supervised Institutions issued by PFSA.
2. The provisions of the Policy shall apply to Members of the Management Board and Supervisory Board.
3. The Policy defines framework for compensating Members of the Management Board and the Supervisory Board of Bank Millennium from the perspective of:
 - a) corporate governance,
 - b) safe and stable management of the Bank
 - c) remuneration appropriateness to the condition, scale of operation and development potential of the Bank as well as scope of competence and responsibility of individual Member of the Management Board and the Supervisory Board of Bank Millennium.
4. The Policy is one of instruments facilitating implementation of business strategy, long term interests and stability of the Bank and supports proper and effective management of risk and mitigation of conflicts of interests in particular through:
 - a) development of adequate level of remuneration components, in relation to the function performed and the scale of the Bank's operations, including the principle of transparency of their creation,
 - b) rendering parts of remuneration due to management Board Members conditional upon the financial and business performance of the Bank,
 - c) adoption of the structure of variable and fixed components of remuneration of Management Board Members ensuring that motivation aimed towards receiving variable components of remuneration does not create the incentive to undertake excessive risks,
 - d) ensuring only a fixed component of remuneration for Members of the Supervisory Board, and its independence from the financial and business results of the Bank
 - e) supporting responsible management attitudes relative to long term business objectives of the Bank by way, inter alia, of transparent assessment of performance by the Management Board Members.
5. Individual rules governing compensation of the Management Board Members and the Supervisory Board Members should be formulated not to stimulate actions and decisions threatening the long term good of the Bank Millennium SA, beyond the risk profile approved by the Supervisory Board and not to create incentives to undertake actions not in line with the best interest of the Client and the Bank's investors;
6. It is recommended relative to periodical assessment linked with components of variable remuneration of the Management Board Members to include diversified, transparent criteria

with regard to financial and non-financial performance, connected with the Bank's business objectives and taking account of the social contents of its operations.

7. Remuneration of the Management Board Members and the Supervisory Board Members should be linked with remuneration of other employees by relating remuneration levels to the scope of responsibility and, in particular, the risk connected with functions they perform.
8. Conflicts of interest related to remuneration are minimized by:
 - a) transparent and multi-level decision-making process,
 - b) formalized and clear rules regarding the assessment of results,
 - c) independent assessment of the functioning of the remuneration system.
9. In order to minimize conflicts of interest, the Bank has implemented an appropriate internal regulation that ensures proper management of conflicts (including conflicts that may arise due to the application of the Policy), through:
 - a) identifying and reporting to appropriate units,
 - b) assessing and estimating their impact on the interests of the Bank, customers, shareholders and other stakeholders,
 - c) eliminating or minimizing through properly implemented countermeasures,
 - d) in the event that a conflict of interest could affect the interests of clients - their immediate disclosure,
 - e) reporting to the competent authorities of the Bank.
10. The Policy applies to the principles of remuneration of Management Board and Supervisory Board members, with the provision that the rules regarding variable remuneration of Management Board Members are set out in a separate document "Remuneration policy with respect to Risk Takers in Bank Millennium S.A. Group" ("RT Policy"), which is an integral part of the Policy towards Management Board Members. The Supervisory Board independently forms the rules regarding variable remuneration of Board Members, while respecting the principles of this Remuneration Policy, while taking into account the legal framework and supervisory regulations regarding variable remuneration of persons having an impact on the Bank's risk profile, and approval of the General Meeting is not required. In the event of a conflict between the provisions of this Policy and the "Remuneration policy with respect to Risk Takers in Bank Millennium S.A. Group", the provisions of this Remuneration Policy shall be deemed to prevail.

II. RULES GOVERNING REMUNERATION

1. Remuneration in the meaning of this Policy includes any and all forms of benefits or financial or non-financial payments delivered directly or indirectly to Member of the Management Board and the Supervisory Board of Bank Millennium SA.
2. Remuneration may be composed of fixed and variable components.
3. Part of variable remuneration should be granted in the form of financial instruments and be deferrable.
4. Fixed remuneration components should reflect professional experience and responsibility within the organisation taking account:
 - a) education level attained, professional experience, specialist knowledge and skills adequate to the role within the organisation,
 - b) complexity of tasks to be performed and impact upon the institution's risk profile as well as limitations (e.g. socio-economic, cultural or other important factors),
 - c) scale of operations and level of compensation at similar positions in institutions of similar operational profile and scale.

5. Variable remuneration is an additional incentive element of remuneration, and the ratio of variable remuneration in relation to fixed remuneration should not exceed 100% annually.
6. In justified cases, with the consent of the Bank's General Meeting of Shareholders, the ratio of variable remuneration to fixed remuneration per year may be increased, but not more than to 200%.
7. The Management Board members can participate in additional retirement or early retirement programs as other employees; the Supervisory Board members do not participate in such programs.

III. REMUNERATION FOR THE MEMBERS OF THE SUPERVISORY BOARD OF THE BANK

1. In order to reduce conflict of interests the Supervisory Board Members shall receive only fixed remuneration paid out in the monetary form.
2. The Bank, except for the remuneration referred to in paragraph 1 does not provide for granting members of the Supervisory Board variable remuneration components of a one-off (exceptional) nature.
3. Remuneration for the Members of the Supervisory Board shall not be linked with the Bank's financial or business results.
4. The level of remuneration referred to in paragraph 1 may be diversified conditional upon function performed in the Board or participation in committees (including delegation for personal performance of supervisory functions) and should be correlated with:
 - a) commitment into the Supervisory Board's work,
 - b) level of compensation received by members of supervision bodies in institutions of similar scope and scale of operation.
5. If the Supervisory Board delegates its Member to perform permanent individual supervision, the Supervisory Board may grant such Member, for the period of her or his delegation, additional remuneration. Its monthly amount may not exceed 100% of the basic remuneration for sitting on the Bank's Supervisory Board.
6. Total remuneration for participation in the Supervisory Board's committees due to a particular Member may not exceed 100% of the basic remuneration for sitting on the Bank's Supervisory Board.
7. Every Member of the Supervisory Board may submit her or his statement concerning refraining from the entire or part of her/his remuneration. The relevant statements shall be presented to the Chairman of the Supervisory Board.
8. The level of compensation for the Members of the Supervisory Board shall be defined by way of resolution adopted by the General Shareholders Meeting of Bank Millennium SA taking into account the principles set out in the Policy and RT Policy.

IV. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

1. Members of the Management Board may receive fixed and variable components of remuneration.
2. The description of the components of remuneration and the rules for granting variable remuneration to Management Board Members are set out in the RT Policy. In principle, variable remuneration is expected to contribute to the implementation of the Bank's business strategy, stable management through the long-term involvement of Management Board members and building the Bank's value in the long term. The granting of variable remuneration depends on a positive assessment, in accordance with the principles set out in part I para. 6 above.
3. The variable remuneration of the Board Member being the Chief Risk Officer and appointed with the consent of the Polish Financial Supervision Authority shall reflect the performance of the institution as a whole combined with qualitative and quantitative indicators which relate to prudential and behavioural rules, as well as the performance of the Bank's risk profile.

4. A member of the Management Board, except for the remuneration referred to in paragraph 1 may receive non-payroll remuneration components granted on the basis of contracts referred to in part V. para. 2.b) below and detailed internal regulations.
 - 4.1. In particular, Members of the Management Board may be awarded a benefit consisting in covering the costs of reallocation in order to facilitate the performance of their functions.
5. Member of the Management Board may receive retirement severance payable in connection with the employee retirement, in amount higher than the level provided for in the Labour Code.

V. LEGAL RELATION CONSTITUTING BASIS FOR PAYMENT OF REMUNERATION FOR THE MEMBERS OF GOVERNING BODIES

1. Members of the Supervisory Board perform their function pursuant to a resolution of the General Meeting of Shareholders, appointing them for a 3-year joint term of office, and perform their function on the basis of the act of appointment. Upon the expiry of the term of office, the legal relationship between a Supervisory Board member and the Bank due to membership expires.
2. The following rules shall apply to Members of the Bank's Management Board:
 - a) Members of the Management Board are appointed by the Supervisory Board for a 3-year joint term of office,
 - b) for the duration of the term of office an employment contract or other contract is signed with the Member of the Management Board regulating the scope of duties in connection with the performance of the function for the duration of its term of office,
 - c) the periods and conditions for terminating the agreements referred to in item b) above may be each time specified individually in these agreements in accordance with the arrangements of the parties,
 - d) a non-competition agreement may be concluded with Members of the Management Board providing for compensation for refraining from competitive activity after termination of the agreement referred to in point b).
 - e) the contracts referred to in point b) above may provide for termination payments.

VI. POLICY MANAGEMENT PRINCIPLES

1. The Management Board shall be responsible for development of the draft Policy and performance of periodical reviews thereof.
2. Draft Policy shall be consulted with the Personnel Committee of the Supervisory Board prior to submission thereof to the Supervisory Board for acceptance.
3. Supervisory Board shall accept the draft Policy to be submitted to the General Meeting of Shareholders.
4. The Policy and amendments thereto with the provision to point 5 shall be adopted by the General Meeting of Shareholders.
5. Supervisory Board is entitled to adjust the conditions described in part V para. 2 in compliance with the principles set out in parts I and II of this Policy.
6. If it is necessary for the purpose of the long-term interests and financial stability of the Bank or to guarantee its profitability, the Supervisory Board of the Bank may decide to temporarily withdraw from the application of the Policy in whole or in part.
7. Detailed reasons for withdrawal from the Policy are:

- a) inadequacy of remuneration to the Bank's financial standing in a given financial year
 - b) the negative impact of applying the Policy on the implementation of the Bank's business strategy
 - c) the negative impact of the application of the Policy on the ability to meet the Bank's liabilities due
8. The withdrawal from the implementation of the Policy in whole or its part shall be specified in a resolution by the Supervisory Board, independently or upon a justified request of the Management Board. In the resolution mentioned in the sentence above, the Supervisory Board indicates:
- a) the reason for not applying the Policy,
 - b) the period for which the Policy is withdrawn, and
 - c) the scope of withdrawal from the application of the Policy.
9. The Supervisory Board shall prepare annual report on remunerations to be submitted for the opinion of the General Meeting of Shareholders.
10. The Management Board shall perform all information duties connected with the Policy.

VII. FINAL PROVISIONS

1. Principles provided for in the Policy shall be reflected in the internal regulations and relevant agreements.
2. RT Policy is an integral part of the Policy.
3. The Policy shall enter into force on the day of its adoption, unless the adopting resolution indicates a different date.
4. The annual report on the implementation of the Policy is assessed by a certified auditor.

VIII. INFORMATION ON CHANGES

In this Policy - compared to the Policy on the remuneration of the Supervisory Board adopted by Resolution No. 27 of the General Meeting and on May 21, 2015, changes were introduced under Art. 90d of the Act on public offering and conditions of introduction of financial instruments to organised trading of 29 July 2005. The changes apply to all points of the Policy. Additionally, the Management Board of the Company was covered by this Policy, to which the " Remuneration policy with respect to Risk Takers in Bank Millennium S.A. Group" also applies.