

**ESG Report
of Bank Millennium and
the Bank Millennium
Group for 2021**

This document is not the official version of the ESG Report of Bank Millennium and the Bank Millennium Group for 2021. Official ESG Report of Bank Millennium and the Bank Millennium Group for 2021 was prepared in accordance with the ESEF requirements.

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.

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LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

[GRI 102-14]

Ladies and Gentlemen,

The year 2021 was another unusual and difficult period in our business. Although the economic outlook after the end of the first waves of the pandemic was good, and vaccines gave hope for the normalization of life, the second half of the year brought inflation, economic uncertainties and... new variants of the coronavirus. However, I close the year with a sense of fulfilment and satisfaction with the effects we have achieved. This was possible thanks to the commitment and harmonious cooperation of all employees of the Bank Millennium Group, whom I wholeheartedly thank for this.

In 2021, we achieved good operational and business results, while actively managing and mitigating the different risks related to the banking activity. It was a year of high growth in retail lending, led by record sales of new mortgage loans and a rebound in consumer loan sales. As befits a leader in digital customer experience, the number of active digital customers exceeded 2.3 million (an increase of 10% y/y) and mobile customers 1.9 million (an increase of 16% y/y). We increased our core revenues (interest and commission revenues) and decreased operating costs. The quality of the loans portfolio improved, which allowed a lower cost of credit risk. The financial loss in the amount of PLN 1.332 billion was caused by the creation of provisions for legal risk related to the portfolio of foreign currency mortgage loans (excluding Euro Bank) in the amount of PLN 2.086 billion, additional costs incurred with individual amicable settlements with FX mortgage borrowers and with legal costs. Excluding these provisions and costs, the Group's net profit would amount to PLN 1.097 billion net.

Undoubtedly, this year was important to speed up solving the issue of Swiss franc loans. As a result of signing settlements with our customers, the number of active FX mortgage loans decreased by 8,449 in 2021 compared to over 57,800 active loan agreements at the end of 2020. The number of amicable settlements was higher than the influx of new court cases.

The event of the year for the Bank was undoubtedly the announcement of our new Strategy for 2022-2024 entitled "Inspired by people". The document is the result of the work of many teams and derives directly from the knowledge and inspiration of employees. The strategy assumes smart growth, solid business development and further technological progress. We want to maintain high operational efficiency and strengthen customer acquisition based on the growth engines developed in recent years - the sales of personal accounts, cash and mortgage loans, and selective growth in corporate. The key values of our activities remain unchanged. These are customer centricity, offering high quality of service, continuous innovation, accelerated digitalization, with the mobile app at its core, and a commitment to society and the environment.

The Bank is a signatory to the partnership for the implementation of the UN Sustainable Development Goals, which sets the direction for our activities. For 11 years, the Bank has been part of the index of the Warsaw Stock Exchange, which brings together companies with the highest standards of sustainable development. Bank Millennium Group does not provide financing for new coal mines and investments in coal-based energy, with the exception of new investments related to the reduction of pollution. A few years ago, the Bank decided to significantly reduce the exposures financing the coal industry. As a result, the portfolio's exposures involved in coal and hydrocarbon mining are close to zero. For the coming years, we have set ourselves specific climate goals. The Bank's plans are to reduce its own greenhouse gas emissions by 50% in 2022 compared to 2020 and to achieve climate neutrality in terms of its own emissions by 2027. It will also actively support corporate clients in their decarbonization activities, in developing their investment plans related to the package of the European funds, especially green finance.

Following a long period of only virtual activity of the Bank Millennium Foundation due to the pandemic, in 2021 its activity returned to real life. We continued the employee volunteering project

#słuchaMYwspieraMY and the educational program "Financial ABCs". We conducted 200 workshops in kindergartens throughout Poland and over 2 600 people in a difficult life situation received help from us. After the very popular 18th edition of the Millennium Docs Against Gravity festival, we have extended our cooperation with its organizer for another three years.

What lies ahead? In accordance with the new strategy for the years 2022-2024, the Bank plans to meet the growing, post-pandemic expectations of customers and shareholders. By 2024, we intend to achieve PLN 2 billion of net profit (excluding costs related to the portfolio of foreign currency mortgage loans) and ROE (without the above-mentioned costs) at the level of approx. 14%. Ambitious efficiencies and smart business growth will be made possible by further increasing the number of active customers to over 3 million in 2024 and improving a cost-effective, scalable operating platform allowing to achieve cost/income ratio of less than 37% in 2024.

We expect that in 2022 the Polish economy will remain on the positive path, although economic growth will slow down when compared to 2021. The economy will continue to be supported by household consumption, driven by the expected further decline in the unemployment rate and wage growth. However, high inflation and interest rate hikes will limit the dynamics of consumer spending. 2022 may also be a year of rebuilding investments, especially if European funds start to flow into Poland in a wider stream. The pandemic remains a factor of uncertainty, despite the fact that in 2021 the economy largely adapted to operate in its conditions. High inflation remains a risk, which may force higher than expected interest rate increases, which could imply a stronger slowdown of the economy.

Looking ahead to the coming year, I am optimistic. Bank Millennium is fully prepared for the challenges of the future and poised to implement ambitious, strategic goals. I hope that working on them will be a source of satisfaction for every employee. I cordially invite you to read the report.

A handwritten signature in blue ink, reading "Joao Bras Jorge".

Joao Bras Jorge
Chairman of the Management Board of Bank Millennium



1. BANK MILLENNIUM AND THE BANK MILLENNIUM GROUP

1.1. PROFILE OF THE ORGANIZATION

[GRI 102-1] Bank Millennium is a modern nationwide bank offering services to its clients in all of the market segments through its branch network, individual advisors and electronic banking. The Bank was established in 1989 as one of the first commercial banks in Poland. Today, it is the 7th largest commercial bank in Poland measured by assets. **[GRI 102-2]** It 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. By blending the most sophisticated technologies and the best banking traditions Bank Millennium successfully competes in all of the segments of the financial market. The Bank adds its international practice in finance contributed by Banco Comercial Português (Millennium bcp) - one of the largest commercial banks in Portugal and Bank Millennium's strategic shareholder - to its many years of familiarity with the Polish market. The acquisition of Euro Bank in 2019 was a landmark decision that increased the magnitude of its operations and contributed to its growth.

Innovation is one of the most important values in Bank Millennium's organizational culture. From its inception the Bank has been a trendsetter in the Polish banking industry, e.g. it was the first bank listed on the Warsaw Stock Exchange and it issued the first payment card on the Polish market. Today, it is a market leader in innovation defined as new technology solutions and process-related facilities. Invariably, one of its top priorities when introducing further innovation is to make clients' daily lives easier by offering them convenient and intuitive access to financial and non-financial services. The key element in all of the changes introduced by the Bank is the care it shows for providing the very best user experience, grasping the unique needs of various client groups and offering them full access to financial services.

Bank Millennium and its subsidiaries constitute the Bank Millennium Group - one of the most sophisticated and growing financial groups in Poland. In addition to the Bank, its most important

companies in 2021 were Millennium Leasing (leasing activity), Millennium Dom Maklerski (brokerage activity), Millennium TFI (mutual funds) and Millennium Bank Hipoteczny. [GRI 102-10] In connection with the permit to launch operations within the meaning of Article 36 sec. 1 of the Banking Law Act issued by the Polish Financial Supervision Authority, Millennium Bank Hipoteczny Spółka Akcyjna commenced operations on 14 June 2021. Its primary goal is to secure long-term financing by issuing covered bonds whose underlying instruments are the accounts receivable by virtue of the mortgage loans transferred by Bank Millennium S.A. Covered bonds are one of the safest financial instruments in the world. Transferring these accounts receivable makes it possible to finance mortgage loans using long-term covered bonds by successively decreasing the mismatch between the maturities of assets and liabilities.

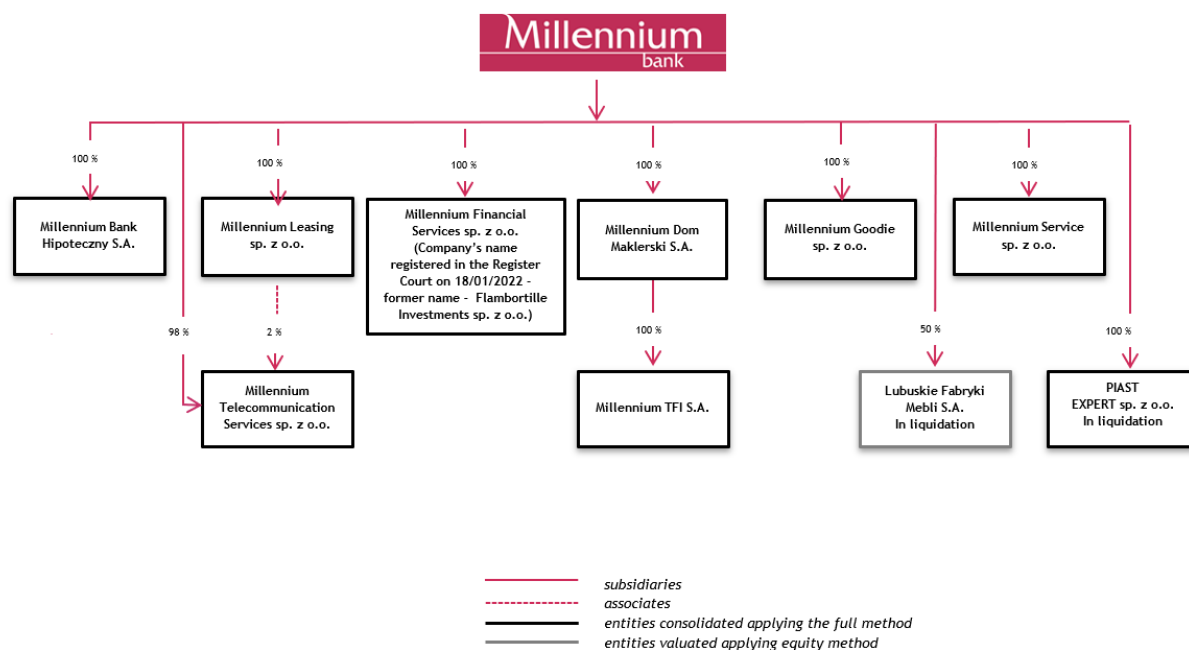
On 10 May 2021 the Management Boards of Bank Millennium and Millennium Dom Maklerski made the decision on the planned demerger of Millennium Dom Maklerski under which the Bank is the acquiring entity. The transfer of brokerage activity in its entirety to the Bank and the integration of brokerage services under a single entity is slated to take place in mid-2022. This ownership change will not require the clients of Dom Maklerski or the clients of Bank Millennium to take any additional actions. All agreements will remain unchanged.

Millennium Goodie Spółka z o.o. has been operating an innovative smart shopping platform based on sophisticated technology in collaboration with the Bank since 2016.

These companies' offering complements the products and services offered by the Bank. The Bank Millennium Foundation is also part of the Group. For years it has been supporting financial education and employee volunteerism projects.

[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.

[GRI 102-5] Organizational chart of the Bank Millennium Group (as at 31 December 2021)

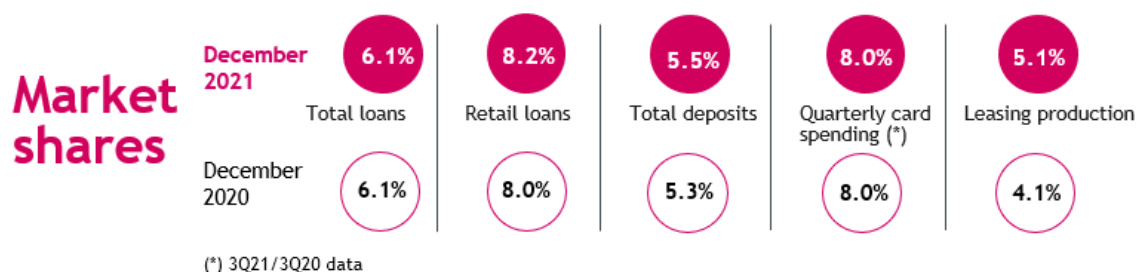


1.1.1. SCALE OF OPERATIONS

[GRI 102-6] The Bank operates throughout Poland and has no branches outside of its borders. Total assets amount to PLN 103.9 billion. The Bank Millennium Group serves 2.7 million active retail clients. As might be expected of a client experience leader in electronic banking, the number of active digital clients exceeded 2.3 million (up 10% y/y) and mobile clients 1.9 million (up 16% y/y). At the end of 2021, the Bank had 655 branches, including 440 own branches and 215 outlets in the franchise model, and 480 ATMs.

[GRI 102-7] Scale of the Bank Millennium Group's business activity	2021	2020	2019	2018	2017
Number of active retail clients (thous.)	2,694	2,633	2,571	1,838	1,635
Number of active corporate clients (thous.)	8.3	7.8	7.7	7.4	6.9
Number of own and franchise branches	655	702	830	361	355
Number of ATMs	480	479	498	487	483
Number of employees (persons)	7,079	7,645	8,615	6,270	5,945
Number of Bank's suppliers	6,639	6,679	6,352	5,012	5,153

Share in key market segments

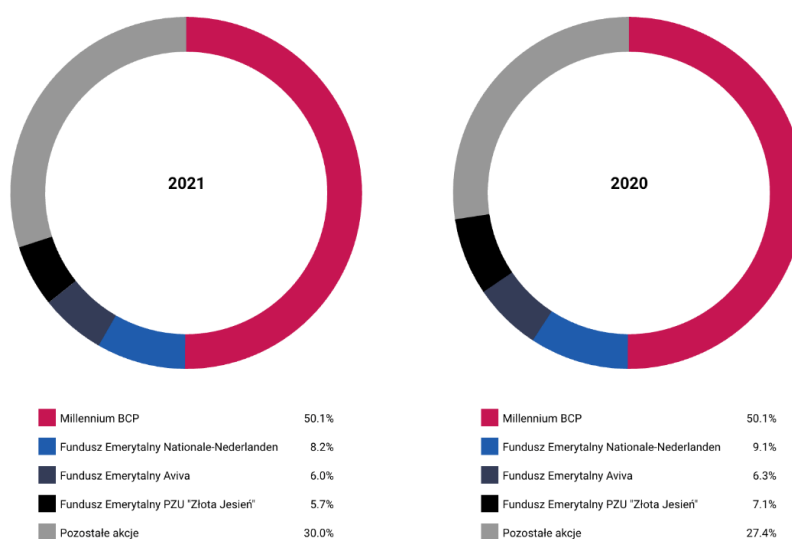


1.1.2. SHAREHOLDERS

[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, WIG 30, mWIG 40, WIG Banks and the WIG-ESG indices.

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 and they include Fundusz Emerytalny Nationale-Nederlanden, Fundusz Emerytalny PZU Złota Jesień and Fundusz Emerytalny Aviva, which hold more than 5% of the share capital.

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



*as of 31.12.2021 and 31.12.2020

1.1.3. ECONOMIC 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 economic results (PLN million)	GROUP		BANK	
	2021	2020	2021	2020
Operating income	3,558.1	3,577.8	3,400.7	3,421.5
Operating expenses*	(1,642.3)	(1,752.8)	(1,573.7)	(1,693.5)
Cost/income ratio	46.2%	49.0%	46.3%	49.50%

[GRI 201-1] Selected economic results (PLN million)	GROUP		BANK	
	2021	2020	2021	2020
Impairment provisions and other cost of risk	(299.0)	(621.3)	(257.2)	(541.5)
FX legal risk related provisions	(2,305.2)	(713.6)	(2,305.2)	(713.6)
Banking tax	(312.6)	(279.1)	(312.6)	(279.1)
Corporate income tax (CIT)	(330.9)	(188.1)	(309.5)	(175.1)
Net loans and borrowings to clients	78,603.3	73,639.3	78,237.6	73,052.4
Client deposits	91,447.5	81,510.5	91,672.3	81,832.5
Common Equity Tier 1 capital (CET1=T1)	14.0%	16.5%	14.0%	16.2%
Total Capital Ratio (TCR)	17.1%	19.5%	17.2%	19.2%
Reported net income	(1,332)	22.8	(1,357.5)	18.6
Adjusted net income**	1,110.0	768.1	-	-
Reported Return on Equity (ROE)	(16.3%)	0.2%	-	-
Adjusted Return on Equity (ROE)**	13.6	7.8	-	-
Distribution of profit				
Dividend			0***	0
Capital			100%***	100%

* without impairment charges for financial and non-financial assets

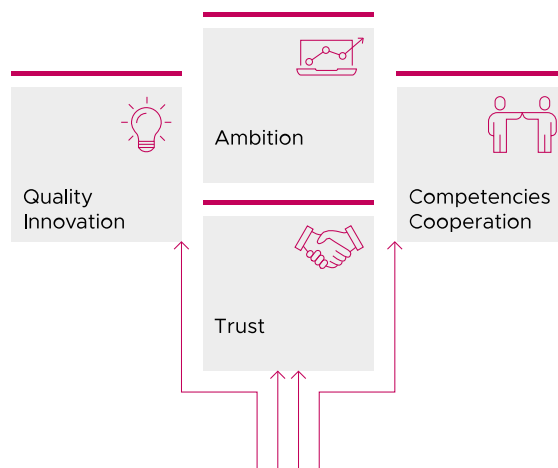
** adjusted net income and ROE - excluding extraordinary items

*** proposal of the Bank's Management Board before the Shareholder Meeting

1.2. MISSION AND VALUES

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

The Bank Millennium Group's Values



We build relationships based on trust

We can rely on one another, and in the course of developing and pursuing ambitious goals, we keep ethics and our associates in mind. Responsibility, respect, support and understanding cement our community and help us strengthen our leadership position among the best banks in Poland. We build 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 the best solutions and breaking barriers are embedded in our thinking, actions, products, services and processes as well as in our 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 be their very best.

We always aim higher

When others achieve the peak of their capabilities, we want more. We develop and increase the employees' and the teams' competences through training and certification programs. We carefully observe our surroundings, we perfect and evolve, and we actively respond to the challenges of the future.

The **Leadership Code** devised by a group of managers is in force in the Bank Millennium Group. It translates values into the behaviour expected of leaders in their day-to-day work. It defines specifically what a given value entails, what behaviour supports that value and what constitutes a violation.

1.3. BUSINESS MODEL AND THE VALUE CREATION MODEL

Business model

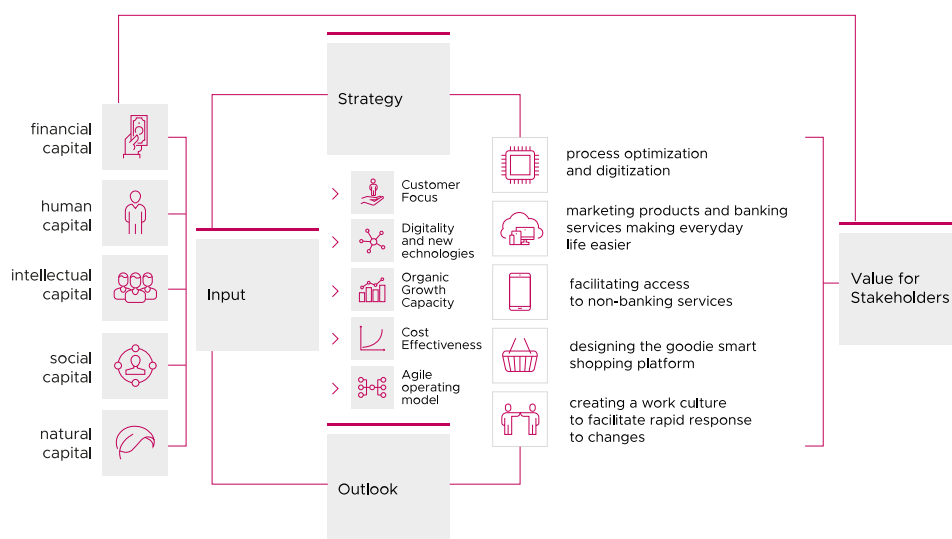
Bank Millennium operates according to a business model predicated on five pillars:



- **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.
- **DIGITALITY AND NEW TECHNOLOGIES:** We are the leader in digital banking by offering high quality services blended with an extensive reach.
- **ORGANIC GROWTH CAPACITY:** we are one of the fastest growing banks in terms of soliciting clients for whom we are their primary relationship.
- **COST EFFECTIVENESS:** We have the leading cost effective business model built using the most sophisticated technology that is flexible when it comes to changes and the Bank's growing size.
- **FLEXIBILITY IN RESPONDING TO CHANGES:** We have a flexible operating model, an organizational culture that facilitates rapid response and digital and data analysis competences.

[GRI 102-16] 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.





Mission and Vision



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	
Liabilities	PLN 97.2 bn Group total liabilities	
Equity	PLN 6.7 bn Group total equity	
Assets	PLN 103.9 bn Group total assets	
	HUMAN CAPITAL	7,079 - number of Group employees
		38.9 average number of training hours per Group employee per year
Friendly workplace, focus on employee development, attention to diversity		Mandatory training on the Code of Ethics Winners of numerous competitions in the area of service quality Modern infrastructure, environmentally friendly solutions in the headquarters buildings
	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.		Focus on growth and innovation , with full understanding of client needs Active development of open banking services 46.2% Group cost/income ratio Reducing resource consumption and the carbon footprint of buildings
	INTELLECTUAL CAPITAL	
		New business strategy for 2022-2024 - ESG issues are part of it
Investments in modern technological solutions and innovations, the bulk of IT		The Millenet internet banking system and the mobile application have been designed with users in mind and jointly with them in the spirit of Human-Centred Design Cooperation with Universities

development is in-house, internal start-up goodie, internal UX Design time

Extensive internal training program



SOCIAL CAPITAL

94% retail clients satisfied with the Bank's services

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

Nearly PLN 1.6 million provided by Bank Millennium Group for donations and sponsorships in 2021

Cybersecurity education activities for clients

Financial education programs of the Bank Millennium Foundation and support of local communities as part of employee volunteerism

... They support business development through:



Process optimization and digitization



Marketing products and banking services making everyday life easier



Facilitating access to non-banking services



Designing the goodie smart shopping platform



Creating a work culture to facilitate rapid response to changes



Organic growth and synergies after the merger with Euro Bank

... and create value for stakeholders:



CLIENTS

Banking for all - no physical, infrastructural and digital obstacles

- Constant development of mobile and internet banking services
- 70% of own branches are accessible to persons with disabilities
- 100% of the ATMs are accessible to persons with disabilities
- "Wrocław Without Barriers" award for Bank Millennium
- Golden CSR Leaf of the Polityka weekly - an award for companies with the highest corporate social responsibility standards





Non-banking digital functionalities, e.g. e-administration


- Over 1 million clients with access to e-administration
- Mobile app as a hub for managing daily affairs, not just finances

High quality of service

- 51 - NPS for retail customers
- The Best Bank in Poland for 2021 according to Global Finance magazine
- In the last edition of the "Newsweek's Friendly Bank" ranking, Bank Millennium took first place in the main category "Every One's

Bank” and second place in the category “Remote Banking”.

 EMPLOYEES	Employee turnover ratio	<ul style="list-style-type: none"> 4% - employee turnover ratio
	Education and development	<ul style="list-style-type: none"> Millennium Campus - a program to develop knowledge and skills with the objective of supporting the growth of innovation across the organization. The offer to participate in this program is addressed to all of the Bank's employees.
	Respect for diversity	<ul style="list-style-type: none"> The Bank was included in the "European Diversity Leaders 2022" ranking. In the latest Financial Times list, 850 employers were selected from among 15,000 European companies as supporters and promoters of diversity in their organizations.
 INVESTORS	Profitability	<ul style="list-style-type: none"> 13.6 - return on equity (ROE) (adjusted for significant extraordinary events)
	Solid capital base	<ul style="list-style-type: none"> 17.1% - TCR (Total Capital Ratio)
	High standards of ESG management	<ul style="list-style-type: none"> Member of the WIG-ESG index at 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"> 83% 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
 SOCIETY	Employee support fund	<ul style="list-style-type: none"> PLN 1,000,000 in Special Bank Millennium Group Employee Support Fund in case of COVID-19 infection (contribution of the Bank's funds) - fund established in 2020, the money from the fund are made available on an ongoing basis also in 2021
	Financial education	<ul style="list-style-type: none"> In November and December 2021, as part of the seventh edition of the “Financial ABCs” project, the Bank Millennium Foundation conducted 200 workshops in 54 kindergartens. Over 5,000 preschoolers aged 3 to 6 participated in these workshops.
	Promoting Culture	<ul style="list-style-type: none"> Bank Millennium has been a sponsor of the Millennium Docs Against Gravity documentary film festival for 16 years and has signed an agreement to extend its cooperation for 2022-2024. In September 2021, the 18th edition of the Millennium Docs Against Gravity festival took place, for the second time in the hybrid

	<p>formula. The 2021 hybrid edition of the festival attracted a total audience of 134,000.</p> <ul style="list-style-type: none"> ▪ The Golden Culture Atlas Award for patronage over the Sacrum Profanum festival
 <p>Minimizing the environmental impact</p> <p>ENVIRONMENT</p>	<ul style="list-style-type: none"> ▪ Greenhouse gas reduction targets set out in the new business strategy ▪ Reducing resource consumption and the carbon footprint of occupied buildings ▪ Since implementing the Mobile Authorization, clients have effected approximately 1.6 million transactions, which made it possible to abandon hardcopy printouts and save 32,000 reams of paper ▪ New head office in Wrocław, meeting high environmental standards ▪ Model green branch in Gdańsk

1.4. ESG IS AN INTEGRAL PART OF THE NEW STRATEGY FOR 2022-2024

[GRI 102-15] ESG (Environmental, Social, Governance) issues have for years been an integral part of the Bank Millennium Group's business strategy. In connection with the pandemic, 2021 has been treated as a transition year before the new strategy comes into effect; however, the topics of sustainable development and corporate social responsibility invariably continue to be part of the Group's business strategy. The approach to managing sustainable development is discussed extensively in the Corporate Governance section of this report.

ESG is also included in the Group's new strategy for 2022-2024, which was announced in December 2021. Of crucial significance for Bank Millennium is not only to attain the goals set in the strategy, but also to take the proper path towards them, based on our commitment to society and the natural environment, in line with stringent standards of quality and ethics in the sales process and the services offered. The new strategy entitled "Bank Millennium. Inspired by people." highlights the importance attached to the inspirations provided by employees, clients and the community in which the Bank functions.

In the new strategy, the Bank has for the first time defined its goals pertaining to climate protection. The Bank is well positioned to reduce its own greenhouse gas emissions by 50% in 2022 compared to 2020. Climate neutrality in terms of the Bank's own emissions is planned to be achieved by 2027 while full climate neutrality is in plans by 2050. The Bank Millennium Group will also actively support clients as they decarbonise and provide PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank and of the Bank's Group over the next 3 years. For years the Bank has been involved in environmental activities, also to finance energy savings investments. These topics are extensively discussed in the "Environment" section of this report.

As an institution inspired by people and their needs, in its new strategy the Bank aims to be an employer of first choice, ensure that services are available to all its clients and listen to and support the local community. As a responsible member of society the Bank will continue to offer the Bank Millennium Foundation's financial education program targeting children and their parents, cultivating

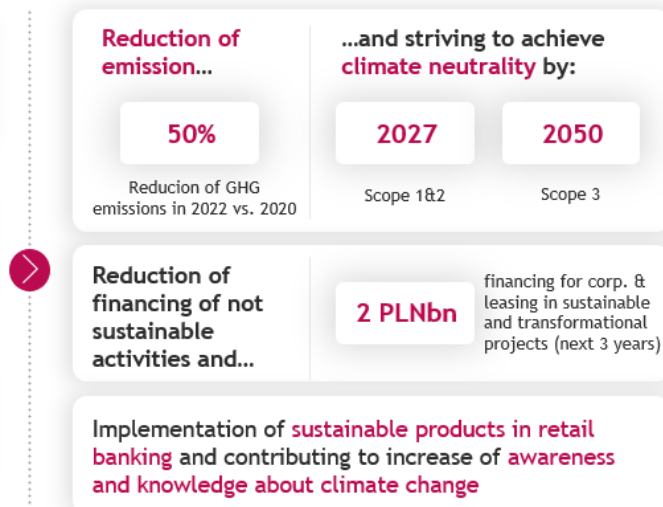
its more than thirty-year-old tradition of being a patron of culture and supporting the social initiatives pursued by the Bank Millennium Group's employees to benefit their local environment.

In management processes the Bank incessantly cares about observing high ethical standards as well as safety and transparency of relations with its clients. The Bank constantly develops its risk management processes while giving consideration to the rapidly evolving challenges regarding climate risks. In the Risk Management Strategy for 2022-2024 approved by the Bank's Supervisory Board, the Risk Appetite framework was defined for selected ESG risk factors: level of own emissions, diversity and social initiatives.

Our advanced capabilities in the ESG & Sustainability development...



...will support our leading position on the climate neutrality path



The aspiration of the Bank Millennium Group is to continue to achieve ambitious targets in the coming years

Clients



- Customer centric service focused on superb quality, further simplification of client-facing processes and communication, best-in-class digital and omnichannel experience
- Banking without barriers and accessible for people with disabilities

Employees



- Improved EVP (Employee Value Proposition), including the development of a hybrid work model, talent management based on career paths that create new opportunities and top quality working conditions
- Self-development and training tailored to employees' needs
- Regular employee opinion surveys

Society



- Financial education for children and their parents
- Cultural initiatives as a 30+ year tradition
- Supporting employees' social initiatives for the benefit of their local community

Ethical approach to business



- We regularly revise the Code of Ethics and compliance assessment

Measures to combat financial crime



- We take measures to increase the transparency and credibility of business relationships with clients
- We implement robust AML IT system

Consideration of climate and environmental risks



- We introduce sustainability metrics in Risk Appetite Statements
- We incorporate climate risk assessment into risk policy
- We conduct stress tests

The strategy for 2022-24 is available at the following address:

<https://www.bankmillennium.pl/en/about-the-bank/investor-relations>

1.5. DESCRIPTION OF SIGNIFICANT TYPES OF RISK IN THE ESG AREA

[GRI 102-15] The Bank has described significant risks related to its activity that may exert an unfavourable 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; however, the overriding risk for the Bank is the risk related to the safety of its clients' funds. It is a function of other types of risk, including, among others, the reputation risk considered from the point of view of the Bank and the Bank Millennium S.A. Group, as well as from the point of view of the entire banking sector. Additionally, the Bank distinguishes risk resulting from its cooperation with clients (including credit risk) and contractors.

With regard to the **risk related to client relations**, the Bank examines the legal aspects of the agreements it has signed, the risk of incorrectly designing products and services and the risk of making the optimum selection of products to suit clients' needs and possibilities. At the same time, the Bank analyzes new legal regulations, the opinions pronounced by UOKiK (Office of Competition and Consumer Protection) and other authorities and is focused on delivering the best quality products and services to its clients, as the Bank's high ratings in various rankings amply attest.

In terms of the **risk related to incorrect employment and work safety practices**, the Bank minimizes the risk of high employee turnover by embracing the pertinent policies (HR, compensation and diversity, among others) 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 instances of human rights violations and corruption occurring in the organization. This causes risk of legal, administrative, financial liability and loss of reputation. The Bank's Group prevents this risk by observing the provisions of 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 of **impact on the natural environment** is associated mainly with the negative impact of the Group on the environment, both through its own operating activity and through projects and investments financed by the Bank. The Group prevents 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 project financing rules.

Another critical risk, to which the Bank is exposed, is the risk of financial loss associated with a failure of the customers to repay liabilities. If the volume of lost loans becomes high, the Bank could suffer financial losses. In the same case, the consequence and the risk at the customer's side may be the

loss of credit capacity (unfavourable entries in registers such as BIK), loss of financial balance of a household and the Bank launching a court procedure aimed at enforcing repayment.

A detailed description of the management of the foregoing types of risk 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.

1.6. SELECTED AWARDS AND DISTINCTIONS

Bank Millennium as the Best Bank in Poland for 2021 according to Global Finance magazine

In the Best Bank Awards contest held by the renowned Global Finance Magazine Bank Millennium was recognized as the Best Bank in Poland for 2021. The winners were selected by the Global Finance editors after extensive consultations with CFOs, bankers, banking consultants and analysts from across the world.

Bank Millennium as the best digital bank according to Global Finance magazine

Bank Millennium was also awarded The Best Consumer Digital Bank in Poland for 2021 in the World's Best Digital Banks competition organized by the renowned Global Finance magazine.

Golden Banker 2021 - Bank Millennium with the best mortgage loan

- 1st place in the Mortgage Loan category,
- 2nd place in the Socially Sensitive Bank category,
- 3rd place in the Best Multichannel Service Quality category.

2nd place among the best employers in banking and financial services in Forbes and Statista ranking

Poland's Best Employers 2021 is a list of 300 companies doing business in Poland, whose achievements in the field of HR have been recognized with the title of the best employer. In the banks and financial services category Bank Millennium came second. The ranking was prepared and published by Forbes magazine, with Statista acting as the substantive partner of the project.

Best Bank 2021

Bank Millennium took second place in the "Best Bank 2021" competition in the small and medium-sized commercial banks category. The competition was organized by Gazeta Bankowa. The best commercial and cooperative banks were selected based on detailed surveys that included financial, sales and service ratios, and innovation and security information.

Golden CSR Leaf

As in 2020, the Bank was awarded the Golden CSR Leaf of the Polityka weekly, which is given to companies whose efforts in the area of corporate social responsibility and sustainable development are rated the highest. In previous years Bank Millennium won the Silver CSR Leaf as many as five times.

Celent Model Bank in Open Banking

Bank Millennium won the Celent Model Bank award for its open banking services. The Bank's solutions were assessed as an excellent example of good practices in project execution, exerting a significant impact on its business performance and the whole industry.

Bank Millennium as Innovator 2021 according to Global Finance magazine

In a survey conducted by Global Finance magazine, Bank Millennium was recognized as a 2021 Outstanding Innovator in Retail Banking for "Bank Millennium Open Banking Services" (Special Honours).

Bank Millennium as Culture Atlas

The Bank was awarded with the Culture Atlas title already for the 6th time by the Kraków Festival Office for its patronage over the Sacrum Profanum festival.

Institution of the Year 2021 - Millennium as the best bank in mortgage services and winner in most other categories

In the Institution of the Year ranking, the Bank was recognized as the best in mortgage servicing. It was also ranked among the winners in the categories: Best Bank in Poland, Best Service in a Branch, Best Service via Remote Channels, Best Online Banking, Best Mobile Application and Best Account Opening Process. 11 branches were included in the list of the best banking institutions in Poland. Projects executed by the Bank Millennium Foundation were recognized with a distinction in the Corporate Social Responsibility category.

Contact Centre teams are the winners in Golden Handset and Telemarketer of the Year contests

The competition for the best Customer Care projects in Poland is organized by the Direct Marketing Association.

Banking Stars - 3rd place in the "Customer Relationship Star" category

The Bank was among the banks distinguished in the "Banking Stars" ranking organized by "Dziennik Gazeta Prawna" and PwC. In the "Customer Relationship Star" category, judged by bank clients, Bank Millennium took third place.

Bank Millennium third in TOP 200 Best Polish Brands ranking

In the TOP 200 Best Polish Brands ranking of the Forbes magazine, the Bank was placed on a high, third position (the highest positioned bank in the ranking). The TOP 200 Best Polish Brands ranking shows the position and value of brands from the perspective of their strength in the minds of customers and their role in generating revenue.

Victory in the latest edition of the "Newsweek's Friendly Bank" ranking

1st place in the "Every One's Bank" category

2nd place in the "Remote Banking" category

Bank Millennium is the winner of the latest edition of the "Newsweek's Friendly Bank" ranking. The Bank ranked in the top in all aspects of services, especially in mobile banking. It was this area, highly scored in both rankings, that determined the winners in the jubilee edition of the competition.

Bank Millennium in the "European Diversity Leaders 2022" ranking

In the latest Financial Times list, 850 employers were selected from among 15 thousand companies as supporters and promoters of diversity in their organizations. The ranking was based on feedback from 100 thousand employees and human resources and recruitment experts. The research firm Statista is a substantive partner of the project.

My Business account is number one for microbusinesses

In Bankier's ranking, out of 11 banks, it was Bank Millennium's business account that came in first. My Business account is a modern, multifunctional tool for managing the finances in small businesses.

Bank Millennium on the podium in the developers ranking

For the fifteenth time developers associated in the Polish Association of Developers evaluated banks in terms of cooperation in financing and servicing residential development investments - Bank Millennium was on the podium, taking third place.

Bank Millennium one of the winners of the Wrocław Without Barriers plebiscite in the Corporate Social Responsibility category

The certificate was granted for the facilities making it easier to use digital banking and for the implementation of architectural adjustments for people with disabilities and for conducting personnel

training on how to service people with special needs. The organizers also appreciated the Bank's efforts to build a socially responsible brand.

1.7. DEFINING THE CONTENT OF THE REPORT - DIALOGUE WITH STAKEHOLDERS

[GRI 102-40; 102-42; 102-44; 102-46; 102-47] The process of defining the report's contents preceded the writing of the report. It consisted of identifying, prioritizing and validating the key aspects of the operations of the Bank Millennium Group in the following areas: economic, business, environmental, employee, social and ethical / corporate governance.

39 reported aspects aligned to the Bank Millennium Group's operations have been identified based on the topical scope of the GRI Standards and sustainable development practices and trends in the financial industry. These aspects are listed below.

ECONOMIC AREA

- Financial performance (income, costs),
- Incorporating ESG-related issues in the Bank's business strategy,
- The number of clients in the respective segments,
- The Bank's asset value,
- Managing taxes and the payment of taxes.

BUSINESS AREA

- Innovation and the development of new technologies,
- Development of electronic banking channels and the mobile application,
- Ensuring IT and technical safety of the banking system / entrusted funds,
- Access to products and services, customizing them to the needs of disabled, older digitally-excluded persons,
- Environmentally-friendly products and responsible financing,
- Protection of client privacy, measures to prevent data leaks,
- Ethical approach and dialogue with clients,
- Reliable marketing communication, ethical marketing and sales,
- Transparent information about products and services,
- Solutions for holders of mortgage loans,
- Compliance with the law and regulations (including the usage of products and services).

ENVIRONMENTAL AREA

- Raw materials and materials used by the firm and their recycling and re-usage, minimizing the production of waste,
- Energy consumption, methods of reducing energy consumption,
- Water use and consumption, re-usage of water, information about sewage,
- Impact on biological diversity,
- Greenhouse gas emissions and methods of reducing them,
- Business development risks and opportunities stemming from climate change,
- Compliance with environmental regulations, preventing fraud, violation of the law and regulations pertaining to environmental protection,
- Vendor assessment related to the fulfilment of environmental criteria,
- Environmental policy in terms of financing,
- Environmental education.

EMPLOYEE AREA

- Headcount, including the number of new employees, turnover, employee benefits, return to work after parental leave,
- Creating space for employee development (training and education, supporting development),
- Approach to managing employee health and safety,
- Working conditions,
- Freedom of association and conducting collective disputes.

SOCIAL AREA

- The actions taken by the Bank Millennium Group - and the Bank Millennium Foundation - to benefit society, and actions to benefit local communities,
- Employee volunteerism,
- Sponsorship activities.

AREA OF ETHICS / CORPORATE GOVERNANCE

- Activities taken to eliminate instances of corruptions,
- Diversity and equal opportunity in access to positions and remuneration,
- Counteracting discrimination,
- Observing human rights, training employees about human rights,
- Vendor assessment related to employee practices, social issues and respecting human rights.

These aspects were prioritized through two complementary processes: review of the internal perspective and review of the expectations of external stakeholders.

The internal perspective was defined by the male and female representatives of the staff and management of the Bank Millennium Group by using an anonymous web-based questionnaire. This research was conducted from 25 October to 5 November 2021. In total, 258 persons took part in this research.

The research into the expectations of external stakeholders was conducted in the form of a dialogue meeting held remotely on 17 November 2021 and also in the form of remote interviews conducted in October and November 2021. When selecting the groups of stakeholders included in this process, the stakeholder matrix prepared for ESG reporting purposes in 2021 was used as the basis. The design of the matrix has been described in part 3.6 ("Social environment") of this report.

The **dialogue session** was held on the basis of international Standard AA1000SES (AccountAbility). During this session the male and female representatives of the most important stakeholder groups had the opportunity to express freely any types of expectations they had in terms of reporting the Bank Millennium Group's non-financial issues - this purpose was served by discussion in sub-groups moderated by an external advisory firm. In turn, through individual work using an anonymous web-based questionnaire, the male and female meeting participants could assess from their own perspective the importance of each one of the 39 aspects of the company's operation as presented, and put forward additional topics that in their opinion should be incorporated in the report. The male and female representatives of the following groups of stakeholders took part in the session:

- Vendors / business partners
- Media
- Environment
- Individual clients
- Corporate clients

- Cultural institutions
- Institutional investors
- Business organizations
- Public institutions
- Auditors
- Universities / students
- International organizations
- NGOs
- Sectoral organizations

In-depth interviews with selected stakeholders (not participating in the session) were also conducted by an external advisory firm. They were conducted with the male and female representatives of the following groups of stakeholders:

- Corporate clients
- Institutional investors
- International organizations
- Non-governmental organizations
- Analysts
- Cultural institutions
- Business organizations
- Auditors
- Vendors / business partners
- Sectoral organizations

In total, 35 people took part in the dialogue meeting and the in-depth interviews.

Male and female employees, the management and external stakeholders advanced the following additional topics, which they would like to have discussed in this report:

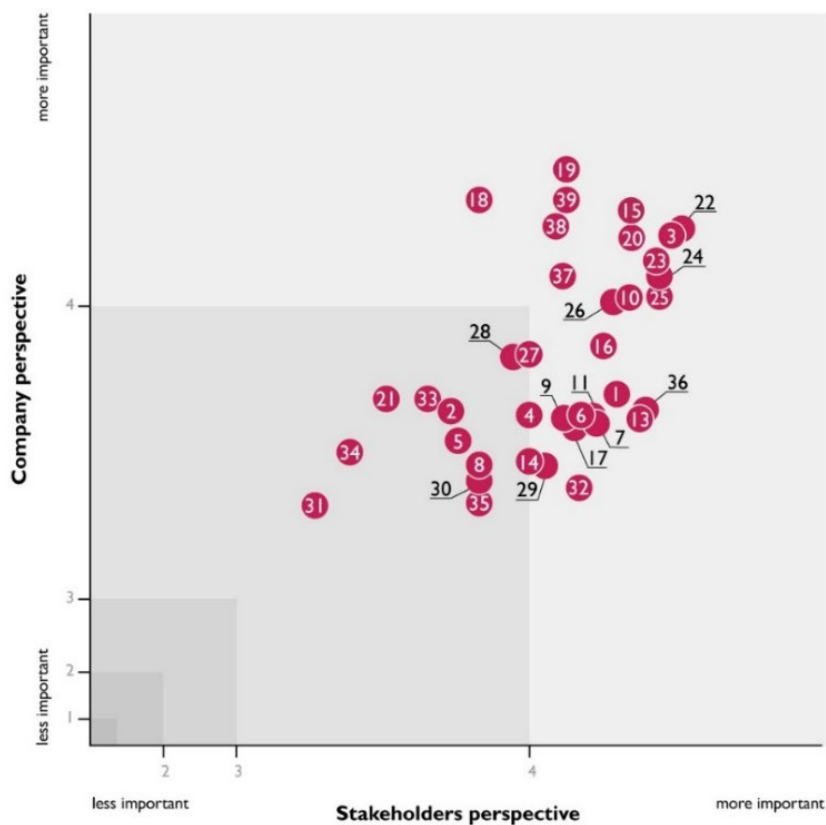
- ✓ method of managing ESG and compliance/AML risks
- ✓ method of aligning the company to new regulations
- ✓ environmental policies based on standards
- ✓ goals and directions of ESG activities taken by vendors and other business partners
- ✓ education of the market and partners in the supply chain in terms of ESG and non-financial reporting
- ✓ allocation of funds in the Group to actions related to work organization in the head office and in centres / field branches
- ✓ incorporation of social factors and factors related to ethics / corporate governance in lending policy
- ✓ communication and dialogue with employees, including issues related to sustainable development
- ✓ actions taken by the Bank to facilitate and/or mould environmentally-friendly behaviour among male and female employees
- ✓ climate-related goals
- ✓ whistleblowing on suspected or observed irregularities
- ✓ extra judicial dispute adjudication, e.g. through arbitration

Moreover, during the dialogue session many expectations were put forward in respect of the conduct of the Bank Millennium Group in the environmental, social and corporate governance areas as well as on the Group's non-financial reporting process and its communication. The firm responded in writing to these expectations - in individual e-mail correspondence and it also strove to react to these issues in this report.

Material reporting topics

The material reporting topics presented below were selected by taking into consideration the results of all the processes described. Additionally, non-financial reporting trends, TCFD guidelines on reporting climate-related issues and regulations of the accounting act were taken into consideration. Following an analysis of relevant topics, the Bank decided to describe some aspects in greater detail in the report (presenting both the management approach and performance data), despite the lower rating given by stakeholders in the survey. This includes, among other things, managing taxes, materials and raw materials used, water consumption and greenhouse gas emissions.

Map of material topics



topic boundaries
i internal

e external

**Material
aspects**

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

		i	e
1	Access to products and services, customizing them to the needs of disabled, older and digitally-excluded persons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2	Raw materials and materials used by the firm and their recycling and re-use, minimizing the production of waste	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	Protection of client privacy, measures to prevent data leaks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	Compliance with the law and regulations (including the usage of products and services)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	Water use and consumption, re-usage of water, information about sewage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6	Business development risks and opportunities stemming from climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8	Greenhouse gas emissions and methods of reducing them	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9	Environmental policy in terms of financing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10	Reliable marketing communication, ethical marketing and sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12	Approach to managing employee health and safety	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13	The actions taken by the Bank Millennium Group – and the Bank Millennium Foundation – to benefit society, and actions to benefit local communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14	Vendor assessment related to the fulfillment of environmental criteria	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15	Diversity and equal opportunity in access to positions and remuneration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16	Observing human rights, training employees about human rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17	Vendor assessment related to employee practices, social issues and respecting human rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
18	Headcount, including the number of new employees, turnover, employee benefits, return to work after parental leave	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19	Creating space for employee development (training and education, supporting development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20	Innovation and the development of new technologies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
22	Ensuring IT and technical safety of the banking system / entrusted funds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
23	Counteracting discrimination	<input checked="" type="checkbox"/>	<input type="checkbox"/>
24	Ethical approach and dialogue with clients	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25	Transparent information about products and services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26	Incorporating ESG-related issues in the bank's business strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
27	Activities taken to eliminate instances of corruptions	<input checked="" type="checkbox"/>	<input type="checkbox"/>
30	Managing taxes and the payment of taxes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
36	Environmentally-friendly products and responsible financing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
37	Development of electronic banking channels and the mobile application	<input type="checkbox"/>	<input checked="" type="checkbox"/>
38	Financial performance (income, costs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
39	Working conditions	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Other
aspects**

Concise
information in the
report

7	Compliance with environmental regulations, preventing fraud, violation of the law and regulations pertaining to environmental protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11	Environmental education	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21	The number of clients in the respective segments	<input type="checkbox"/>	<input checked="" type="checkbox"/>
28	Energy consumption, methods of reducing energy consumption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
29	Employee volunteerism	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
31	Solutions for holders of foreign currency loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
32	Sponsorship activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
33	The bank's asset value	<input type="checkbox"/>	<input checked="" type="checkbox"/>
34	Freedom of association and conducting collective disputes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
35	Impact on biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>



2. ENVIRONMENT

2.1. ENVIRONMENTAL IMPACT MANAGEMENT

[GRI 103-1, 103-2, 103-3] Bank Millennium is guided by the United Nations Sustainable Development Goals, among which climate protection is one of the key issues. Environmental and climate protection initiatives have for years been part of Bank Millennium Group's business strategy and are in line with the approach of the parent company - Bank Millennium bcp.

The Bank is of the opinion that environmental and climate protection issues concern many areas of the Bank's operations and are an integral part of its business. Due to the importance of these issues, the development of ESG strategies and policies is under the direct supervision of the Chairman of the Management Board.

Bearing in mind the growing significance of sustainable development for the Bank Millennium Group's business, including climate-related issues, in December 2021 the Bank established within its structures the Sustainable Development Committee and the Sustainable Development Department. These units are described in "Management Approach to Sustainable Development" section.

Due to the nature of its activities, the risk of the Bank's direct impact on the environment has been assessed as immaterial. However, in order to fully understand the wide range of interrelationships between the Bank's activities 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 taken into account in the annual assessment of the materiality of individual risks in the context of credit risk, market risk, operational risk and reputation risk. The risk management process in the Bank and the Bank Millennium Group is uniform to a high degree and it may be treated as a common system applicable to the overall Group.

2.1.1. CLIMATE ISSUES IN THE BANK MILLENNIUM GROUP'S STRATEGY

In the past years, the Bank's pro-environmental and pro-climate activities focused on reducing the Bank's own environmental impact, imposing high standards of operations in this area and requiring the same from suppliers and partners. In addition, for several years the Bank has been involved in special energy transition financing programs.

The Bank has advanced and established skills in applying sustainability principles, also as regards climate, and continues activities aiming to support the Bank on its path to climate neutrality.

For more than a decade, the Bank has monitored, reduced and reported its own Scope 1 and 2 greenhouse gas emissions. In its latest business strategy for 2022-2024, the Bank has pledged to reduce these emissions by 50% in 2022 relative to 2020. The Bank also pledged to strive for climate neutrality by 2027 in Scope 1 and 2 and by 2050 in Scope 3. The pledge means the continuation of the efforts limiting own emissions and responsible development of a long-term credit policy taking into account the energy transformation processes.

The Bank will actively support corporate clients in their decarbonisation efforts, in developing their investment plans related to the European funds package, especially green finance. The Bank plans to implement products that support sustainable development of enterprises (energy efficiency and circular economy projects) and to further limit financing of activities that do not comply with sustainable development principles and to provide PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank and of the Bank's Group over the next 3 years.

2.1.2. ENVIRONMENTAL POLICY OF THE BANK MILLENNIUM GROUP

A few years ago, the Bank decided to significantly reduce its exposures to the coal industry. As a result, today the portfolio of exposures to coal and hydrocarbon mining is close to zero and industries directly related to mining is insignificant (at the end of Q4 2021, the Bank Millennium Group's exposure was 0.96% of the corporate portfolio and 0.27% of the Group's entire portfolio).

In 2019, the Bank decided to formalize its approach to climate issues and developed the **"Environmental Policy of the Bank Millennium Group"**, which defines 3 main areas of its environmental activity:

- The 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.

- Environmentally-friendly products and responsible financing

The Group supports the implementation of environmental goals by introducing profiled products to its offer. Bank Millennium Group does not finance new coal mines and coal-fired power generation projects, except for new projects related to reduction of pollution. New financing in the energy sector is only possible if it serves the commitment to carbon-free energy sources and the energy transition to carbon-free energy sources.

At the same time, the Group has for many years supported the financing of environmentally friendly and energy-saving investments, including those related to the replacement of coal-fired power generation with low-emission energy sources and modern energy infrastructure, concerning

renewable energy sources, reducing pollutant emissions and supporting energy efficiency, especially in energy-intensive and high-emission industries, in the field of low-emission motor vehicles.

The Bank's clients are obligated not to use funds from the loan in any way linked to the activities mentioned on the EBRD Environmental Exclusion List. They are also obliged to obtain and maintain all the necessary permits relating to protection of the environment in connection with their business activity and conduct their business activity in compliance with any environmental regulations 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.

- Environmental education

Employees, clients and business partners receive communication increasing environmental awareness. Where justified, environmental clauses are used in agreements with product suppliers.

2.1.3. CLIMATE - KEY RISKS AND NEW OPPORTUNITIES

[GRI 102-15] Key risks in this area associated with managing the Group's environmental and climate impacts through its own operations, banking products and services offered, including project finance, and managing climate, transformation and physical risks to the Group. **[GRI 102-11]** The Group prevents 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 project financing rules.

Under the Bank's existing industry policy regarding financing, the Bank distinguishes high-risk industries. One of the criteria for a given sector to be classified in this category is a negative outlook related, among others, with environmental threats. This classification reflects the financing principles set out in the "Environmental Policy of the Bank Millennium Group". The Bank has exposure limits for clients in individual categories, with the most restrictive limits set for high-risk industries. For entities in industries with particularly negative environmental impacts, the Bank does not offer new financing unless the funds are used for transformation and adaptation to new environmental and climate change challenges.

Bank Millennium has also introduced provisions in the lending rules and regulations for Corporate Banking clients, concerning compliance of all clients with environmental protection regulations and respect for work rules. As a result, all projects financed by the Bank and all loan products were also subject to these requirements.

[GRI 102-15] The Bank sees new climate-related opportunities in various sectors of economy, in the development of new financial products and services. In addition, analyses of client feedback and market research indicate that Polish society is increasingly aware of environmental and climate challenges, which may in the long term bring changes in the behaviour and expectations of retail and corporate clients towards products and services, also in the banking sector.

2.2. REDUCTION OF THE ENVIRONMENTAL IMPACT OF THE BANK'S OPERATIONS

Bank Millennium Group views its responsibility for the climate as an external as well as internal commitment. In addition to the activities described above and the adopted environmental policy, the Bank actively implements green and innovative solutions in its premises and reduces consumption of

resources. [GRI 304-1] The Bank Millennium Group does not own or lease any real estate in protected areas or occupy any property, which is subject to special protection.

The Bank attaches great importance to reducing the level of emissions from the buildings it occupies for the conduct of its business. In 2021, the Bank changed its headquarters in Wrocław to a building meeting high environmental standards and opened a model environmentally-friendly branch in Gdańsk. These and other environmentally-friendly measures are described in detail later in this chapter.

2.2.1. REDUCTION OF RESOURCE CONSUMPTION

Reduction of material consumption [GRI 103-1, 103-2, 103-3, 306-1, 306-2]

In Bank Millennium Group the process of purchasing and supplying the Group's organizational units with materials necessary for the day-to-day operations is centralized. Maintaining purchasing discipline is possible through the use of an IT tool, REZA+, through which each ordered item is verified for legitimacy of purchase. This significantly reduces material consumption. Permanent monitoring of budget execution and defining limits to reduce purchases to the level of current consumption also makes a significant contribution to reducing material consumption. The process of ordering office supplies and equipment is governed by internal instructions and then reviewed for legitimacy of purchase and the Bank's equipment standards. Purchases of equipment such as counters, shredders, refrigerators, microwave ovens and furniture (swivel chairs, desks, chairs and cabinets) are preceded each time by a review of existing resources in terms of their reuse. This reduces the purchase of new appliances and furniture.

Proper organization of the centralized procurement process and consistent discipline in purchasing have helped to reduce consumption. The Bank takes measures on an ongoing basis to reduce the consumption of purchased materials, thereby reducing the negative impact on the environment.

Collection and regeneration of used toners from multifunction devices used in the Bank is provided by a third-party company. Waste paper and documents from the Bank's archives whose retention period has expired in a given year are transferred to companies specializing in the process of destroying documentation. **100% of the documentation** destroyed in industrial equipment is recycled.

All types of **electronic waste (ICT equipment, electrical equipment, data carriers), metal, plastic, wood, glass** non-hazardous waste (other than municipal waste) are collected by a specialized company that has a permit for transport, collection and recovery of all types of waste. The contractor collecting ICT equipment, electrical equipment and data carriers acts in accordance with the provisions of the Waste Electrical and Electronic Equipment Act. This means that **100% of electronic waste is sent to recycling**.

In its operations, the Bank complies with environmental protection regulations, i.e. the Waste Act of 14 December 2012, as amended, Journal of Laws 2020, Item 797, consolidated version of 04 May 2020. Following amendments to the Waste Act, **in 2020 the Bank was listed on the Waste Database Register (BDO)**.

In 2021, the consumption of paper and envelopes dropped significantly, which was supported by further optimization of the Bank's processes. The Bank is consistently working towards further digitization and top quality of online services to encourage clients to go paperless. A marketing campaign conducted in 2021 to encourage customers to switch to electronic statements and less ad hoc correspondence to clients resulted in a significant decrease in paper and envelope usage for mass

mailing. In addition, Mobile Authorization being implemented in more clients service processes contributed to a reduction of paper consumption, despite the steady growth of the Bank's clients.

Millennium Leasing also supports the paperless idea by actively promoting the e-invoice service available to clients in the eBOK portal in place of sending hardcopy invoices. Currently over 76% of Millennium Leasing's clients use electronic invoices, thanks to which over 65% of all invoices are sent in electronic form in an easy and fast way from the client's perspective.

The provision of water purifiers for head office employees and water dispensers in the branches has further reduced plastic consumption. For a few years now, for meetings in Bank Millennium's Head Office, catering is served in reusable dishes and cold drinks only in glass bottles. As part of educational campaigns, the use of reusable cups is being promoted in the Bank Millennium Head Office cafeteria. Moreover, on the occasion of relocation to the new Head Office in Wrocław, all employees of the Wrocław office were equipped with porcelain mugs. In the Bank branches, in turn, in order to reduce plastic consumption, disposable plastic water cups for clients have been fully replaced with environmentally friendly BIO paper cups in 2021. These cups contain no plastic, are 100% biodegradable and compostable according to European standard EN13432. Cups can be refilled twice. In Bank branches, all plastic coffee stirrers have been replaced with wooden ones. Plastic consumption levels are impacted by the ongoing COVID-19 pandemic that started in early 2020, as plastic is found in hand sanitizer containers and diffusers, among other things. However, in the face of a real threat to health, the Bank's priority is to continue to prevent the spread of the coronavirus and ensure the safety of employees and clients. A small number of field units are still supplied with water in plastic bottles, however these are ECO RPET bottles.

[GRI 301-1] Material consumption (kg)	Bank 2021	Bank 2020	Bank 2019*	Bank 2021/2020	Reasons for change
Paper and paper rolls for operational needs	250,141	354,994	327,930	-29.54%	1. Decrease in mass mailing due to a significant portion of clients switching to electronic bank statements. 2. Development of Mobile Authorization.
Envelopes	75,055	116,064	77,655	-35.33%	1. Decrease in mass mailing due to a significant portion of clients switching to electronic bank statements. 2. Decrease in additional mailings by 50%.
Plastics	16,073	40,911**	12,948	-28.54%	1. Plastic stirrers and disposable cups have been withdrawn. They have been replaced with biodegradable paper cups and wooden stirrers. 2. Decrease in purchase of secure envelopes - decrease in the number of branches requiring additional security of cash in secure envelopes

					(no multi-safe permanently attached to the floor). 3. Reduction of the purchase of water in plastic bottles by more than 11%.
Consumable materials for printing devices	0	1	418	-100%	Purchase of supplies for multifunctional devices is the responsibility of a third-party company.
Batteries	794	760	556	+4.6%	Batteries required, among others, for: - automatic hand sanitizer dispensers, - remote controls for alarms, electronic locks - for A/C remote controls.

* without data from former Euro Bank

** purchase of plexiglass dividers for all branches as a result of the Covid-19 pandemic

[GRI 301-1] Material consumption (kg)	Group 2021	Group 2020	Group 2019*	Group 2021/2020 (% change)
Paper and paper rolls for operational needs	259,608	364,592	343,277	-28.79%
Envelopes	76,014	117,541	79,031	-35.33%
Plastics	16,532	41,371**	14,252	-60.04%
Consumable materials for printing devices	0	1	418	-100%
Batteries	806	785	610	+2.65%

* without data from former Euro Bank

** purchase of plexiglass dividers for all branches as a result of the Covid-19 pandemic

Municipal waste management

The Bank segregates, depending on local regulations, waste into 3 to 5 groups: plastic, paper, glass, bio and mixed. In addition, containers for collection of batteries and small electrical waste have been set up in the offices of the Bank's Head Office in Warsaw. A campaign to collect large size electronic waste takes place once a year. Mixed municipal garbage is collected by the City using a pre-declared monthly number of containers. Recycling waste bins are available at all Bank locations, both branches and office buildings. In addition, in 2021, 453 new waste segregation kits were delivered to 436 locations, bringing the total number of bins to 1,359. All bins are properly labelled with educational signs with detailed waste segregation instructions to help employees segregate waste.

The annual campaign to collect electro-waste was organized in the Bank Millennium Head Office and enabled employees to give away unwanted equipment. The Administration and Infrastructure Department encouraged employees to do their annual cleanup by allowing a convenient way to hand over electro-waste. The campaign also involved private equipment and batteries. In addition, bottle and container caps are collected at the head offices and branches and then donated to a charitable cause. The caps collected in 2021 by Bank Millennium Group employees were donated to the Dom Rodzina Człowiek (Home, Family, Human) Association, which will sell them as recyclable material and

donate the money for: material assistance for the poor and disabled, financing the purchase of prostheses, meals for poor families, financing tutoring for children from poor families or financing Christmas presents for poor families.

Waste collections from employees (kg)	Group 2021	Group 2020	Group 2019*	Group 2021/2020 (% change)	Reasons for change
Electrical waste	200	250	150	-20%	Due to the wide availability of collection sites, and lower building occupancy caused by the pandemic.
Collection of batteries	150	300	150	-50%	Due to the wide availability of collection sites, and lower building occupancy caused by the pandemic.
Collection of plastic caps	230	n/a	n/a	-	In 2021, we began collecting data on the number of caps donated.

Similarly to previous years, managers of the buildings of the Head Offices in Gdańsk and Warsaw kept a register of waste in the following categories - metal and plastic, paper and glass, bio and mixed.

[GRI 306-3] Municipal waste (kg)*	
Paper	10,861
Metal and plastic	15,434
Glass	15,600
BIO	4,212
Mixed	65,220

* Data from Bank Millennium's Head Office Building Managers Register
- no information on recycling rate available

Recycling - reuse

In 2021, the Bank allocated **452 items of assets** (equipment and furniture) for reuse in the Bank's branches).

In 2021, the Bank changed its headquarters in Wrocław. The furniture from the previous location did not fit into the arrangement of the new Head Office facility and was not used in the Bank's other facilities, it was slated for liquidation. In order to minimize as much as possible the amount of waste resulting from the liquidation of unnecessary furniture, the Bank organized, through a specialized company, the sale of chairs, cabinets, desks, containers, tables, chests of drawers, armchairs and bookcases. **3,269 items** were put up on the sale platform. The exercise was preceded by messages in the Bank's internal channels. As a result of the sale, as much as **65% of the furniture received a second life**. Bank employees purchased 30% of the items, the remaining 35% was purchased in the next stage by companies specializing in resale, and only 35% of the equipment, due to the fact that the furniture was heavily worn-out and damaged, was sent for disposal. The project of changing the seat of the Bank's Head Office in Wrocław is described in detail later in this report.

Generated waste sent for reuse and recycling						
[GRI 306-3] Waste generated (kg)	Bank 2021	Bank 2020	Bank 2019*	Bank 2018	Bank 2021/2020	Reasons for change
ICT equipment and devices	52,358	53,084	23,185	17,654	-1.4%	Systematic replacement of the slowest ICT equipment in the head office and branch network no longer fit for use.
Paper**	258,754	272,316	243,782	298,428	-4.9%	The amount of waste paper destroyed depends on the number of cartons in the External Archives for which the retention period has expired in a given calendar year.
Metal waste and cable	1,884	9,998	21,986	13,217	-81.2%	The decrease in waste is due to the transfer of responsibility for managing waste generated during office remodelling to service providers. The 2020 data includes elements from the building managers' register (municipal waste).
Plastics	51	4,715	1,667	936	-98.9%	The 2020 data includes elements from the building managers'

						register (municipal waste).
Glass	0	828	637	3,176	-100%	The 2020 data includes elements from the building managers' register (municipal waste).
Furniture	5,494	7,160	49,028	22,711	-23.2%	The effect of the sale of furniture to the Bank's employees.
Lead batteries	336	6,928	14	0	-95.2%	The decrease results from the liquidation of the UPS from decommissioned HQ Wrocław Computer Centre in 2020.
Waste printing toner	586	614	295	438	-4.7%	The decrease in waste is due to the transfer of responsibility for managing waste generated during office remodelling to service providers.
Mixed concrete and brick rubble waste, waste from construction sites and renovations	0	0	3,520	5,310	n/a	Responsibility for waste management related to facility conversions delegated to service providers who report directly to the BDO.
Total	319,643	355,643	344,114	361,870	-10.17%	
[GRI 306-4] Recycled waste (%)***	82%	88%	84%	82%		

* no data for Bank Millennium Group; no data from Euro Bank

** waste paper is 100% recycled

*** percentage of waste shown in the table, excluding paper, that is further recycled at processing facilities

[GRI 306-3] Waste generated (kg)	Bank 2021	Bank 2020	Bank 2019*
Municipal waste	111,327		
Generated waste sent for reuse and recycling	319,463	355,643	344,114
Total waste	430,790		

Monitoring energy, water and fuel consumption [GRI 103-1, 103-2, 103-3]

After an analysis of the consumption of water, energy and fuels, measures are implemented to reduce consumption of these resources, inter alia through:

- Use of energy-efficient lighting in the head office and branches and automatic systems to reduce energy and water consumption in the head office building in Warsaw, which has been awarded the BREEAM certificate (Very Good level), and LEED Gold in Wrocław. Additionally, in Wrocław, Dali system (Digital Addressable Lightning Interface) is installed, which reduces operating costs and increases the comfort of work. Used both daylight supply sensors and occupancy sensors throughout the space, which contributes significantly to energy efficiency.
- In order to reduce fuel consumption, Bank Millennium Group successively replaces cars in its fleet with hybrid models. For business travel, low-emission means of transport (rail) are preferred and limits associated with the use of airplane transport are applied.

[GRI 302-1] Energy consumption	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2021/ 2020	Bank 2021/ 2020	Reasons for change
Electricity purchased (GJ)	87,265	76,979	94,936	83,621	-8.08%	-7.94%	Optimization of the number of branches, reduction of the number of head office buildings in Wrocław (1 out of 4 buildings remains), introduction of technical equipment optimization, as well as the impact of pandemic and lower occupancy of office buildings.
Electricity with RES Guarantees of Origin*	68%	68%					
Heating energy purchased (GJ)	92,029	85,913	115,969	102,763	-20.64%	-16.40%	The decrease is due to a reduction in the number of branches, as well as the closure of three head office buildings in Wrocław. Consumption in 2020 was very high due to the long heating season, resulting in a significant reduction in heating

							consumption year-on-year.
Natural gas (GJ)	6,921	6,435	7,897	6,821	-12.35%	-5.66%	Similarly as for heating energy.
Heating oil (GJ)	423	334	291	240	+45.40%	+39.32%	The increase is due to the purchase of heating oil as replenishment of the stocks.
Total energy consumption (GJ)	186,639	169,660	219,092	193,444	-14.81%	-12.30%	

*A description of the calculation method can be found on page 49

[GRI 303-5] Water consumption	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2021/2020	Bank 2021/2020	Reasons for change
Water (m ³)	70,739	66,146	101,898	93,391	-30.58%	-29.17%	Water consumption is closely related to the number of employees in the offices, so this significant decrease was driven by the pandemic and remote work, temporary shutdowns of branches for service, and a decrease in the number of branches and office buildings.

Fuel consumption [GRI 302-1]	Bank 2021			Bank 2020			Bank 2021/2020		
Fuel	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG
Fuel consumption (litres)	487,974	209,588	151,133	422,327	271,300	131,415	+15.5%	-22.7%	+15%

Fuel consumption	Group 2021			Group 2020			Group 2021/2020		
Fuel	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG
Fuel consumption (litres)	574,344	231,267	151,415	540,896	282,251	131,415	+6.2%	-18%	+15.2%

The decrease in diesel fuel consumption is due to the termination, in 2021, of approximately 100 diesel car contracts acquired as a result of the merger with Euro Bank. The increase in gasoline and LPG consumption levels is, in turn, due to a recovery in 2021 in business car use, which dropped significantly in 2020 due to the pandemic.

Rationalization of business travel is driven by the constraints of Bank-imposed modes of transportation and the approval path when a higher standard of transportation is used. Employees may use second class rail transport (PKP), and coach and bus transport (PKS and BUS). Only a limited group of employees (based on position or function) may use first class rail transport. With regard to the process of ordering train and airline tickets, the Bank uses the support of an external company with which it has an agreement to handle business travel. For airplane and private car travel, a Management Board Member approval is required. Additionally, as part of the modernisation of the Bank's Head Offices in Warsaw, Wrocław and Gdańsk, multimedia devices and Internet applications (e-learning training platform, MSTEams, Skype) are used to organise meetings and trainings, which translates into less business travel.

Business travel - Bank (km)*	2021	2020	2019	2018	2017	2021/2020
Air**	302,402	393,922	624,505	566,782	212,425	-23.23%
Taxi	991	1,943	8,784	3,562	3,155	-48.9%
Railway**	725,916	1,105,957	3,183,766	2,739,829	2,227,450	-34.36%
Bus	8,649	208,455	561,841	483,499	247,495	-95.8%
Private car	53,248	48,963				+8.75%

* Data for Bank Millennium; the Companies do not maintain a register of km travelled

** The 2020 data have been updated according to the new methodology applied - see pages 51-52 for a description.

The number of business trips in 2021 was greatly reduced by the coronavirus pandemic. Business travel was primarily conducted in 1H2021 when government restrictions were lifted. Training away from the office, which is mostly done through an e-learning platform, continued to be significantly limited.

Companies handle their business travel on their own.

Environmental activities

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

Plastic

Measure	Description
Limiting plastic consumption	<ul style="list-style-type: none"> Popularity of payments using a virtual card and BLIK in a mobile app reduces the need to reduce the number of issued plastic cards; Introduction of an option to temporarily block your card so you don't have to get a new one made; There are water treatment purifiers at the Bank's Head Office - no need to purchase 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); Appliances and equipment from closed down or remodelled branches are handed over for use in other outlets.
Zero Waste - the second life of furniture	<ul style="list-style-type: none"> The Bank organized, through a specialized company, a sale of equipment slated for disposal (chairs, cabinets, desks, containers, tables, chests of drawers, armchairs, bookcases, etc.). 3,269 items were put up on the sale platform. The exercise was preceded by messages in the Bank's internal and external channels. As a result of the sale, as much as 65% of the furniture received a second life.
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 2021, the Bank continued to use approximately 2,500 VDI (Virtual Desktop Infrastructure) workstations. This solution reduces, among other things, the consumption of raw materials (in particular plastic and metals used for the production of new personal computers) and electricity (e.g. "traditional" workstation consumes on average about 200W, while VDI in the Bank model - less than 5W). Despite the additional energy consumption by the central server room, by sharing a single physical server across hundreds of virtual machines, VDI technology can significantly reduce the carbon footprint in the environment.
Recycling - donating operable computers to those in need	<ul style="list-style-type: none"> Bank Millennium and Millennium Leasing once again responded to the needs of a local community by donating computer equipment to the beneficiaries of the Forani Foundation.

Paper

Action	Description
Restrictions on printing of documents	<ul style="list-style-type: none"> ▪ In branches, postings of internal transactions are recorded 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; ▪ Print volume monitoring - reports are sent to the units generating the highest print volumes so that reduction measures can be taken; ▪ Printing on company printers is possible only after the employee logs in to a specific device, which prevents accidental printing.
Opening an account online using a selfie or open banking	<ul style="list-style-type: none"> ▪ The Bank provides the option to open an account online with a selfie or with proof of identity by logging into an account at another bank. Both processes are fully remote and require no printing of any documents.
Buying cinema tickets on the mobile app	<ul style="list-style-type: none"> ▪ When you purchase cinema tickets directly from the app, you don't need to print them either - you can show them on your phone's screen at the cinema or you can send them to your friends directly from the app.
Electronic expert appraisal in the mortgage loan application process	<ul style="list-style-type: none"> ▪ The Bank has made available the ability to obtain an e-appraisal, which is one of the documents needed in the mortgage loan application process. The appraisal, i.e. the property valuation process, is ordered by the Bank's system and made available to the Bank for analysis also electronically. This eliminates the need for the client to provide a paper document. In addition to paper, it also saves the electricity needed to scan documents and uses less toner cartridges that ultimately have to be disposed of.
Confirmation of some transaction at in branches using Mobile Authorization	<ul style="list-style-type: none"> ▪ In 2020, the Bank made it possible for branches to confirm some transactions using Mobile Authorization, which is another important step in the Bank's digitalisation and reduction of paper documentation. Until then, all transactions made at a branch were confirmed with a signature on the transaction confirmation printed by a Bank employee. A client with active Mobile Authorization will approve some of the transactions ordered at the branch by phone. In 2021, the service was expanded to include more instructions; ▪ Since implementing this solution, clients have effected approximately 1.6 million transactions, which made it possible to abandon hardcopy printouts and save 32,000 reams of paper.
Opening and administering investment products in remote channels	<ul style="list-style-type: none"> ▪ Bank Millennium clients can invest their savings from a computer, tablet or phone - in 2021 the Bank expanded the offering of investment products available online, mainly in the mobile application. Clients can also complete the MiFID questionnaire online. Access to investment products in the Milenet system and via the mobile application reduces the number of documents printed in Bank branches. Clients may conveniently confirm some instructions regarding funds submitted in a branch in the mobile application without having to sign any hardcopy documents.

Action	Description
Electronic circulation 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.
Fewer printouts for clients	<ul style="list-style-type: none"> Electronic document circulation through Millenet for Corporates - the solution enables transferring and receiving digital documents and concluding agreements with the use of an electronic signature with a qualified certificate. This allows you to dispense with printing documents for signature; Some documents are posted on the Bank's website and in internet banking. Through internet banking, for example, the client is informed of changes to the terms of service (durable medium); Consolidation of documents (several instructions in one document, several agreements in one template); Shortening documents (tables and verbless sentences instead of descriptions), reducing the number of printed pages; Access to e-government - submitting official applications is possible through electronic banking, which reduces the use of paper (applications from programs: Family 500+, Good Start 300+, RKO, logging in to the PUE ZUS platform, setting up the Trusted Profile); Possibility to pay motorway tolls and buy public transportation and parking tickets through the mobile application; Electronic bank 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 actively conducts campaigns promoting the use of electronic statements; Electronic application process for products: opening another bank account, cash withdrawals, loan application, setting up a deposit, etc.; Contactless phone payments with the possibility to virtualize plastic cards, BLIK contactless payments, and promoting cashless payments; Purchase of insurance products also in remote channels, where you can conveniently and intuitively purchase insurance fully online without the use of hardcopy documentation; When applying for a mortgage loan, scans of documents can be directly uploaded to the Bank's system or they can be retrieved by an employee from public records and client's checking and savings account statements generated online; Clients with a mortgage loan can attach scans or photos of their insurance policy through remote channels, without having to provide paper documents; The goodie smart-shopping platform launched by Bank Millennium makes it possible to browse stores' online offers and electronic newspapers instead of their hard copy counterparts.

Action	Description
	<ul style="list-style-type: none"> Online trade finance module - solution for corporate clients facilitating electronic orders and remote correspondence with the Bank; E-guarantee for business clients - is a bank guarantee issued in electronic form (PDF file) using a qualified electronic signature of two of the Bank's attorneys-in-fact; In Millennium TFI, transaction confirmations can be sent to the client electronically. The client has the option of specifying an e-mail address for receiving electronic transaction confirmations; The distributors with whom TFI has signed distribution agreements offer the possibility of purchasing fund units online (the purchase form for the client is electronic); Millennium Leasing provides access to the Electronic Client Service Office on the Millenet platform, where clients can use electronic invoices (in 2021 the share of clients using this solution increased from 54% to 76%) and the setting of SMS notifications informing about a new invoice issued, upcoming payment date and overdue payment; One of the key initiatives of Millennium Leasing is the popularization of e-signature, introduced in 2020, as a form of signing leasing contracts (in 2021, the company signed 2,315 contracts this way, which accounted for 11% of the total number of contracts concluded and 33% of the contracts for which such a possibility was provided).
Product sales via remote channels	<p>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;</p> <ul style="list-style-type: none"> Corporate clients can apply for a payment card or open another account through the internet banking system. Clients applying for a loan can submit the required documentation electronically.

Product digitization continued in 2021 and, in the wake of the COVID-19 pandemic, consumer habits have changed significantly, with consumers more willing to use online solutions for both banking products and ancillary services. There was a record increase in the number of online transactions and e-commerce payments, especially in BLIK payments, where one can see a +72% y/y change in e-commerce transactions and as much as +125% y/y in the number of P2P transfers.

Share of electronic channels in the sales volume of key products

Personal accounts*	Cash loans	Term deposits
28%	69%	92%

**process initiated through the electronic channel*

Increase in the number of clients using online services

	2021	2020	difference
All clients with access to electronic banking	3,489,972	3,230,769	+8%
Active electronic banking users	2,263,233	2,052,806	+10%
Clients who actively use mobile banking	1,920,883	1,658,554	+16%
Clients using Mobile Authorization	1,995,707	1,394,169	+43%
Clients using open banking (Finanse 360°)	53,149	36,300	+46%
Clients - users of online statements	2,807,904	2,643,960	+6%
Clients with access to e-administration	1,058,813	664,695	+59%

Electricity and water

Action	Description
Energy efficient buildings of the Bank's Head Office in Warsaw and Wrocław	<ul style="list-style-type: none"> Savings in energy consumption are driven by, among other things, the use of modern LED lighting in staircases and headquarters offices. In 2020 the Bank replaced the lighting in the Head Office offices with modern LED lighting. The decision was based on improving energy efficiency - reducing CO₂ emissions and analyzing the running costs of electricity consumption compared to modern solutions and their impact on environmental protection. A total of approx. 12,000 fixtures in the old fluorescent technology were replaced with modern LED lighting, thereby reducing lighting energy consumption by 54% and thus reducing CO₂ emissions by 500 tons per annum. 2021 is the first year to see the full impact of this project on energy consumption levels. In the new head office in Wrocław, LED lighting was used in the DALI system with motion sensors and light intensity sensors taking into account the supply of daylight. As a result of the relocation, the old fluorescent lights were replaced with a state-of-the-art system - approximately 850 LED fixtures were installed. Improving the quality of lighting in offices has had a tremendous impact on employee health, well-being and productivity.
Reduction of the operating time of technical equipment	<ul style="list-style-type: none"> In 2021, further optimization of the operating time of the installations in the buildings progressed. To this effect, the settings and technical parameters of various devices were changed, for example, operating time of office lighting, operating time of ventilation and air conditioning and temperature settings in

Action	Description
	individual areas. These optimizations have helped minimize electricity consumption at the Bank's Head Offices.
Energy savings in branches	<ul style="list-style-type: none"> ▪ Advertising banners with traditional light sources were replaced with energy-efficient LEDs in all branches. ▪ Time control of advertising banner lighting using astronomical clocks. ▪ We have consistently increased the number of branches with LED lighting. At the end of 2021, 153 branches used LED lighting. LED lighting is standard in all modernized Corporate Centres and was installed in 4 office locations in 2021. ▪ All facilities have restricted air conditioning operation by installing timers to regulate the running time of air conditioning units. ▪ As a result of the changed opening hours of the outlets due to the pandemic, the operating hours of equipment and lighting in the outlets and own buildings have been reduced.
Rational management of energy consumption	<ul style="list-style-type: none"> ▪ In the Bank's Head Offices, the air conditioning is set at 21 degrees Celsius and ceases to operate after working hours; ▪ During visits of Experts in the Bank's branches, a campaign promoting conscious use of air conditioning in the context of electricity consumption and environmental protection is conducted. ▪ Virtualization of servers has made it possible to reduce the number of physical hardware in the computer centre, which drove down energy consumption for power supply and air conditioning; ▪ In 2021, additional floors at the Bank's Head Office in Warsaw were redeveloped. Occupancy sensors have been installed in all toilets and small kitchens - the lights turn off automatically if there are no people present. In 2020 and 2021, nearly 8,000 sqm of office space has been redeveloped using occupancy sensors in selected social areas. ▪ In the new head office in Wrocław, in the entire lease area, i.e. almost 4,000 sqm, a modern lighting system with occupancy sensors and light intensity sensors has been installed in the open space sections, using daylight supply. The system is designed to significantly reduce utility consumption compared to old-style lighting.
Utility consumption control	<ul style="list-style-type: none"> ▪ It is done on an ongoing basis. Based on the financial data, a consumption ranking of energy recipients 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.
Reducing the working time of cleaning companies	<ul style="list-style-type: none"> ▪ In previous years, the companies worked in an 8 p.m. to 4 a.m. system. This required lights to be turned on during these hours, resulting in higher electricity usage. In 2020, the companies work from 5 p.m. to 10 p.m. Lighting is turned off after 10 p.m.
Optimization of water consumption (branches and head office)	<ul style="list-style-type: none"> ▪ In 2020, the Bank installed 173 state-of-the-art perlators, special tap attachments that visually increase the flow of water through aeration, in 14 of its buildings. Perlators allow to save water consumption in the range from 15% to 25%.

Action	Description
	<ul style="list-style-type: none"> At the Bank's Head Office in Warsaw, some of the perlators were already installed in 2018, generating water consumption savings of 15%. Hot and cold water dispensers are installed in the Head Offices, which encourages office workers to use dispensers instead of buying bottled water. This has the effect of reducing waste - including plastic.

[GRI 302-4] Energy savings in the Bank's locations	2021	2020	2019**	2018	2017
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RETAIL OUTLETS (excluding Millennium Mini outlets)

Branches with LED lighting banners	417 (100%)	456 (100%)	357 (100%)	361 (100%)	355 (100%)
Locations with panels turned off at midnight	409 (98%)	409 (90%)	310 (86%)*	305 (84%)*	307 (86%)*
Energy-saving light sources in branches (LED lighting)	153 (36.5%)	117 (26%)	113 (32%)	100 (28%)	80 (22%)

CORPORATE BANKING OUTLETS**

Branches with LED lighting banners	8 100%	7 100%	7 100%	7 100%	7 100%
Locations with panels turned off at midnight	8 100%	7 100%	7 100%	7 100%	7 100%
Energy-saving light sources in locations (LED lighting)	4 50%	1 14%	0 0%	0 0%	0 0%

BANK MILLENNIUM'S HEAD OFFICES***

Branches with LED lighting banners	3 100%	3 100%	3 100%	2 100%	2 100%
Energy-saving light sources in locations (LED lighting)	2 66%	1 33%	0 0%	0 0%	0 0%

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

**Corporate banking outlets, excluding locations at the same address as the Head Offices or retail outlets.

***Bank Millennium Head Offices understood in terms of city location rather than individual buildings due to dispersed structure.

Fuels

Action	Description
Hybrid vehicles	Cars in the Bank's fleet are gradually being replaced with hybrid models. At the turn of 2022 and 2023, the Bank plans to replace its remaining cars with new hybrid vehicles, which will translate into even greater reductions in exhaust emissions into the environment.
Limiting the amount of business travel	In order to minimize business travel, limits are used for respective types of transportation and remote communication methods are used, such as: e-learning courses, teleconferencing and videoconferencing.
Chargers for electric cars and scooters	The Bank actively supports a green lifestyle in its infrastructure investments - in 2021, charging stations for electric cars as well as bicycles and scooters were launched at the Bank's Head Office in Warsaw.

2.2.2. GREENHOUSE GAS EMISSIONS

For over a decade, the Bank has been monitoring and publishing data on the level of greenhouse gases emissions. In its latest business strategy the Bank has pledged to reduce emission of greenhouse gases in Scope 1 and 2 by 50% in 2022 relative to 2020 and also to strive for climate neutrality by 2027 in Scope 1 and 2 and by 2050 in Scope 3. Below we present information on the emissions in 2021 (compared to 2020) and information on the methodology of the calculations made.

Carbon footprint [GRI 305-1, 305-2, 305-3, 305-4]

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e for Bank Millennium

Scope of GHG emissions	Emission category	Emissions 2021 [Mg CO ₂ e]	Emissions 2020 [Mg CO ₂ e]	difference
Scope 1	Combustion in mobile sources	1,832	1,840	-0.4%
	Combustion in stationary sources	390	405	-3.8%
Total: Scope 1		2,222	2,246	-1.0%
Scope 2	Purchase of heat	8,291	9,917	-16.4%
	Purchase of electricity (location-based)	14,496	16,820	-13.8%
	Purchase of electricity	4,677	11,517	-59.4%

(market-based)			
<hr/>			
Total: Scope 2 location-based		22,786	26,737 -14.8%
<hr/>			
Total: Scope 2 market-based		12,968	21,434 -39.5%
<hr/>			
Scope 3	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (location-based)	4,376	3,120 +40.2%
	<hr/>		
	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (market-based)	1,902	3,120 -39.0%
	<hr/>		
	Cat. 6. Business travel	91	127 -28.4%
<hr/>			
Total: Scope 3 location-based		4,467	3,247 +37.6%
<hr/>			
Total: Scope 3 market-based		1,993	3,247 -38.6%
<hr/>			
Total: Scope 1, 2 (location-based), 3		29,476	32,230 -8.5%
<hr/>			
Total: Scope 1, 2 (market-based), 3		17,183	26,927 -36.2%
<hr/>			

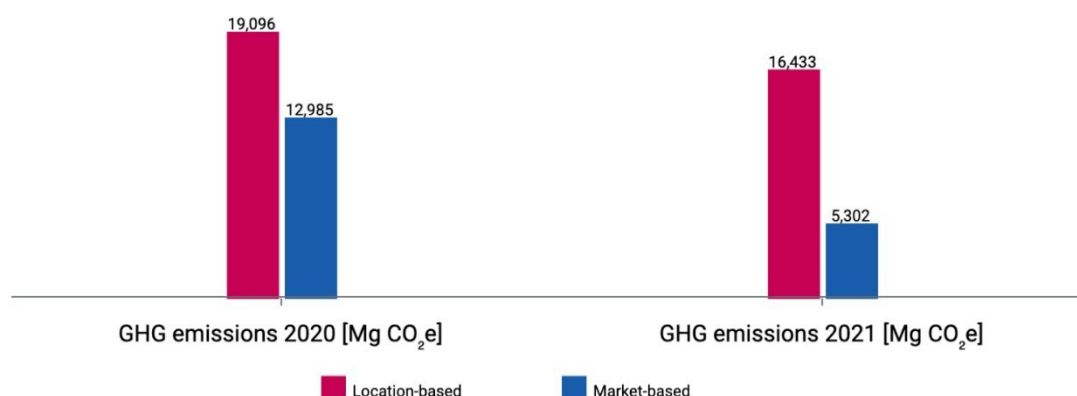
Total (market-based) emissions generated by Bank Millennium in 2021 were 17,183 Mg CO₂e, 36.2% lower than in 2020. In 2021, Scope 1 direct emissions accounted for only approx. 12.9% of Bank Millennium's total emissions, where 10.7% came from mobile source combustion and 2.3% came from stationary source combustion. In 2021, 77.3% of Bank Millennium's total emissions came from indirect Scope 2 (location-based) emissions, where 49.2% of Scope 2 emissions were emitted through the consumption of purchased electricity and 28.1% came from the consumption of purchased heating energy. In 2021, indirect Scope 2 (market-based) emissions accounted for 75.5% of Bank Millennium's total emissions, of which 27.2% of Scope 2 emissions were emitted through the consumption of purchased electricity and 48.2% came from the consumption of purchased heat. In 2021, the share of indirect Scope 3 (market-based) emissions was 11.6%, where 11.1% were energy and fuel-related emissions (not included in Scope 1 and 2, such as electricity and heating generation, transmission losses, or emissions from the fuel generation process), and 0.5% were business travel. Emissions reductions occurred in all categories with the exception of energy and fuels emissions not included in Scope 1 and 2 (location-based). The published DEFRA emission factor for 2021 for this category was doubled, therefore emission level is increased, despite the decrease in electricity consumption.

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e for the Bank Millennium Group

Scope of GHG emissions	Emission category	Emissions 2021 [Mg CO ₂ e]	Emissions 2020 [Mg CO ₂ e]	difference
Scope 1	Combustion in mobile sources	2,076	2,130	-2.5%
	Combustion in stationary sources	424	471	-9.9%
Total: Scope 1		2,500	2,601	-3.9%
Scope 2	Purchase of heat	8,881	11,191	-20.6%
	Purchase of electricity (location-based)	16,433	19,096	-13.9%
	Purchase of electricity (market-based)	5,302	12,985	-59.2%
Total: Scope 2 location-based		25,313	30,287	-16.4%
Total: Scope 2 market-based				
Scope 3	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (location-based)	4,966	3,565	+39.3%
	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (market-based)	2,082	3,565	-41.6%
	Cat. 6. Business travel	91	127	-28.4%
Total: Scope 3 location-based		5,057	3,691	+37.0%
Total: Scope 3 market-based		2,173	3,691	-41.1%
Total: Scope 1, 2 (location-based), 3		32,871	36,580	-10.1%
Total: Scope 1, 2 (market-based), 3		18,856	30,469	-38.1%

Total (market-based) emissions generated by the Bank Millennium Group in 2021 amounted to 18,856 Mg CO₂e, 38.1% lower than in 2020. In 2021, 77% of Bank Millennium Group's total emissions came from indirect Scope 2 (location-based) emissions, where 50% of Scope 2 emissions were emitted through the consumption of purchased electricity and 27.02% came from the consumption of purchased heating energy. In 2021, indirect Scope 2 (market-based) emissions accounted for 75.22% of Bank Millennium Group's total emissions, of which 28.12% of Scope 2 emissions were emitted through the consumption of purchased electricity and 47.1% came from the consumption of purchased heat. In 2021, Scope 1 direct emissions accounted for about 13.3% of Bank Millennium Group's total emissions, where 11.05% came from mobile source combustion and 2.25% came from stationary source combustion. In 2021, the share of indirect (market-based) Scope 3 emissions was 11.5%, where 11% was energy and fuel-related emissions (not included in Scope 1 and 2), 0.5% was business travel. Emissions reductions occurred in all categories with the exception of energy and fuels emissions not included in Scope 1 and 2 (location-based). The published DEFRA emission factor for 2021 for this category was doubled, therefore emission level is increased, despite the decrease in electricity consumption.

Emissions related to the purchase of electricity for the Bank Millennium Group
– location-based vs. market-based



Due to the fact that for electricity purchased directly by the Bank, Guarantees of Energy Origin were purchased in amount of 16,418,875 kWh, emissions related to purchase of electricity in Bank Millennium were reduced by 68% [9,819 t CO₂e] and in Bank Millennium Group by 68% [11,131 t CO₂e], comparing calculation according to the location-based method (where average indicator for Poland is used) to the market-based method (where the energy seller is known, the seller-specific emission factor is used).

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e per mPLN of revenue for Bank Millennium

Scope of GHG emissions	Emission volume/mPLN of revenue 2021 [Mg CO ₂ e/mPLN]	Emissions volume/mPLN of revenue 2020 [Mg CO ₂ e /mPLN]	difference

Scope 1, 2 (market-based)	4.18	5.95	-30%
Scope 1, 2 (market-based), 3	4.73	6.77	-30%

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e per employee for Bank Millennium

Scope of GHG emissions	Emissions volume/employee [Mg CO ₂ e/employee]	Emissions volume/employee [Mg CO ₂ e/employee]	difference
Scope 1, 2 (market-based)	2.29	3.31	-31%
Scope 1, 2 (market-based), 3	2.60	3.76	-31%

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e per mPLN of revenue for the Bank Millennium Group

Scope of GHG emissions	Emission volume/mPLN of revenue 2021 [Mg CO ₂ e/mPLN]	Emission volume/mPLN of revenue 2020 [Mg CO ₂ e/mPLN]	difference
Scope 1, 2 (market-based)	4.36	6.37	-32%
Scope 1, 2 (market-based), 3	4.92	7.25	-32%

Scope 1, 2 and 3 GHG emissions in tonnes CO₂e per employee for the Bank Millennium Group

Scope of GHG emissions	Emissions volume/employee [Mg CO ₂ e/employee]	Emissions volume/employee [Mg CO ₂ e/employee]	difference
Scope 1, 2 (market-based)	2.36	3.57	-34%

Scope 1, 2 (market-based), 3	2.66	4.07	-34%
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Calculation methodology used

The greenhouse gas report was prepared in accordance with the Greenhouse Gas Protocol (GHG Protocol), according to the revised version of: 'A Corporate Accounting and Reporting Standard revised edition, GHG Protocol Scope 2 Guidance Amendment to the GHG Protocol Corporate Standard' and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Supplement to the GHG Protocol Corporate Accounting and Reporting Standard'.

GHG emissions were calculated separately for Bank Millennium (BM) and Bank Millennium Group (GBM), which includes all the other companies (Millennium Leasing sp. z o. o., Millennium Dom Maklerski, Millennium TFI S.A., Millennium Goodie sp. z o. o, Millennium Bank Hipoteczny S.A., Millennium Service sp. z o.o., Millennium Telecommunication Services sp. z o.o. and Piast Expert sp. z o.o. in liquidation, Lubuskie Fabryki Mebli S.A. in liquidation, which do not generate emissions). The operational control criterion was used as organizational boundaries. Bank Millennium has 100% operational control in the listed companies generating GHG emissions.

The scope of emissions reporting includes Scope 1 direct emissions (according to the GHG Protocol) from combustion of fuels in own or controlled energy sources: combustion in stationary sources - natural gas and fuel oil heating boilers and combustion in mobile sources - company vehicles (LPG, gasoline, diesel), scope 2 indirect emissions from the generation of purchased electricity and heating energy consumed, and other scope 3 indirect emissions related to energy and fuels (not included in scopes 1 and 2) and emissions generated during business travel in modes of transportation not owned or controlled by the company.

In order to increase the quality of the carbon footprint calculations, changes were made to the methodology for 2020 and 2021 by systematising the emission factors used, performing calculations for electricity according to the location-based (using the average emission factor for Poland) and market-based (using emission factors specific to energy sellers) methods, and changing the calculation method for business trips (changing the data source from estimates of the distance travelled for air and rail trips to the distance between the city of the start and end of the trip). Additionally, the data for calculations was updated based on actual values from invoices, including invoice corrections for electricity (available after the date of the previous report), which related to electricity consumption and district heating. There were no biogenic emissions in the organization. Total CO₂ emissions (market-based) for Bank Millennium were (in tonnes) 17,167, CH₄: 0.16 and N₂O: 0.04, and for Bank Millennium Group respectively: 18,838, 0.18 and 0.05. 2020 was selected as the base year due to the application of the updated calculation methodology for that year, and because it was the first full year after the acquisition of Euro Bank.

Data used for calculation and measurement of emissions

Fuel and energy consumptions are shown in the tables for Indicator 302-1. Business travel data is shown in the table on p. 38.

Input data source

Combustion in mobile sources:

Diesel, gasoline, LPG - Fuel consumption data comes from a compilation of fuel card reports. Fuel consumption in Millennium Bank Hipoteczny S.A. was estimated on the basis of fuel costs.

Combustion in stationary sources:

Natural gas - Gas consumption figures for Bank Millennium and Bank Millennium Group were estimated on a cost basis.

Fuel Oil - Consumption data comes from invoices.

Purchased energy:

Electricity - Consumption data comes from invoices and was partially estimated based on energy costs. In 2020, invoice data represented 68% of the estimated total energy consumption in Bank Millennium and 69% in Bank Millennium Group. In 2021, 65% and 68%, respectively.

Heating (district) - Consumption data comes from invoices and was partially estimated based on actual costs. In 2020, invoice data represents 7.7% of the estimated total cost of heat consumption in Bank Millennium and 8.2% in Bank Millennium Group. In 2021, invoice data represents 9.5% of the estimated total cost of heat consumption in Bank Millennium and 11% in Bank Millennium Group.

Business travel:

Air travel - emissions were calculated based on reports received from travel agents (distance travelled). In 2021, the travel agent arranged 98% of the flights (by flight cost), so the emissions calculated by the travel agent were approximated to 100% of the emissions in 2020 and 2021.

Rail transportation - For Bank Millennium, data on distance travelled was obtained from reports prepared by the travel agency. In 2021, the travel agent arranged 75% of the travel by train (based on travel costs), so the distance calculated by the travel agent was approximated to 100%. Few train trips by employees of other Group companies were also included.

Road transport (bus, taxi, private cars) - For Bank Millennium the distance travelled was estimated based on actual costs. The distance covered by private cars was calculated on the basis of costs including a flat rate per kilometre (so-called kilometre allowance).

Emission factors

Fuels (combustion in mobile and stationary sources), WTT indicators, business travel - DEFRA 2020, version 1.3 (published 31.07.2020), DEFRA 2021, version 1, CH₄ and N₂O emissions converted from AR4 to AR5 (CH₄ 25 to 28; N₂O 298 to 265).

Electricity location-based - 2019 electricity benchmarks published in December 2020 (benchmark for 2020 data), 2020 electricity benchmarks published in December 2021 (benchmark for 2021 data). Link: <https://www.kobize.pl/pl/fileCategory/id/28/wskazniki-emisyjnosci>

Electricity market-based -

<https://www.ornenpaliwa.com.pl/PL/NaszaOferta/Documents/Struktura%20Paliw%202019%20ORLEN%20Paliwa.pdf> (benchmark for 2020 data)

<https://www.ornenpaliwa.com.pl/PL/NaszaOferta/Documents/Struktura%20Paliw%202020%20ORLEN%20Paliwa.pdf> (benchmark for 2021 data)

The above data, in accordance with the regulations, are published after the end of the year by the end of March of the following year, which is after the time the Bank prepares the report. Therefore, the most current available indicators at the date of the calculation are used in the calculations.

Heat - URE (Energy Regulatory Office); Report "Heating power industry in numbers - 2019" - the latest available document used in the emissions calculations.

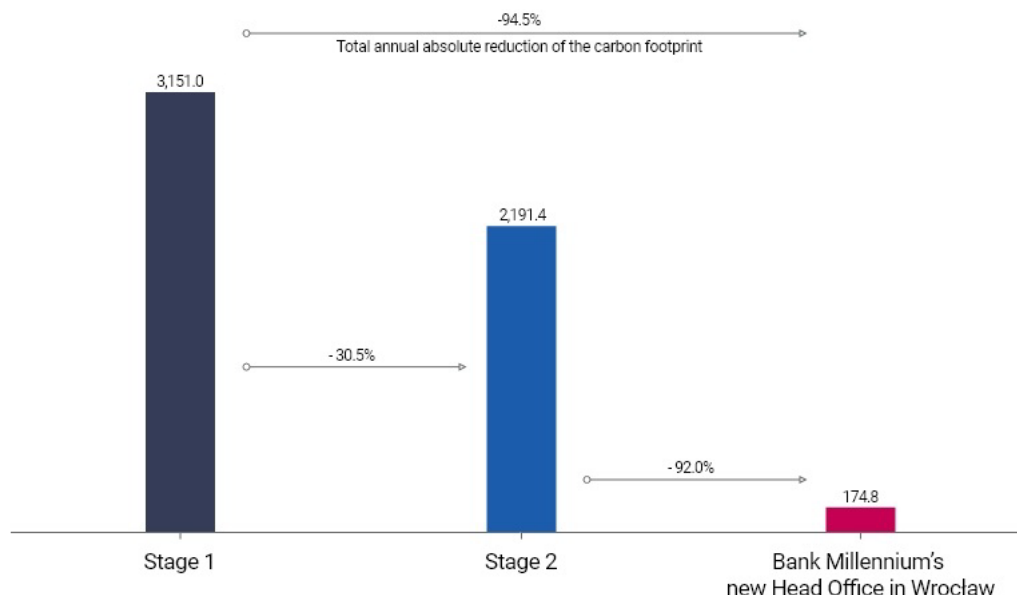
Reducing the carbon footprint of buildings

Bank Millennium attaches great importance to reviewing and reducing the level of emissions from the properties that it occupies in connection with its activities. In 2022, all electricity purchased by the Bank will be covered by certificates of origin from renewable energy sources. The Bank introduces environmentally friendly solutions in its three head offices (in Warsaw, Wrocław and Gdańsk). In 2021, the Bank conducted an energy audit of its premises.

New head office in Wrocław [GRI 305-5]

The head office relocation project in Wrocław started in Q4 2020 and was divided into two stages. Stage one involved the consolidation of four office buildings into one existing location - this optimized the office space, reducing it by 3,200 m², resulting in reduced utility consumption and lower electricity demand. This ultimately translated into a reduction in carbon footprint expressed in tonnes of CO₂ equivalent equal to 959 tCO₂e/year, representing a **30% reduction in carbon dioxide emissions**. The effect of the reductions presented is evident in the data presented in this report.

Stage two of the project involved relocation to the new head office, to which employees moved in mid-November 2021. It is located in a building with a LEED GOLD certificate confirming its energy efficiency and sustainability. The Bank approached the project comprehensively, and environmental solutions were implemented at every stage of the interior design and furnishing project, starting with the introduction of led lighting with motion sensors and a system using daylight supply in the office, which significantly improves the comfort of employees. The wall cladding and part of the ceilings were made of wood wool, improving acoustics, but most importantly coming from sustainable sources, as confirmed by the international Blue Angel certification. The Bank's main objective was to use solutions that have a high recycling rate - for example, the selected carpet is made from 59% recycled materials and some of the upholstery is 100% recycled. For the rest of the equipment, wooden materials were chosen, raw natural plywood/mdf from certified cultivation, in natural colours, thus reducing the use of artificial varnishes and paints. All purchased equipment has an extended warranty period, so that it will serve employees for many years. When selecting products, preference was given to those manufactured in Poland and locally, e.g. decorative lamps made of cardboard were manufactured in Wrocław. The project was accompanied by biophilic concept, which means that there is a lot of plants in the new office space, improving both employee well-being and air quality. **The equipment from the previous headquarters, in turn, was auctioned off to employees in keeping with the "Zero Waste" concept, giving it a second life.** We estimate that this phase will further reduce the carbon footprint by 2,016t CO₂e, representing **92% of the absolute reductions** achieved both through the purchase of renewable electricity certificates of origin, but also through the green solutions described above. The full results of this phase will be reflected in the 2022 Bank Millennium Group ESG report.

Reduction of the carbon footprint of Bank Millennium's Head Office in Wrocław [t CO₂e/year].


The above shows the project summary according to the GHG Protocol standard. A Corporate and Reporting Standard, revised edition, March 2004. World Resources Institute and World Business Council for Sustainable Development. (Revisions and Amendments: Required gases and GWP values, February 2013), Scope 2 emissions calculation methodology: market-based approach (applying purchased electricity emissions rate by energy supplier rate) according to the GHG Protocol. Scope 2 Calculation Guidance. An amendment to the GHG Protocol Corporate Standard, 2015. World Resources Institute.

Total absolute reduction of the carbon footprint of Bank Millennium's Head Office in Wrocław amounted to **2,976.25 t CO₂e/year**, which is a reduction of total emissions from utility consumption by 94.5%. Reductions in emissions from the consumption of: electricity were 99.5%, heat energy - 76%, water - 79% and wastewater production - 81%. The total reduction in emissions of **2,976 tons** of CO₂e/year is equivalent to the emissions of a passenger car circling the earth 362 times, a train journey of one person from Wrocław to Warsaw travelling 269,250 times or the annual electricity supply for 4,789 people.

Model green branch in Gdańsk

Another example of investing in environmentally-friendly solutions is a model ecological Bank Millennium branch, which opened in Gdańsk in 2021. The branch was moved from an old building to a new one that meets strict environmental standards. The project considered the low emission ambitions already at an early planning stage. This was reflected both in purchasing decisions and in hiring an independent partner to calculate emission reductions in accordance with the Greenhouse Gas Protocol standard (Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, revised edition, March 2004). The conscious choice of innovative, environmentally-friendly solutions in the new branch, combined with reduced consumption of energy and other utilities and the purchase of green energy (which is produced by wind power in a renewable energy source, as confirmed by guarantees of origin), has allowed us to reduce emissions by more than 70% compared to the previous location. For a single Bank branch, this means a reduction of nearly 39 tons of carbon

dioxide equivalent per year, which is equivalent to supplying 62 Poles with electricity for the entire year. This is also how much 26 people would save by switching from cars to bicycles for a year.

The emissions data presented in the “Greenhouse gas emissions” section were calculated by independent third-party companies.

2.2.3. ENVIRONMENTALLY-FRIENDLY PRODUCTS AND RESPONSIBLE FINANCING

Environmental activities cover the entire product portfolio of the Bank Millennium Group. Active measures are taken to reduce the use of paper in communication with our clients in all lines of business. Clients may confirm some of the transactions ordered in branches using Mobile Authorization, which has significantly reduced the quantity of paper used for document print-outs.

Individual customers

The **WWF Millennium Mastercard credit card** (APR of 14.77%) is offered as part of the Bank’s long-term cooperation with the WWF Poland Foundation. The card is made with recycled plastic.

Thanks to its virtual form, the **goodie eCard** is a convenient and environmentally-friendly way of giving a gift. The card can be set up in just a few moments in the goodie mobile app. In addition, the goodie app affords access to the electronic versions of the store flyers of many shopping networks thereby reducing paper consumption.

Bank Millennium has investment funds pursuing social and environmental goals in its offering for affluent clients. Moreover, the Bank is regularly working on extending the investment offering it has available to clients in electronic banking channels. Presently, all investment products are made available to clients through remote channels, thereby reducing the number of documents printed in the Bank’s branches, reducing paper consumption and contributing to environmental protection. Furthermore, the option to authorize client instructions using a mobile phone was introduced in the Bank’s outlets in 2021 in processes related to investment products, which eliminates the usage of paper in these processes. In 2022, a similar solution was extended to include savings products (term deposits and savings accounts).

The Bank offers mortgage loans for renovation or modernization of properties, under which the Bank’s clients often use the funds to modernize e.g. a roof covered with eternit, replace the central heating system/furnace, etc.

Corporate customers

The Bank Millennium Group does not finance new coal mines and coal-fired power generation projects, except for new projects related to reduction of pollution. These issues are described in detail in “Environmental Policy of the Bank Millennium Group” section.

In line with the strategy for 2022-24, the Bank Millennium Group will actively support clients as they decarbonise, and will provide PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank and of the Bank’s Group over the next 3 years.

The Bank offers the **Biznesmax Guarantee Program** in cooperation with Bank Gospodarstwa Krajowego. The guarantee is used to secure loans granted to finance innovative projects in the SME sector, including environmentally effective companies. Clients benefiting from the “environmental path” in the Biznesmax Guarantee Program may execute an investment project with at least one environmental category, e.g.: electromobility, renewable energy sources spanning PV installations, technologies to reduce energy consumption, technologies to produce alternative fuels, circular economy, installations to recover raw materials in production processes, etc.

The Bank actively expands the knowledge of its employees on **financing environmentally-friendly projects**. In June advisors and credit analysts in corporate banking took part in a webinar run by a law firm specializing in the renewable energy sector. The meeting was devoted to discussing the specifics of a financing transaction in the PV sector considering the industry's legal and regulatory environment.

Millennium Leasing is consistently involved in the financing of energy savings investment projects in compliance with the Environmental Policy of the Bank Millennium Group and industrial policy. For this purpose, it uses and intends to use programs organized by EBRD (European Bank for Reconstruction and Development) under which it refunds clients for a portion of financing costs for machinery and equipment on the LEME list. This list contains machinery and equipment vetted by engineers that support the reduction of CO₂ emissions and energy efficiency by achieving energy savings of at least 20%. Millennium Leasing also advocates the financing of equipment to generate energy from renewable sources. Since 2019 Millennium Leasing is particularly active in developing the **MilleSun** program dedicated to financing PV investments. Leasing of panels is a solution targeting entrepreneurs focused on reducing the costs of electricity consumption combined with a change in social awareness in the field of environmental protection and keen on building their environmentally-friendly image on a par with the economic efficiency of investments. In the leasing of PV panels Millennium Leasing cooperates with leading reliable suppliers of these types of installations; it offers safe financing on preferential terms and conditions and a greatly simplified process to lease environmentally-friendly investment projects.

In 2022 Millennium Leasing intends to participate in the **Mój Elektryk Priority Program** guaranteeing co-payments from the National Environmental Protection and Water Management Fund to lease electrical vehicles towards the down-payment in agreements to lease electrical vehicles. The co-payments are up to PLN 27 thousand for passenger vehicles (M1) and up to PLN 70 thousand for delivery vehicles up to 3.5 tons, respectively. The purpose of the program is to reduce air pollution emissions by co-funding undertakings to reduce the consumption of fuel generating emissions in transport. The co-funding constitutes support and an incentive to buy/lease zero emission vehicles.

The economy's transition and clients' implementation of sustainable development policies will in the future be a growing source of demand for the financing offered by Millennium Leasing. We anticipate that this growth will pertain in particular to the following:

- investments in energy saving machines and equipment to reduce the quantity and the cost of electricity used per product unit,
- low emission means of transport supporting the reduction of CO₂ emissions in the transportation of people and cargo,
- technologies for generating and storing energy from renewable sources.

2.3. EU TAXONOMY

Taxonomy - reporting obligations

Pursuant to Article 10(3) of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021. (hereinafter: Delegated Regulation) in conjunction with Article 8(1) of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (hereinafter: Taxonomy), the Bank Group is required to disclose, for the period from 1 January 2022 to 31 December 2023, the percentage of exposures to Taxonomy-non-eligible economic activity and Taxonomy-eligible economic activity in its total assets.

Taxonomy-eligible economic activity means the activity described in Annexes I and II of Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021. (hereinafter: Climate Regulation), regardless of whether such economic activity meets any technical criteria indicated therein.

Disclosures on Taxonomy-eligible exposures should be based on the latest available data of the Bank Group's clients that are subject to the obligation to publish non-financial information under Article 19a or 29a of Directive 2013/34/EU (the national implementation of the Directive was made in the Accounting Act of 29 September 1994).

Since at the time of publication of this report (21 February 2022) there were no available client non-financial reports which should form the basis for the disclosures, the Bank Group - as part of voluntary disclosures - made its own estimates based on internal data and surveys sent out to clients.

Based on these estimates, we estimated that as at 31 December 2021, for companies subject to the obligation to publish non-financial information in accordance with Article 19a or 29a of Directive 2013/34/EU:

- The percentage of exposures to Taxonomy-eligible activities in the Bank Group's total assets is 1.33%,
- The percentage of exposures to Taxonomy-non-eligible activities in the Bank Group's total assets is 0.86%,

In addition, as at 31 December 2021:

- The on-balance sheet exposure to central governments, central banks and supranational issuers as a percentage of the Bank Group's total assets was 19.13%.
- The percentage of on-balance sheet exposures on account of derivatives in the Bank Group's total assets was 0.1%.
- The percentage of on-balance sheet exposures to non-financial corporations not required to publish non-financial information in accordance with Article 19a or 29a of Directive 2013/34/EU in the Bank Group's total assets was 16.54%.
- The percentage of trading portfolios and on-demand interbank loans in the Bank Group's total assets was 0.17%.

The above indicators have not been audited and are prepared to the best of the Bank Group's knowledge.

The Taxonomy regulations are currently under intensive development and detailing. Due to the fact that 2022 is the first time that the reports required by the Taxonomy are produced, and this has major impact on the availability of the required data, at the time of publication of the report (21 February 2022) the Bank is in the process of implementing the requirements following from Regulation (EU) 2020/852 into its business strategy, product design processes and cooperation with clients and business partners.

Taxonomy - reporting principles

Due to the lack of uniform interpretation of the EU regulations regarding the concept of "total assets" included in the disclosure under the Taxonomy, it has been assumed that it includes on-balance sheet exposures in accordance with the scope of prudential consolidation for the types of assets indicated in Regulation No 575/2013 of 26 June 2013 (hereinafter: CRR).

In the voluntary disclosure regarding the percentage of exposures to Taxonomy-eligible activities in the Bank Group's total assets and the percentage of exposures to Taxonomy-non-eligible activities in the Bank Group's total assets, as well as in the disclosure regarding the percentage of exposures to companies that are not required to publish non-financial information, only on-balance sheet exposures

to business entities that are non-financial corporations were taken into consideration. Exposures to households, including mortgage-backed, were not taken into account.

In order to determine the group of clients that are subject to the obligation to publish non-financial information, for the Bank Group's clients that are non-financial corporations, internal data were analyzed in terms of the criteria indicated in the Accounting Act, including: sales revenues, assets and number of employees, as well as the legal form of the business. The sources of information analyzed included: latest available standalone annual financial statements and internal information obtained in the course of cooperation with clients.

Based on the data selection process, the Group identified and sent a survey to the group of clients potentially obligated to publish non-financial information. The purpose of the survey was to obtain information on whether the given entity is subject to a non-financial reporting obligation and, if so, whether its activities can be considered Taxonomy-eligible and what percentage of its sales revenue is generated by such activities.

If, in the survey, the client provided information on the percentage of its sales revenue from Taxonomy-eligible activities, that client's exposure to the Bank Group is included in the calculation of the Taxonomy eligibility and non-eligibility ratios as Taxonomy-eligible activities in the percentage provided, and the remainder as Taxonomy-non-eligible activities. If the survey did not provide an answer regarding the percentage of revenue from Taxonomy-eligible activity, it was assumed for the calculation of the ratios that 100% of that client's exposure to the Bank Group is Taxonomy-eligible.

2.4. FULFILLING THE REPORTING REQUIREMENTS

Bank Millennium is getting ready to comply with new reporting requirements resulting from the dynamic development of regulations associated with the drive to achieve the climate objectives established in the Paris Agreement.

The Bank Millennium Group has been reporting information on its environmental impact since 2011, including data regarding the emission of greenhouse gases under Scope 1 and Scope 2 and partially under Scope 3. In Scope 3, the Group is working to prepare for accurate reporting of indirect emissions data. It is expanding its knowledge on this subject by implementing projects with consulting companies, participating in conferences and expert workshops (organized e.g. by the Polish Association of Listed Companies and the Polish Confederation Lewiatan) and in the work done by the Polish Bank Association. In 2021, the readiness of the Bank and selected Group entities (Millennium Leasing, Millennium TFI) to operate in compliance with applicable regulations covering ESG and market best practices on ESG was analyzed. The actions taken are described in the "Management approach to sustainable development" section.

Bank Millennium takes part in the work of the task force established by the Polish Association of Listed Companies, the Polish Bank Association, the Polish Chamber of Insurance and the Reporting Standards Foundation. The purpose of this task force is to develop solutions to facilitate the application of incoming regulations and standardize the format of the data used.

[GRI 307-1] In 2021 the Bank Millennium Group did not receive information on any case of having violated environmental protection regulations.

2.5. ENVIRONMENTAL EDUCATION

Under the tenet that pro-environmental behaviour and everyday choices are at least as important as the environmental solutions implemented in buildings, the Bank runs numerous educational environmental campaigns. The organization is consistently building environmental awareness among

its employees, clients and business partners by running the following campaigns in 2021, among others:

- **Push Yourself, Not the Button Campaign** - encouraging head office employees in Warsaw to use the stairs instead of the elevators. All of the elevator banks in the head office have posters advancing the campaign for leading a healthy lifestyle and choosing the stairs instead of the elevator as they move about on a daily basis. On top of the fundamental goal of building the well-being of employees, this campaign also aimed to minimize electricity consumption.
- **Polish Green Record Campaign** - Bank Millennium has joined the environmental campaign #ZielonyRekord to break the Polish Green Record. In five of our buildings, new greenery and trees have been planted, and new office plants have been added in our upgraded office spaces. The Bank has received a certificate for its participation and exceptional involvement in the campaign.
- **Collection of electric waste and expanding the reach and duration of the environmental charitable campaign** involving the recycling of plastic bottle caps collected in the Bank (the non-governmental organization cooperating with the Bank sells them as a recyclable raw material and it designates the proceeds obtained to help the poor).
- **Advancing the usage of reusable packaging by distributing ceramic mugs to all employees in the head office in Wrocław** to reduce the quantity of waste.
- **Plants in the office.** Lots of plants are used in all newly-commissioned office space, which exerts a positive influence on the atmosphere in the office and the eco-climate.
- **Advising on changes to waste collection** (marketing campaigns, new containers for selective waste with the right logo). New containers are located in the main corridors on every floor in the office. Containers for paper and mixed waste can also be found in kitchen annexes.
- **Most branches segregate waste.** In the first half of 2021 the containers for waste segregated in outlets and financial centres across Poland were replaced.
- In addition, the Bank segregates other waste, e.g. expended batteries and it collects electrical waste. In 2021 the **Bank collected 200 kg of electric waste, 150 kg of batteries and 230 kg of plastic bottle tops** delivered by Bank employees.
- The coffee shop on the premises of the Bank's Head Office in Warsaw has discontinued the use of plastic straws, paper packaging for sugar and plastic packaging for sandwiches, while the staff recommends using your own mugs and dishes.
- Bicycle transport is encouraged and the infrastructure for cyclists is being expanded (additional bicycle racks and showers). In 2021 employees received the possibility of using another six showers installed in Warsaw and four in Wrocław. More than 80 bicycle racks were also added in the new head office in Wrocław. In 2021 the Bank installed bicycle racks for 46 bicycles in its own buildings.

Climate education in Millennium Docs Against Gravity

Bank Millennium has been a long-term patron of the Millennium Docs Against Gravity Film Festival, which informs viewers of many phenomena transpiring in the contemporary world and educates them through the films shown and the events accompanying the Festival. In 2021 the festival was highly focused on the theme of climate change.

The leading motto of the 18th edition of the festival - "The World Awakens" was taken from Greta Thunberg's speech. She is one of the most important environmental activists and the protagonist in the festival's opening film entitled "I am Greta". Additionally, in the summer of 2021 the Millennium Docs Against Gravity Festival ran an educational campaign entitled "The Planet Is Not Available for

Credit” in social media channels jointly with WWF Polska and the Noizz.pl portal to build awareness among their users about what the Day of Environmental Debt entails. During this campaign, the “Greta’s 5 Steps” campaign - a list of steps to defer environmental debt - was announced.

A spot prepared by the Bank aired during the 18th edition of the Festival before films are shown in cinemas and online touches on the aspect of the actions undertaken by Bank Millennium for the sake of sustainable development: <https://www.youtube.com/watch?v=jixbCGhtfio>



3. SOCIETY

BANKING INSPIRED BY PEOPLE

Bank Millennium's priority is to ensure that all of its clients have full access to its services. The Bank endeavours to support clients in the fulfilment of their plans and truly make their day to day life easier. For many years, Millennium has been working on removing infrastructural, digital and physical barriers in access to financial and non-financial services by introducing solutions based on cutting-edge technologies.

In December 2021 Bank Millennium received the "Wrocław Without Barriers" certificate for facilities making it easier to use digital banking and the implementation of architectural adjustments for people with disabilities and conducting staff training on how to serve people with special needs. The organizers also appreciated Bank Millennium's efforts to build a socially responsible brand, which, as the certificate states, "sets an example for the banking services sector and deserves the name of a Bank Without Barriers".

3.1. INNOVATIVE SERVICES

Bank Millennium's digital channels support easy access to banking services and many non-banking options. The Bank is constantly expanding its service offering in the mobile application and the internet banking system to make more convenient and helpful solutions available.

In all its actions the Bank is guided by the idea of making clients' lives better and easier every day. The website, the Millenet internet banking system and the mobile application have been designed with users in mind and jointly with them in the spirit of Human-Centred Design. The goal is for the

Bank's interface to be friendly, offer convenient options and for contact with the Bank to build a positive, personalized user experience. The UX, UI and Communication Teams in electronic channels are responsible for designing services in accordance with clients' needs and expectations. More than 10 years ago the Bank was one of the first players on the market to set up a User-Experience Lab. Its team of researchers work jointly with users to test processes and the interface for digital channels. It also administers surveys, etc. In this manner the Bank would like to illustrate that there are no obstacles to gaining access to its services and no user group should feel excluded. Millennium clients spend more and more time in the digital realm and expect that the Bank will keep pace with them and offer more and more new and improved online services.

During the pandemic banking has proven to be much easier because the Bank, like the overall sector, developed digital services much earlier. However, innovation and further digitalization of client contact have become indispensable. Additionally, the Bank taps into the potential posed by open banking, by implementing and constantly developing banking services consistent with PSD2.

Retail clients

Daily banking and digitalisation

Clients always have their phones with them. That's why the Bank is developing services in the spirit of omnichannel and is betting on mobile solutions in its processes. For instance, clients can apply for additional funds through any fully-remote or hybrid online service channel with the support of a hotline or outlet employee. Additionally, people can easily confirm their income by logging into their account in another bank using Bank Millennium's app, even if they submit their application in a branch. In 2021 the scope of instructions clients can confirm in branches using Mobile Authorization was extended, thereby modifying branch processes into paperless processes.

In 2021 the Bank streamlined its services and new solutions were added to support clients in managing their finances on a daily basis. An option was added to the app to manage card limits and the management of other daily limits was became easier. An option was added to generate a MilleCode reminder in the portal and the app. We also refreshed the appearance of the main screen in the mobile application after login. A new solution involves shortcuts to the most popular services available immediately after login. The screen prior to login was also refreshed and the mobile application activation process was shortened by removing one step.

The Bank continued the educational efforts it launched at the outset of the pandemic to support clients who are just starting their online activity. Special emphasis was placed on clients who up till now used the Bank's services in branches. The Digital Ambassadors project launched in 2020 was continued. This project focuses on branch employees tasked with advancing online services among other employees serving clients in brick and mortar locations. Persons using electronic channels to a limited extent were the second important group to which digitalisation efforts were directed. Educational campaigns and campaigns advancing the available online solutions, e.g. Trusted profile targeted these clients.

Lending processes

In 2021 the Bank continued to streamline credit processes available in online channels and in the hybrid sales model. The Bank has made it easier to make early repayment - previously clients could repay a loan solely from their main account. Now they can select the account from which the amount will be withdrawn. The Bank also introduced a satisfaction survey in the cash loan process. In this survey clients can express their expectations and evaluate the process. This survey is available to clients who finish the process of applying for a loan and to people who decide not to finish it. Clients with access to electronic banking but who do not have a current account received the option to open an account directly in the loan process.

2021 also led to changes in the process of consolidating external liabilities. Clients obtained the option of external consolidation without having to take out additional funds. The Bank also expanded the online process. It took into consideration hybrid sales - launched in an outlet or during a phone conversation with a consultant and then completed by signing an agreement in Millenet or the mobile application.

Streamlining the multiple channel consolidation process:

- additional information with an explanation of how consolidation works;
- spinning off the consolidation process to a separate offer, a new more accessible sequence of components, changes to the UX;
- a detailed calculator showing the instalments clients pay now, the ones they will pay after consolidation for the stated term along with a calculation of the monthly savings;
- other elements of the consolidation process were refined, e.g. the information displayed on loans now contains the opening date and the original loan amount.

On top of the streamlining visible to clients the Bank made other changes that make it easier for branch employees and hotline consultants to conduct hybrid sales.

Digital mortgages

Bank Millennium continued the mortgage loan service digitalization project started in 2020. In this project more digital facilities are successively being introduced for clients. Solutions in this area have been undergoing implementation for several years while the work on digitizing the application process is currently the most intensive. In this short period the Bank designed and implemented a number of facilities that have substantially optimized the processing of mortgage loans and made a positive contribution to clients' experience.

Clients submitting loan applications may do the following:

- go paperless and approve the application to provide loan information using an SMS code;
- conveniently track the status of their application in the mobile application and in the Millenet internet service and in every instance when the application's status changes they receive an update;
- take advantage of an e-appraisal, or a convenient electronic process to appraise the value of real estate.

In November 2021 the Bank made available an option to upload remotely third-party insurance policies in the mobile application and the Millenet internet service. Now clients do not have to visit the branch to deliver documents.

In the mortgage loan area Bank Millennium has been recognized in the voting on the "Golden Banker of 2021" - our mortgage loan was recognized as the best one on the Polish market. In turn, it received a distinction in the Best Mortgage Service category in the ranking for Institution of the Year.

Online investment products

Since 2020 Bank Millennium clients can invest their savings using their computer, tablet or phone. In 2021 the Bank expanded the offering of online investment products, chiefly in the mobile application.

Presently, the Bank's offering makes the following available:

- individual investment funds of Millennium TFI and funds offered by third-party fund management companies to clients in the Prestige and Private segments,
- off-the-shelf investment plans with varying degrees of risk,
- structured deposits.

The MIFID survey can also be filled out and updated online. Clients may conveniently confirm some instructions regarding funds submitted in a branch in the mobile application without having to sign any hardcopy documents.

Additionally, the Bank conducts actions to make it easier for clients to take well-informed investment decisions, including:

- it gives access to educational materials and online films;
- it prepares a monthly summary of markets;
- it administers dedicated campaigns;
- it holds webinars run by experts.

Open banking

Bank Millennium has tapped into the potential offered by PSD2 to support innovation in open banking services. We are a market leader in this area and we are observing that it is constantly becoming more popular. Tens of thousands of our clients have already benefited.

Contemporary users appreciate the full service available on a mobile basis and in a single spot, while Bank Millennium's open banking services give them a single platform on which they can manage their finance with ease. Checking balances and executing wire transfers from different banks are useful solutions in daily banking while the income verification service makes it easy and speeds up the submission of a cash loan application whether online or in a branch or using the hotline without having to deliver any additional documents or hard copies of bank statements.

Bank Millennium makes the following available through open banking:

- The 360° Finance service making it possible to check your account balance and transaction history on bank accounts in 9 other banks: Alior Bank, BNP Paribas, Bank Pekao, Citi Handlowy, ING Bank Śląski, Inteligo, mBank, PKO BP and Santander Bank;
- The option to initiate wire transfers through your Milenet internet service using accounts in 6 other banks: Alior Bank, Bank Pekao, ING Bank Śląski, mBank, PKO BP and Santander Bank;
- Confirmation of income in the cash loan process by logging into one of 8 other banks: Alior Bank, Bank Pekao, BNP Paribas, ING Bank Śląski, Inteligo, mBank, Santander Bank and PKO BP;
- The process of opening a personal account using identity confirmation by logging into your account in one of 7 other banks: Alior Bank, Bank Pekao, BNP Paribas, ING Bank Śląski, mBank, Santander Bank and PKO BP;
- The process of opening a company account for sole proprietors using identity confirmation by logging into your account in one of 7 other banks: Alior Bank, Bank Pekao, BNP Paribas, ING Bank Śląski, mBank, Santander Bank and PKO BP;
- The process of submitting an instalment loan application - clients who would like to pay in instalments for purchases in the web stores of Bank Millennium's partners can confirm their identity when submitting an application by logging into one of the banks in which they have an account (8 banks available in this service): Bank Millennium, Alior Bank, Bank Pekao, BNP Paribas, ING Bank Śląski, mBank, Santander Bank and PKO BP;
- The Bank also employs open banking to propose more customized products to clients who have taken advantage of combining their accounts - based on the history from another bank we are capable of calculating loan proposals and offer savings or investment products.

The Bank is constantly working on expanding the current services to include more banks and on introducing new solutions that will tap into the possibilities afforded by open banking.

Cooperation with the public administration

For years Bank Millennium has been collaborating with government agencies and has participated in building digital society and popularizing e-administration. The Bank's clients may take advantage of the Trusted Profile, log into PUE ZUS and the Bank, they can submit applications for 500+ and 300+ benefits in internet banking. From January 2022, customers can also submit applications for the 500+ benefit and Rodzinny Kapitał Opiekuńczy (Family Care Capital) benefits in the mobile application.

Mobile application and valuable added services (VAS)

For several years we have been observing the dynamic growth in the number of users taking advantage of mobile applications, which is simply proportional to the rising popularity of smartphones and recently to wearables. Young people who live in a virtual world treat mobile solutions as a standard. In response to these expectations bank applications transcend current services and are becoming platforms that aggregate many useful services on a daily basis.

Bank Millennium's mobile application is a modern and convenient platform to manage daily dealings. For instance, clients can pay for parking, motorway tolls or public transport; they can buy tickets to the cinema or they can insure their car. The application supports the purchase of tourism insurance using the innovative Travel Assistance service. It also helps in updating data in identity documents and conveniently using credit products and investing savings. Access to quick assistance is also important, e.g. through live chat or block a lost card on your own. We are also developing solutions employing artificial intelligence. Clients can already use the assistance of Milli in Bank Millennium's application. This automatic assistant is ready to help 24 hours a day, 7 days a week, it learns quickly and it can become a loyal companion in daily banking.

In 2021 this application was integrated with Huawei Mobile Services and is available in the AppGallery - clients who have the latest Huawei mobile devices can use it.

Solutions introduced in 2021:

- We have introduced a version of the app for children aged 7-12 with an exceptional function called "Ask for Pocket Money" and the option to open an account for a child in electronic channels;
- We were the first bank to make BLIK contactless payments available in Poland;
- We have made an innovative app available to be paired with Apple Watch - it works regardless of the handset and makes it possible to pay using BLIK and confirm transactions routed online and some instructions submitted in the branch;
- We have developed access in the app to the goodie shopping platform - we have observed growing interest in the e-commerce market and we are making it easier for clients to gain access to these services with an option to benefit from special discounts, promotions and the cashback offer;
- We have added the option to buy investment funds;
- We uploaded new modules to recognize speech and understand intentions. They enable the Milli chatbot to understand the words uttered by users better and give advice, e.g. on how to unblock their PIN code or change their limits;
- We refreshed the main screen and the screen preceding login, we added convenient shortcuts to the most popular functions and the option to manage card limits;
- We added more instructions submitted in a branch that can be authorized in the app instead of using a hardcopy signature;
- We have launched a contextual live chat function, e.g. on a cash loan application.

Support for business

For years Bank Millennium has blended innovation with designing services transcending the purely banking area. That is why we also give tools to people running a business to support them in building a modern competitive business.

We support the Bank's clients and clients who have not had a relationship up till now with the Bank in remotely opening a company account. We were the first to start confirming clients' identity in the process of opening a company account by using open banking. We are successively adding banks through which this can be done.

In 2021 we introduced a new online process to open a company FX account. Additionally, we made it easier to wire money between your own accounts and we started to create a remote cash loan process for business activities. In a pilot project we made available an option to sign a loan agreement remotely - this also applies to loans a de minimis guarantee.

One of the more important projects launched with businesses in mind was the innovative package Smart Terminal Plus, which was introduced in the latter half of 2021. Clients who run trading activity can take advantage of this package. In that case they obtain a modern sales position with an innovative terminal to handle payment cards, a sales app and a compact fiscal printer. Smart Terminal Plus supports the management of your product assortment, the merchandise base and warehouse levels, rapid sales, adding and configuring new merchandise, setting prices, discounts, issuing invoices, generating reports and thanks to the available analysis of sales, receipts and fiscal data this also supports the efficient review and optimization of costs.

The Bank also participated in the distribution of funds under the grants in the Polish Development Fund's Financial Shield for companies that suffered damage due to the COVID-19 pandemic during this program's first and second rounds. The processes used to apply for and make settlements on these grants were available in the Millenet system and in Millenet for Corporates.

New solutions for Corporate Banking clients

A module supporting two-way exchange of electronic documents with clients has been launched in the Millenet transaction system for Corporates. Depending on the type of document being used, the module customizes the required and possible actions to be performed by Bank Millennium and its clients, making it a friendly and intuitive solution for its users. Clients and the Bank have the option to approve or reject the documents being sent and to give comments on them until the final language is agreed upon. This module supports the uploading of documents containing a qualified signature, while every version of the document sent to a client contains the Bank's electronic signature. Clients are advised by an SMS when a document is made available. Documents and the history of their exchange are a convenient digital archive for clients, and this archive is accessible to authorized system users. An extension of the document exchange module is slated to be launched in early 2022 to include automatic verification of electronic signatures. It will also generate certificates and conserve electronic signatures. The digital exchange of documents will substantially reduce the usage of paper and the number of consignments and meetings needed to exchange documents with clients, which is also important in the context of the risks related to the COVID-19 pandemic.

The Bank also implemented new tools to support the work done by clients in the Millenet transaction system. Currently, clients can obtain technical support from Millenet Experts through the chat function and voice calls involving the co-browsing functionality.

The extension of the FX platform's accessibility was a very important improvement - clients can use it 24 hours a day, 5 days a week. The functionality of the platform has also been extended to include conditional orders. This was made available to clients in January 2022.

Leasing clients have received a new set of reports in the Millenet lease module, giving them convenient access to complete data pertaining to lease agreements, instalments, invoices and insurance for the leased assets.

Clients' interest in handling electronic orders for granting guarantees and opening letters of credit on the Bank's trade finance platform is on the rise. At the end of 2021, some 91% of the orders for extending a bank guarantee and opening documentary letters of credit under lines were submitted by clients electronically. Nearly every third guarantee took the form of an e-guarantee, i.e. an electronic version of a guarantee with the guarantor's qualified electronic signature.

The Bank has also developed the MillenetLINK service to integrate clients' finance and accounting systems with the banking transaction system. This solution has been enriched to include a reporting module, handle prepaid cards and international wire transfers. The creation in Millenet of a register of prepaid cards to process a large number of cards and personalize them was a major way of streamlining for clients utilizing e-commerce transactions.

3.1.1. OFFER DESIGNED TO MEET CLIENTS' NEEDS

Bank Millennium and the Bank's Companies offer products and services to improve their clients' living conditions, facilitating management of their finances and savings that are also environmentally friendly. Environmentally-friendly products are described in the section entitled "Environmentally-friendly products and responsible financing" while solutions related to the COVID-19 pandemic are described in the section entitled "Service and support for clients in the COVID-19 pandemic second year".



The Bank's purpose is to provide convenient solutions that really make clients' lives easier and help them achieve their financial targets. One example of this approach is the Bank offering the **360° Account**.

The 360° Account offering is universal and designed to address the needs of various client groups, irrespective of their age and income.

Accounts for younger clients are always free of charge, while the 360° Account allows for a fee exemption even if the monthly amounts credited to the account are not very high. The Bank does not have a requirement for a minimum amount of a single incoming amount or a source of income. It suffices for the sum total of proceeds to be at least PLN 1,000, regardless of whether that is for proceeds from salary, social benefits, a scholarship or cash deposits.

What's more, when fulfilling the requirement for the account to be free of charge, meaning meeting the minimum proceeds threshold and executing at least one payment by a card attached to the account or by BLIK in a month, the client will also not pay a fee for **withdrawals from ATMs**. That means that clients who have problems with mobility (older persons or persons with disabilities) may use ATMs in convenient locations without incurring fees for withdrawals from third party ATMs.

Clients whose finances do not suffice to pay for doctors to make house calls may benefit from them in the event of a sudden illness or if their child falls ill under the **Very Helpful Package** offered in conjunction with the 360° Account. This package also provides the assistance of a plumber or an electrician or the repair of equipment such as household appliances, radio and television equipment, smartphones and tablets. When selecting an account with the Very Helpful Package clients can take advantage of 7 interventions a year. The package is free of charge for six months after opening the account.

Having younger clients in mind the Bank's offer contains the **360° Student Account** for people aged 18 to 26 and **360° Junior Account** for clients who have not yet turned 18. As it is endeavouring to help them take their first steps in the world of finance, the Bank does not charge fees for account

handling, while their debit card and withdrawals from ATMs are free of charge provided that they execute at least one transaction a month using a card or paying by BLIK. Since May of 2021, children aged 7 to 12 may use a mobile application and a payment card for the 360° Junior Account designed to meet the needs of the youngest users. These modern tools help introduce children to the world of finance and teach them how to use technology safely.

3.1.2. BANKING WITHOUT BARRIERS

[GRI FS14] The Bank's purpose is to dismantle digital and physical obstacles to financial and non-financial services. Bank Millennium is not only a financial services centre for clients. It is also the first access channel for other services, e.g. in the mobile application clients can buy tickets for urban transport, pay for parking or buy car insurance simply by scanning the code in their registration document. Remote contact with Polish government offices is also possible through internet banking. The Bank is striving for all our clients, including clients with disabilities to have convenient access to financial services. That is why many facilities have been implemented for blind and visually impaired people and people who use wheelchairs for their mobility.

- **Bank Millennium's website, the Millenet internet banking system and the Bank Millennium mobile app** are continuously being adapted to meet the needs of blind and visually impaired individuals. The websites are written in simple and easily understandable language for the user and may be read by automated text readers. A visually impaired user can use the website with a keyboard - the mouse is not needed to navigate the portal. Moreover, the site has a text zoom feature and is designed for high-contrast reading.
- **Users of smartphones with fingerprint readers may log in to our mobile app with a fingerprint.** In the same manner, they may also validate online card transactions using 3D-Secure. Also, owners of iPhone X or newer models may log in using the FaceID facial recognition feature. Our mobile app is adapted to the needs of blind and visually impaired persons owing to its compatibility with access-enhancing services such as Google TalkBack (Android) and VoiceOver (iOS) that enable the presentation of information using speech. Clients can also use the assistance of a chatbot in the Bank's application. Our automatic assistant available 24 hours a day, 7 days a week may serve as a valuable guide to daily banking. Clients can use the assistance of Milli in Bank Millennium's mobile application. It is capable not only of greeting and responding to various questions, it can also perform orders such as submitting a wire transfer. These types of solutions based on artificial intelligence significantly contribute to enhancing the inclusiveness of the Bank's services.
- Bank Millennium is one of the first companies to begin adapting its website to the needs of people with disabilities. In recent years Bank Millennium has been honoured with an award for its "Website without Obstacles" conferred by the "We Are Seen" Foundation in the 9th edition of the contest for ensuring that its website is accessible to people with disabilities. The Bank received an award in the TOP CDR contest entitled "Technologically Responsible Firm" (first place in the Digitalization category and the public's award) for the digitalization of services and banking without obstacles in April 2020.
- In response to the increased need to use online services in connection with the pandemic, the EDUPORTAL education portal was created on the Bank's website. It is available at <https://www.bankmillennium.pl/en/firststeponline> and directly from the main page in the Support tab. The campaign entitled "First Online Step" encouraging people to use digital channels was formed in parallel. Short films are an

important part of Eduportal. They differ from the instructional films available till now because they employ advisors who explain the core processes in a clear and accessible manner. The presence of a live person is in particular supposed to break down barriers when dealing with users who prefer personal contact with an advisor and who are afraid of automatic or remote elements. The selected actors have friendly physiognomy, a warm tenor and a calm tone of voice - they slowly explain, step-by-step, how to use Millenet and the mobile application.

- **Children's app** - in 2021 Bank Millennium made a special version of the mobile application available to children aged 7 to 12. This app is not only a helpful gadget, but it is also a tool to introduce children to the world of finance and use technology safely. During activation the application recognizes the user and adapts the version to his or her age. The children's app supports payments by phone or BLIK. It is friendly to the youngest users and it was designed together with them - it has a simplified menu, children-friendly language and a made-for-children design. At the same time, it gives parents total control over a child's spending, special transaction limits and the option for a child to block a card, and for the parents to block a card using their application. The app grows with the child. After turning 13 years of age the version of the app installed in the birthday child's phone automatically changes to the currently available version for people up to 18 years of age offering a greater number of services.
- **ATMs and deposit machines** - disabled people with movement impairments can use the numeric 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 to enhance contrast and the legibility of displayed messages. 100% of Bank Millennium's own ATMs are customized to meet the needs of people with disabilities. The network of deposit machines was extended by another 107 machines in July (deposit functions were launched in Euronet's ATMs located in Bank Millennium's outlets).
- **Access to outlets** with architectural barriers - nearly 70% of the Bank's branches are accessible to people with disabilities. When modifying and upgrading its branches, the Bank pays attention to eliminating architectural barriers.
- **Customer service desks with seating** offering wheelchair access are in place in all of our outlets, while in 190 branches (roughly 46%) this also applies to cash handling services.
- **Service over the phone** - clients using the Bank's Hotline can use the voice command feature during the call instead of using the phone's keypad.
- **Easier signing of agreements** - blind or visually impaired persons or people who cannot read can still sign an agreement with the Bank on their own in the presence of two employees of the outlet and - upon the client's express wish - a witness the client considers to be a trusted individual. 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 receive the general terms and conditions of agreements and bylaws in forms that make it easier for them to familiarize themselves with their contents**, e.g.: a document prepared using a large font size, an audio file or a file prepared in the Braille language.

- **Service standards for persons with disabilities** - detailed guidelines which are binding on the employees of all of the Bank's outlets.
- The Bank is also extending the idea of a world without barriers to other areas in which it is active, i.e. in patronage of culture. During Millennium Docs Against Gravity, Poland's largest documentary film festival, cinema films were available with audio description to **make it easier for people with vision impairments to access the world of culture.**

Bank representatives also participate in the work of the Polish Bank Association to enhance the accessibility of sites and services to people with disabilities.

Accessibility of the Bank's services	2021	2020	2019	2018	2017
Number of outlets	440	477	602**	361	355
% of outlets accessible to persons with disabilities	70%	67%	63%**	72%	91%
Number of franchise outlets*	215	225	not applicable	not applicable	not applicable
% of franchise outlets accessible to persons with disabilities	40%	39%	not applicable	not applicable	not applicable
Number of ATMs	480	479	498	487	483
% ATMs accessible to persons with disabilities	100%	100%	100%	100%	100%

* The franchise network has been operating within Bank Millennium's structures for the entire year since 2020 (in previous years it operated within the former Euro Bank)

** Total data for Bank Millennium and the former Euro Bank, the decline in the number of accessible branches stems from the merger with Euro Bank (data net of the franchise network).

[GRI FS13] Access to financial services in low-populated or economically disadvantaged areas

Access to financial services in low-populated or economically disadvantaged areas	2021	2020	Change
Total number of points of access to financial services (total number of own outlets, franchise outlets and sales islands in shopping centres)	655	702	-7%
Number of points of access to financial services in low-populated* or economically disadvantaged areas**	217	228	-5%
Percentage of the number of access points in low-populated or economically disadvantaged areas	33%	34%	-1 pp

** The voivodships with the lowest population density in Poland according to GUS data are as follows: Podlaskie, Warmińsko-mazurskie, Lubuskie, Zachodniopomorskie, Lubelskie, Opolskie and Świętokrzyskie*

*** The voivodships with the lowest economic activity in Poland according to the Bank's Local Data, are as follows: Lubuskie, Opolskie, Podlaskie, Pomorskie, Warmińsko-mazurskie, Zachodniopomorskie, Świętokrzyskie*

3.1.3. SERVICE AND SUPPORT FOR CLIENTS IN THE COVID-19 PANDEMIC SECOND YEAR

In 2021 the Bank made a number of new electronic banking solutions available as described above to support the idea of safe banking from home and it actively educated clients on how to take advantage of online banking services. The digital exchange of documents substantially reduces the number of meetings needed to exchange documents with clients in Corporate Banking, too.

Branches serve clients while observing the sanitary guidelines in force. The Bank's branches employ safeguards in the form of shields and personal protection equipment.

Since the very beginning of the pandemic, the Bank has taken part in the distribution of public aid programs, dealing with individual and corporate clients with the same care and attention. In 2021 the Bank along with the entire banking sector supported the aid program under the Financial Shield 2.0 by making available the process of applying for grants and the process of submitting declarations on the settlement of grants.

The Bank ensures a safe work environment for its employees. The measures undertaken in connection with the pandemic, including a special employee support fund are described in the sub-section entitled "Measures continued in connection with the COVID-19 pandemic".

In April 2020 the Bank Millennium Foundation and Bank Millennium joined the battle against coronavirus by endowing the amount of PLN 500,000 to the Institute of Bioorganic Chemistry of the Polish Academy of Sciences which designed the first Polish tests to detect the presence of SARS-CoV-2. More information on this subject can be found in the section referred to above.

The program #słuchaMYwspieraMY (#WElistenWESupport) is our response to the needs of local communities and clients ensuing, among other things, from the circumstances related to the pandemic. Information regarding this program can be found in the sub-section "Charitable campaigns and employee volunteerism".

Financing backed with a guarantee from Bank Gospodarstwa Krajowego according to Covid rules

In collaboration with Bank Gospodarstwa Krajowego Bank Millennium ran three guarantee programs in 2021 to secure loans extended to companies: de minimis guarantee, liquidity guarantee under the Liquidity Guarantee Fund and Biznesmax guarantee.

De minimis guarantees are designated for small and medium enterprises. This program functioned throughout 2021 according to modified rules to make it easy for companies to obtain access to credit and amortize it - the term of the guarantee was extended, the cap was raised, the commission paid to BGK for granting a guarantee was suspended and it became possible to secure loan amortization in a foreign currency using the guarantee.

The **Biznesmax Guarantee Program** in the formula in force in the Bank pertains chiefly to financing companies focused on carrying out environmentally-friendly projects and is described in the sub-section entitled "Environmentally-friendly products and responsible financing".

We also continue to pursue the **FGP Liquidity Guarantee Program** launched in 2020. It forms an element of the government's anti-crisis shield. Its purpose is to support the financial liquidity of medium and large economic entities. These guarantees secure up to 80% of the loan principal with a maximum guarantee amount of PLN 200 million.

The FGP Liquidity Guarantee Program and the more favourable terms and conditions of the de minimis and Biznesmax programs will be in place at least until 30 June 2022.

Millennium Leasing was one of the first companies in Poland to join BGK's guarantee program for lease transactions to increase the accessibility of financing during the pandemic for clients in the SME segment.

3.1.4. TOP QUALITY CUSTOMER SERVICE

The customer service quality is one of Bank Millennium's fundamental values. The distinct nature of the market precipitated by the COVID-19 pandemic exerted a large impact on the Bank's actions in customer service and the scope and quality of products and services. The starting point was a thorough analysis of market trends and clients' new expectations and their approach to banking. By constantly monitoring clients' needs Bank Millennium effectively customizes its solutions to the rapidly changing market.

For Bank Millennium 2021 was a period in which it continued to ramp up the accessibility of services in its remote channels in terms of communication and the ability to execute transactions. Bank Millennium focused on strengthening its capabilities in terms of client self-service while simultaneously providing support to employees. The Bank combines modern banking methods effectively and in line with clients' needs through its mobile application and transaction system with constant access to its highly qualified of branch advisors and telephone consultants in all its lines of business. The rapid growth of service provided by remote advisors, also for affluent clients, augmented convenience in access to the Bank's products and services.

Another challenge affecting the improvement of client service in remote channels was the integration of contact channels and even greater flow of information about client needs. The solutions developed to accommodate service in branches and remote service make it possible for clients to switch between service channels seamlessly and execute transactions, including ones started in some other contact channel in a way that is convenient for clients. Augmenting flexibility and conveniently switching contact channels give clients the feeling of consistent service, and thereby doing their banking comfortably.

Bank Millennium has made dynamic efforts to enhance client satisfaction - not only in terms of direct service but also in terms of the transparency of communication and simplifying the language used. Bank Millennium's signing of the "Declaration on the Plain Language Standard" generated an impulse for the institution to do more work on improving quality by simplifying communication - externally and internally.

Building processes and solutions based on clients' perspective translates into loyalty, satisfaction and a positive banking experience. According to the results of the internal customer satisfaction survey, 94% of retail clients were satisfied with their cooperation with Millennium, while the level of recommendations given by retail clients held steady - the NPS score in 2021 was 51.

Bank Millennium is one of the very top rated banks in Poland in terms of satisfaction, loyalty and its NPS score, as has been confirmed by the Client Satisfaction Monitor research performed by ARC Rynek i Opinia and the NPS benchmark survey performed by Kantar.

The quality-focused actions taken by the Bank have garnered appreciation in one of the most prestigious customer service rankings - "Newsweek's Friendly Bank". Bank Millennium took first place in the category "Every One's Bank" and second place in the category "Remote Banking". Bank Millennium was on the podium in the main category "Golden Bank - the best multichannel service quality" in the "Golden Banker" plebiscite in 2021.

3.1.5. CUSTOMER SERVICE STANDARDS

Bank Millennium has uniform client service standards across all of its contact channels. They are customized to the type of unit, the tasks fulfilled and the adopted business model. Standards are available for employees of outlets, teams providing services to Prestige Clients, Corporate Banking Clients, teams dedicated to the Hotline, electronic communication, the unit handling client complaints and employees of the Bank's Head Office. All guidelines are discussed in detail during preliminary training and exercised in practice.

The Bank has implemented a new model to open accounts and start relationships with clients in outlets. This solution makes it possible to preserve balance between clients' needs and business targets and the approach to digitalization. The service model has been designed on the basis of surveys and tests with clients using design thinking, creative techniques and behavioural economics.

The Client Service Standards in force in the Bank's outlets and hotline are the basis for the scripts functioning in the Bank for talking with clients about various product groups:

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

Client Service Standards provide specific guidelines of conduct on how to greet/say goodbye to clients, talk to clients, present the Bank's products, clarify doubts and handle clients' complaints.

In the Bank's outlets and the Hotline, the Client Services Standards are augmented and supplemented by **Client Call Scripts** regarding various products: personal accounts and accompanying products, credit products and savings and investment products. They define the framework of calls with clients on the Bank's products. These scripts refer to specific parts of client service, procedural and regulatory duties. The service standards are to limit the risk of unethical sales and providing clients with insufficient information. **In 2021 sanitary risk was an additional risk connected to the prevailing COVID-19 pandemic. Outlet employees received detailed guidelines (verified in accordance with the current recommendations given by the Ministry of Health) on how to mitigate the risk of becoming infected with the virus.**

3.1.6. RECOGNIZING CLIENT EXPECTATIONS

Recognizing clients' expectations is always the first part of each and every project in Bank Millennium. The outcome of this approach is verifying, and then modifying a process, product, communication or client service model. Regularly performing this activity makes it possible to maintain the quality of service at the highest possible level in every service channel and observe trends on the financial services market.

Another important part of analysis is researching and recognizing the causes of clients' specific expectations and the impact exerted by the current social situation on their needs. The devised solutions are tested with clients and employees before implementation.

In 2021 Bank Millennium conducted quantitative and qualitative research on market trends and specific product and service assumptions. Projects employing **Service Design** methodology in which fully understanding clients' needs is crucial also provided inputs. These projects contributed to streamlining service quality and developing the product offering.

Just as in previous years, this research was conducted using samples of retail, corporate and affluent (Prestige) clients and microbusinesses (Small Business).

Quality and satisfaction Survey Bank Millennium	2021	2020	2019	2018	2017	2016
Surveys conducted	56	47	25	27	21	24
Number of Mystery Shopping visits	3,854	3,059	2,768	3,500	4,065	3,900

Satisfaction and the level of recommendations among retail clients remained very high, with an NPS score in 2021 of 51 and 94% satisfied clients.

Bank Millennium	2021	2020	2019	2018	2017	2016
NPS ratio*	51	53	53	51	51	39

**indicates the willingness to recommend the products and services to clients. The presented data refer to the Bank's internal research and pertain to retail clients.*

The Bank also conducted research into the satisfaction of corporate clients. This research demonstrated that the upward trend in satisfaction has also been maintained during the pandemic (NPS rose to 49).

Incoming calls to the hotline are monitored in Millennium Leasing making it possible to analyze telephone traffic and the reasons for which clients are calling. A survey was performed in the hotline in connection with cooperation with Bank Millennium in 2021. Clients could share their feelings or remarks directly after their call with a hotline consultant. The compiled responses are analyzed and on their basis actions are taken to modify and improve the elements designated by clients. The company also conducted two surveys by phone with clients in 2021 during which it asked about they think is important in their ongoing cooperation and after-sales service (which also pertained to the e-customer service point). The responses in both surveys were analyzed and on the basis of the compiled information, a plan was prepared to introduce changes in the areas identified by clients in these surveys.

3.1.7. COMPLAINTS MANAGEMENT

The Bank's aim is to build a positive client experience and increase client service satisfaction during the complaint handling process. The documents governing the issues related to complaints are the product rules and the "Complaints Handling Instructions". **The results of this policy are visible, inter alia in the streamlining of complaints handling processes, the shortening of the time to examine cases and the empowering of employees who have been trained on the rules of plain**

communication with clients. [GRI 102-15] To mitigate reputational, legal and financial risks, the Bank has implemented internal regulations aimed at ensuring full compliance with the Act on complaint examination by financial market entities and on the Financial Ombudsman and the Payment Services Act.

Clients may submit complaints through many channels: in the branch, by phone, through electronic banking and by mail. Highly active clients are invited to participate in tests and issue opinions on newly created products and systemic solutions. **All of the problems raised by clients are analyzed.** The conclusions drawn from analyzing complaints and client suggestions are taken into consideration when streamlining products and services. In 2021, under the program for eliminating the causes of VOC (Voice of Customer) complaints, 172 smaller and larger initiatives were launched - 117 initiatives were implemented, 22 were rejected following analysis while the other ones are still undergoing implementation.

Multiple actions were taken to streamline the complaints handling process to shorten the time for examining complaints and increase the level of client satisfaction:

- Roboticization was used to handle recurring operational tasks. Several robots are active in this process. Their activity is monitored and developed on an ongoing basis. Work is underway on implementing additional ones.
- The Bank continued to pursue monthly client satisfaction monitoring in respect of the complaints handling process and the Close the Loop process, in other words, analysis and contacts with clients who negatively assessed this process. In that way it is possible to track the client satisfaction level on an ongoing basis, analyze the reasons for satisfaction or dissatisfaction and take actions to augment client satisfaction.
- The project “Embrace the Problem” is ongoing. Its purpose is to support employees who are directly involved in client service as they solve clients’ problems by advising them of the most frequent cases and the need to accept justified and complete notifications.
- System-generated messages for branch and Contact Centre employees are still being used and developed. They show how to solve client problems properly and to which department a given request / inquiry should be directed. This makes it possible to shorten waiting time and avoid notifications erroneously recorded as complaints.
- In 2021 a project called “Direction towards Quality” was established. The project’s main assumptions are as follows:
 - Regular e-mail education for employees of the Client Relations Department who are responsible for examining client complaints.
 - Regular workshops on plain language - employee skills in writing in plain language are constantly being refined. In 2021 the Bank cooperated with a plain language expert from the Plain Polish Workshop and trained plain language consultants. Another series of training sessions was conducted on the rules of plain language for employees in the Client Relations Department.
 - The monthly qualitative evaluation of responses to complaints - the Bank evaluates texts in the following terms:
 - the merits and the solution of clients’ problems
 - the structure of the information (visual transparency)
 - crafting sentences in accordance with the rules of plain language
 - maintaining relations.

- In 2021 the Bank has devised and implemented a number of improvements in the application to review complaints to enhance the effectiveness of complaints handling. They help preserve the binding standards in respect of the timeliness of examining complaints and procuring a high standard of replies. The largest change was implemented in May 2021 and it pertained to preparing replies to complaints. At present, employees can prepare and edit replies regardless of the channel of response directly in the application in which complaints are examined. It contains a database of response templates which every employee can use. This database is constantly being developed to include new content, which is vetted by plain language consultants.
- The implementation of monitoring and reporting tools to control better the quality of the process, its timeliness and efficiency.
- Implementing a reporting centre to share knowledge about the opinions and claims of clients with the overall Bank and the owners of products and processes.
- Implementing a new motivation system combining employee evaluation and motivation in both aspects: productivity and quality development.
- By devising the rules for cooperation between different units in the Bank the information coming from complaints is used to streamline products and processes and prevent prospective grievances.

Complaint reports are forwarded to the people responsible for individual products and processes. This allows the Bank to analyze the quality of services it offers on an ongoing basis and take optimization measures. A broad range of ratios in the complaints area is reported, while the effects of the entire 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 complaints handling process in the Bank	2021	2020	2019	2018	2017	2016
Clients satisfied and very satisfied with the complaint process	82%	79%	This research was not conducted*	85%	76%	77%

**on account of the operational merger with Euro Bank*

Complaints filed*	2021	2020	2019	2018	2017
Number of complaints filed	100,873	113,182**	91,682**	70,707	44,493
Number and % of complaints handled in favour of customers	75,403 (74%)	86,619 (76%)	65,488 (71%)	52,507 (74%)	30,315 (68%)

** complaints reviewed by Bank Millennium*

*** the increase in the number of complaints was related, among other things, to the combination of the complaint portfolios of Bank Millennium and Euro Bank, migration of clients' data and the dynamic growth in customer numbers. 2021 data as of 10 January 2022*

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, investment fund management company) offers its products through distributors of units and does not have direct contact with clients. Clients' complaints are submitted to Millennium TFI and distributors alike. The Bank reviews complaints related to client service provided by its employees. When it comes to the quality of products offered by Millennium TFI, complaints are handled under an engagement from the TFI by the transfer agent who keeps registers of participants and executes transactions pertaining to units. In the Brokerage House, complaints are handled jointly with the Bank when they pertained to the services rendered by Bank Millennium as an Agent of Millennium DM.

3.1.8. CYBERSECURITY

The Millenet internet banking system and Bank Millennium's mobile application were designed in such a way that they are not only very convenient to use but also very safe.

Certificates and encrypted connections

The usage of encrypted data transmission between the client's computer and the Bank's server ensure the safety of Millenet internet banking. Transmission is secured with a 128-bit SSL protocol. Bank Millennium employs the GeoTrust True BusinessID SSL certificate issued by GeoTrust, which specializes in data encryption and protection. This security ensures data protection against interception by undesirable persons. This certificate also guarantees that the login page belongs to the institution to which it was issued. The internet connection with a phone is also encrypted.

Every PDF document downloaded from Millenet is signed with Bank Millennium's safety certificate. That makes it possible to track with ease whether anyone has altered its contents after signing.

Every document placed in Millenet in the section "Information on changes" has a unique checksum (a cryptographic hash function using SHA 256). Any change to a document triggers a change in the checksum. Documents containing a checksum are signed using an electronic certificate that utilizes a time stamp.

Bank Millennium uses four different certificates to sign PDF documents. All of them are characterized by an identical parameter "O" (Organization) Bank Millennium S.A. and a list of attributes that, when they appear together, form the unique data of a given electronic signature.

Certificates used by Bank Millennium:

- Confirmation of integrity issued by Certum Digital Identification CA SHA2
- Bank Millennium S.A. issued by Certum Digital Identification CA SHA2
- Bank Millennium S.A. (OU Bank Millennium S.A.) issued by Entrust Class 3 Client CA - SHA256
- Bank Millennium S.A. (OU Confirmation of integrity) issued by Entrust Class 3 Client CA - SHA256

Logging into an account

To log into Millenet several data known only by a given client must be provided: the login, password and selected characters from an identification number. Moreover, once every 90 days we ask clients for additional confirmation of their login using a password by SMS. Clients may also choose a safety icon related to their login. This icon makes it possible to determine whether the client is logging into the Bank's website or to a deceptively similar site copied by criminals.

Before a client starts to use the mobile application, it must be activated. The activation process includes entering the pertinent data known only to a given client and confirmation through an IVR connection. During the activation process the application is assigned to a given device. That is why clients must repeat the activation process every time they switch to a new device.

Logging into the application is secured using a 4-digit PIN code which clients select on their own. It is also possible to log in use biometric data if a device supports that option (thumb print, face scan).

If a client loses his or her handset with the installed application, he or she can rapidly block the mobile application in Millenet or through the hotline. After a short period of inactivity, clients are automatically logged out of Millenet and from the mobile application.

Payment safeguards

Wire transfers and payments submitted in electronic banking or using online cards must be authorized.

- 1) 3-D Secure is an additional safeguard for internet transactions executed using a card, e.g. in online shops. It protects the identity of the buyer and transaction-related data. Clients additionally confirm payments in stores bearing the logo Visa Secure or Mastercard Identity Check using an SMS password or by logging into the mobile application.
- 2) SMS passwords - are non-recurring free codes which we send to the client's phone number. The code in the SMS should be keyed into the designated spot in the payment form and approved by clicking on it.
- 3) Mobile Authorization - is a method of approving transactions submitted in Millenet in the mobile application and some transactions submitted in outlets. To utilize this form of confirmation clients must have an active application.
- 4) Confirmation of a wire transfer in the application - clients confirm wire transfers submitted in the application not by using the PIN number to the application but by using the password to log into Millenet.
- 5) Confirmation using the PIN number to the application - some operations submitted in the application require confirmation using the PIN number, e.g. mobile BLIK payments.

Daily transaction limits afford additional protection. Limits can be customized in the settings in Millenet or in the mobile application.

It is also possible at any time to block a card temporarily or permanently in Millenet or the mobile application. Clients do not have to wait for a connection to the hotline or for an outlet to open.

3.1.9. INITIATIVES TO ENHANCE CLIENTS' FINANCIAL AWARENESS

EDUCATION ON SAFE ONLINE BANKING

[GRI FS16] The problem of fraud or embezzlement in which bank clients are the injured parties pertains to the entire banking sector in Poland and across the globe. Since client awareness is of key significance in each such case in terms of safely using online financial services, banks, and that includes Bank Millennium, intensively educate their clients in collaboration with the Polish Bank Association and unilaterally, reminding clients about the online risks they face and the need to comply with security rules. Bank Millennium publishes security warnings and recommendations on the rules of safety on its website. Whenever the Bank obtains information about a new method of fraud, it promptly sends out the pertinent warnings to clients describing the method of operation applied by criminals and explaining how to avoid the threat in question. Bank Millennium also pursues many preventive measures and responds to every signal that may be an attempt at deceptively obtaining client information or funds.

The number of fraudulent attempts using electronic channels has grown markedly since the outset of the pandemic. From that time we have strengthened our communication by adding educational content for clients, we have refreshed the website regarding safe banking on the Bank's portal (we also published a series of educational film clips on the safety of payments and cybersecurity to make the message more attractive) and we expanded the topical section in the mobile application.

Educational campaigns for clients are delivered using various channels:

- banners on a portal, in the mobile application and Millenet,
- PUSH messages in the mobile application,
- messages in the contact box available from Millenet and the application,
- SMS to clients who are less active in electronic channels.

Campaigns are refreshed regularly and the communication is additionally strengthened whenever new operational methods employed by perpetrators of fraud are observed or their attacks on clients grow more intense. Communication plans and content are created as a result of cooperation between several departments, chiefly the Security Department, the Electronic Banking Department, the Quality Department and the Client Knowledge Department. Campaigns target clients in general and selected groups based on risk profiles. These campaigns enjoy extensive client interest that is growing from month to month.

Clients may use a dedicated hotline run by a specialized team of consultants. Safety issues are also discussed in other contexts, e.g. when establishing a relationship with a new client.

The Bank organized a training webinar for the employees of financial departments in local government entities in December 2021. It was devoted to best practices to raise the safety of digital processes and the methods of counteracting fraudulent attempts. The Bank's experts on transaction banking and the risk of fraud based on examples of the methods used by criminals showed how to identify attempts at fraud to avoid financial losses.

OTHER EDUCATIONAL ACTIVITIES TARGETING CLIENTS

Corporate Banking clients

Bank Millennium supports clients through its educational activities and the distribution of information regarding important changes affecting how business is done. The Bank publishes a monthly bulletin presenting macroeconomic information, discussing tax changes and describing new product and system-related solutions to support clients. The other educational activities focused on two communities supported by the Bank: chief financial officers and family companies. The Bank's experts appeared during direct and online meetings of the CFO Club to share knowledge about tax changes, legal regulations regarding sustainable development, the impact of macroeconomic changes on business development and the soft skills needed by a CFO. In turn, meetings held with the Family Companies Forum were an opportunity for the Bank's experts to share their experience in client analytics and building client experience in digital channels.

Individual clients

In 2021, 12 regular webinars were held for Prestige/Private segment clients and a selected group of Retail segment clients. These were meetings on investment issues (market, current events) and providing information about the Bank's products and services. The events were also attended by experts who introduced the participants to the principles of safe banking, market trends, technological innovations, environmental and economic topics.

The Bank is systematically expanding the group of clients targeted by online meetings. In December Bank Millennium together with Millennium TFI organized a webinar for Retail clients - the main topic

was inflation and ways to protect against its impact on the value of savings. In addition, Millennium TFI regularly publishes podcasts about key market trends.

3.2. RESPONSIBLE ADVERTISING AND SALES

3.2.1. RELIABLE MARKETING COMMUNICATION

[GRI 103-1, 103-2, 103-3, 417-1] In the process of developing marketing communication we adhere to the following principles: **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 pertains to a promotional offer, its conditions are specified. Clients are also advised on 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 a clear and reliable, legally-required information about the products offered. Implementation of the marketing communication standards reduces the reputation risk and the risk of sanctions for non-compliance with the regulations.

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

- the Recommendations laid down by the Code of Ethics in Advertising devised by the SAR Marketing Communication Association,
- the Principles for Advertising of Banking Services of 2008 laid down by the Polish Financial Supervision Authority,
- the 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,
- Act on Trading in Financial Instruments,
- Internal instructions applicable to devising of informational and advertising materials for banking products and services in Bank Millennium as well as the rules for devising commercial publications for the financial products and instruments in Bank Millennium.

Millennium TFI advertises products solely on its website and through distributors of units. The method of advertising products complies with the provisions of law regulating the operation of investment funds and investment fund management companies and the guidelines of the Polish Financial Supervision Authority. To the extent to which product advertising is not subject to detailed regulations TFI submits to the standards of the Bank Millennium Group, including standards of ethics and it does not use messages that are forbidden by law in its advertising.

TFI has adopted for application the Corporate Governance Principles for Supervised Institutions and it strives to adhere to them in reference to practices pertaining to advertising messages. TFI submits to the standards of the Bank Millennium Group in all other aspects.

Millennium Dom Maklerski advertises products on its website and through its agent (Bank Millennium). Standards of advertising ethics are contained in appropriate internal regulations of Millennium Dom

Maklerski specifying requirements to be met by all communication directed by a brokerage house to clients and prospective clients, disseminated for the purpose of advertising or promotion of provided services. In this respect Millennium Dom Maklerski applies the standards following from the Code of Best Practices of Brokerage Houses.

[GRI 417-3] In 2021, there were no cases of non-compliance by Bank Millennium, Millennium TFI, Millennium Dom Maklerski, Millennium Leasing and Millennium Bank Hipoteczny with regulations relating to marketing communications. As a result of the administrative proceedings launched by the Voivodship Pharmaceutical Inspectorate in Gdańsk, a fine of PLN 5,000 was imposed on the company doing business as Millennium Goodie. The Inspectorate found that the website goodie.pl, which presents discount offers for many different brands engaged in an illegal advertisement of pharmacies whereby information containing discount codes and the promotions of two pharmacy networks along with links redirecting people to the websites of these pharmacies was placed there. Millennium Goodie stopped the advertising immediately after the Inspectorate launched the proceedings.

3.2.2. TRANSPARENT INFORMATION ABOUT PRODUCTS AND SERVICES

The Bank provides clients with clear and understandable product information through its employees, in sales channels and client service channels such as outlets and the hotline, and in the form of text messages in electronic channels. All the **employees** who provide 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 client service, which is done through the Bank's various internal communication channels. The product sales process is executed on the basis of standardized models making it possible to **present an offer to clients that is adjusted to their needs and expectations** with options that may be of interest to them, along with the information necessary to make an informed decision about the scope of the given product purchased. The observance of sales standards 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 selling and client service method is also verified and improved using topics of inquiries and complaints received from clients.

Informing about bank accounts

One of the fundamental goals is to find the right match between the offer and the needs of every client. The Bank strives to ensure that offers / services are presented after an in-depth needs analysis and meet the expectations of clients, while being fully comprehensible and transparent to them. In the process of opening an account and initiating a relationship with a client, employees use aids that are prepared in an attractive format, are highly transparent and feature clear and comprehensible language for the purpose of communication. These materials have been developed on the basis of in-depth research and interviews with clients and are used to diagnose client needs correctly and optimally and adapt the sales pitch accordingly.

Every person visiting the website may obtain detailed information about the offering and the services recommended by the Bank depending on the client's current needs. There is also a hotline available to clients 24 hours a day and 7 days a week.

[GRI 419-1] In 2021 no penalties were imposed on the Bank in terms of personal accounts, nor were there any consumer boycotts.

Informing about savings products

Information on savings products in the form of a set of the most important attributes or in more detail, while paying attention to the constituent elements of given products may be found on the Bank's website, may be obtained in any branch, through the hotline or in electronic banking channels. The Bank regularly improves the method of presenting product information, especially in its remote

channels. Employees are trained in such a manner so as to be able to convey a given scope of information on every product, including a uniform information document on the scope of savings products in which one can easily and readily compare the attributes of all products. The Bank also analyses clients' questions and complaints to eliminate their causes.

[GRI 419-1] In 2021 no penalties were imposed on the Bank in terms of savings accounts, nor were there any consumer boycotts.

Informing about investment products

Marketing materials prepared by the Bank comply with the laws and regulations applicable to this area, including the Canon of Best Financial Market Practices and the guidelines laid down by the Polish Financial Supervision Authority. Bank Millennium tracks and modifies materials on an ongoing basis to meet the recommendations of the Polish Financial Supervision Authority. Trade publications are subject to review by legal and compliance teams, among others. These units are responsible for ensuring that materials are in compliance with the law and with the guidelines of supervisory authorities.

In addition, prior to purchasing an investment product, clients fill out an Investment Survey. Its purpose, among other things, is to verify a client's knowledge and experience regarding financial instruments and services and check whether a client belongs to the target group of recipients of a specific instrument or service.

Based on the responses provided, the client receives the Investment Survey result with information about the financial instruments and services for which the client is part of the target group and which of them are suitable or unsuitable to that client. In accordance with prevailing laws, the Bank does not apply limitations on the sales of investment products to specific groups of people.

Any proposal to start offering a new product is commented upon at several levels; opinions are issued among others by the risk, compliance and legal units. Participation of those entities in the opening process allows the Bank to assess whether:

- the identified material risks and their mitigation methods arising in connection with the launch or change of a product/service are permissible,
- the proposed product/service complies with the requirements concerning: provision of relevant information to potential clients before the agreement is signed, fulfilment of information obligations during the provision of the financial service, identification of conflicts of interest in order to take prior measures to prevent their occurrence, reliability and completeness of information provided,
- the proposed product/service complies with the applicable law and assessment of legal risks.

Security of investments

The Bank complies with the requirements of the MiFID 2 directive (Markets in Financial Instruments Directive). In accordance with the requirements of MiFID 2, 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 carry out an Investment Survey, which is designed to test the client's knowledge and experience with individual financial instruments or services, as well as to check whether the client belongs to the target group of recipients of a specific financial instrument or service,
- to provide reliable information that is not misleading about products and risks associated with investments in those products as well as all the related costs,

- to develop a policy of acting in accordance with the best interests of its clients and a policy to prevent the conflict of interest and inform the client about these policies.

To ensure the best possible protection level to its customers, the Bank applies some MiFID 2 guidelines also to insurance and investment products, even though this is not legally required.

All the marketing publications prepared by the Bank describe, among others, the risks associated with investments and sample scenarios related to a given financial instrument or product. Clients are presented with complete and reliable information on the Bank's own products and products distributed by the Bank, including their issuers and the terms of the complaint process. Information on services rendered, agreements and other bank documents and letters sent to clients are drafted in a precise, comprehensible and transparent manner.

[GRI 417-1] Any information materials concerning investment products offered by Bank Millennium provide relevant information on the risk associated with investment, legal disclaimers as well as the sites where additional information on the funds (for example on funds or selected financial data) is published.

If a client wants to purchase a product the Bank considers to be unsuitable or if the Bank does not have the ability to assess a given product, the Bank advises the client thereof by issuing a warning to the client during the process of submitting the order. The client also receives this warning on the order form. The client is obligated to review the warning and if the client still wants to buy the product, the client is obligated to accept it. Similar rules apply to the target group evaluation process.

Before starting to offer investment products, the relationship manager should have at least twelve months of professional experience in this area and have passed a product knowledge test. Each relationship manager must also undergo mandatory training on the MiFID 2 and a product training in the e-learning form. The product training describes detailed characteristics of a given product and clearly points to the risks associated with investments in a given product or financial instrument. If the relationship manager does not have the required level of experience or knowledge, he/she works under the supervision of the so-called authorized employee who regularly verifies his/her work.

If the law or internal regulations governing investment products 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, relationship managers take advantage of regular market and product conference calls. The Bank's employees also have permanent access to current product presentations.

[GRI 419-1] In 2021 no penalties were imposed on the Bank for non-compliance, nor were there any consumer boycotts concerning the investment products offered by the Bank.

Informing about mortgage products

A client filing a loan application will receive full information about the product and the associated risks from an employee at each stage of the process. In 2021 the Bank delivered preliminary online training and webinars on a major scale pertaining to product structure and the lending process to remind them in a clear, accurate and transparent manner on how to convey product details to clients and select the best offer for them. Approximately 3,500 mortgage experts were trained in the brokerage network in 2021. Preliminary and typical product training sessions were held. The webinar training sessions aimed, among other things, to promote innovative solutions relating to processes and products among the experts cooperating with the Bank. In 2021 nearly 600 employees of the Bank Millennium branches underwent specialist training on mortgage products on different levels of sophistication in preparations for "Mortgage Certification". During the first round of certification more than 100 managers in the Bank's branches tested their knowledge in the certification exam and their mortgage skills confirmed by their sales results, thereby obtaining a Mortgage Certificate.

[GRI 419-1] In 2021 no penalties were imposed on the Bank in terms of mortgage products being currently offered, nor were there any consumer boycotts. The legal issues connected with Swiss franc mortgage loans are described on p. 87.

Informing about consumer loans

Before the purchase of a product, the Bank investigates the client's needs and helps to establish the client's financial standing and thus adjust the manner of communication and offer a suitable product. The risk of over-indebtedness and household budget mismanagement is minimized owing to advanced methods of assessing clients' creditworthiness and capabilities used by the Bank. The Bank may offer to its clients the opportunity to consolidate the debt repaid to other lenders, which often allows them to reduce their monthly credit charges in the household budget and improve their financial security.

[GRI 419-1] In 2021 no penalties were imposed on the Bank in terms of consumer loans, nor were there any consumer boycotts.

Informing about insurance products

Information regarding insurance products is presented by the Bank in a manner customized to the sales channel for a given product, orally or at the various stages of the sales process in remote channels. This information is also set forth in the insurance documentation and/or banking documentation of the bank product to which the insurance is offered. The Bank takes into consideration the aspect of customizing insurance to clients' needs and expectations in the process of offering insurance.

Insurance documentation contains standardized specific provisions regarding insurance stemming from the regulations of law and the guidelines set forth in Recommendation U concerning best practices in bancassurance and the Insurance Distribution Act that provide for transparently presenting products to clients.

The Bank employs the rules of ethical sales of products by providing for standards consistent with the guidelines set forth in Recommendation U concerning best practices in bancassurance and the Insurance Distribution Act.

The Bank educates its employees to procure the appropriate level of quality in the process of selling insurance products. On top of product training sessions ending with an exam to confer authorization to commence the sales of insurance, Bank employees go through annual professional training sessions to enhance their competences systematically in terms of performing tasks involving insurance intermediation services. Besides legal issues much attention during training sessions is devoted to the general rules and practical aspects of distribution activity.

[GRI 419-1] In 2021 no penalties were imposed on the Bank in terms of insurance products, nor were there any consumer boycotts.

3.2.3. ETHICAL STANDARDS IN CLIENT SERVICE

[GRI 103-1, 103-2, 103-3, FS15] Activities concerning ethical sales place strong emphasis on service being compliant with the regulatory requirements and fulfilling the following assumptions:

- Tools and guidelines in call scripts focused on giving clients the best possible service by conveying full and precise information on various products and processes;
- Call scripts refer to the necessity of vetting client needs and analyzing products in terms of their expectations and circumstances;
- Assumptions and tools concerning product models are subject to verification by the compliance unit.

Implementing sales standards in sales units (including ethical sales) is achieved under the following: preliminary training, e-learning training and post-implementation activities by the persons and units appointed to do that (including bosses).

The guidelines set forth in the **Book of Client Service Standards** obligate employees to do the following in particular: analyze client needs, present the Bank's offering clearly, discuss the rules on how the product works, present cost information, diagnose client doubts, provide explanations and ultimately - confirm that the rules on how the product works are comprehensible 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 other internal procedures**. Attaching great importance to quality and a high level of ethics in sales, the Bank also prepared **Client Call Scripts** about daily banking products, credit products and savings and investment solutions. These scripts have been in operation for several years and are updated and optimized successively. Each implementation of a new script involves a mass implementation of the solution among direct customer service employees and training sessions. All the changes made to the scripts centre on ensuring complete transparency in terms of the information provided and client education so that they can benefit from the services offered by the Bank with full awareness.

Compliance with the Scripts and Client Service Standards is constantly monitored by a unit specially set up for this purpose, while the results are conveyed to the Bank's Management Board and the direct superiors of the employees subject to evaluation and are used to take remedial efforts across the Bank. Compliance with sales standards and ethics is also monitored independently of the Bank by using various types of service quality rankings. The Bank attaches great importance to them and takes into account all the conclusions drawn from them.

In terms of insurance products, the Bank employs standards consistent with the guidelines set forth in Recommendation U concerning best practices in bancassurance and the Insurance Distribution Act.

Companies have distinct regulations regarding ethical sales. Millennium Dom Maklerski has implemented a number of documents governing the rules of conduct to maintain due diligence in client contacts. The most important ones are as follows: the rules and regulations for rendering brokerage services, contracts executed with clients and the "Policy of executing orders and acting in accordance with the best interest of the Client in Millennium Dom Maklerski S.A."

Assistance in repayment of debt

Bank Millennium offers a debt consolidation loan with an option to pay down debt in other banks to clients who are looking for an opportunity to reduce the costs of servicing their current liabilities. In addition, **clients may take advantage of a deferred payment of one instalment of a cash or consolidation loan** (credit holidays), which represents important help in a case in which the funds designated for an instalment in a given month must be used for other purposes.

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

The debt restructuring offered by the Bank in the process of pursuing receivables involves the execution with the client of an annex to the original agreement (in a traditional form in a Bank outlet or through electronic contact channels) or a separate restructuring agreement whose content modifies the binding debt repayment terms in accordance with the client's standing and financial capabilities.

The receivables are restructured and collected by organizational units in the Bank that have been established especially for this purpose. There are separate units dealing with receivables from corporate and retail clients (including Biznes clients, too) based on internal (instructions and guidelines) and external regulations.

The process of pursuing receivables from retail clients is conducted while using a supporting IT system linked to the Bank's operating system and the credit card administrative system making it possible to identify receivables at risk, verify and monitor them, archive actions, progress and the outcomes of collection, dispatch key correspondence and report and manage various receivables.

3.2.4. SETTLEMENTS AND OTHER SOLUTIONS FOR FOREIGN CURRENCY LOAN BORROWERS

For many years, Bank Millennium has been consistently following the strategy of seeking and implementing amicable solutions to resolve problems related to mortgage loans indexed to or denominated in Swiss francs. The solutions offered to clients are customized to their needs and are aimed at, among others, making it easier for borrowers who repay a loan in Swiss francs to convert the currency of the loan (i.e. change the repayment currency to Polish zloty) or repay the loan on favorable terms and conditions. The Bank makes efforts to limit the formalities associated with these orders to the necessary minimum.

Bank Millennium is one of the first bank to have made available settlements to foreign currency loan borrowers on a significant scale. In 2021 as a result of the negotiations the number of active FX mortgage loans decreased by 8,449 compared to over 57,800 active loan agreements at the end of 2020. We aim the rate of effective negotiations with our clients to be maintained over the next 12 months.

Since 5 May 2020, orders given by clients with mortgage loans indexed to or denominated in Swiss francs (including repayment of loan installments), have been fulfilled by Bank Millennium using the exchange rate equal to the average exchange rate of the National Bank of Poland for Swiss francs published in *Table A - Average foreign currency exchange rates*.

Since January 2015, when quick increase of the Swiss franc exchange rate was recorded, Bank Millennium has been offering special solutions comprising the so-called "six-pack", including:

- (1) Accepting a negative LIBOR rate for calculating the interest rate for mortgage loans.
- (2) A significant reduction of the so called exchange rate spread, which causes a perceivable decrease in the amount of loan installments paid by clients (replaced with the average NBP exchange rate in 2020)
- (3) At a client's request, extension of the repayment term or temporary suspension of loan installment repayment so that the installment amount is not higher or is only slightly higher than before the exchange rate was freed. Such requests were only available to the borrowers residing in the financed property.
- (4) Resignation from demanding new collateral and loan insurance from borrowers who repay loan installments on a timely basis.
- (5) Allowing borrowers to convert the loan currency from CHF to PLN at the exchange rate equal to the average exchange rate published by the NBP (standard offer).
- (6) Making the rules for mortgage loan restructuring more flexible for clients residing in the financed properties.

The borrowers who are Bank Millennium clients may also receive aid from the Borrower Support Fund designed for the individuals, who experience financial hardships and are obligated to make repayments of mortgage loan installments (irrespective of the loan currency) constituting a substantial burden on the household budget.

A borrower who has been awarded such support will receive monthly funds to cover the repayment of a loan installment. The funds are paid for a period no longer than 36 months in the amount

corresponding to the loan installment amount, but no more than PLN 2,000. If the amount obtained from the sale of the real property is not sufficient for full repayment of the mortgage loan, a borrower may receive a debt repayment loan (zero-interest form of aid) in the maximum amount of PLN 72,000. Repayment of the aid received begins two years after the last part of the support or debt repayment loan is paid out and is divided into 144 installments with no interest. A portion of the amount may be forgiven, provided that repayments are made on a timely basis.

The money at the Fund's disposal are contributed by banks and, according to information provided by Bank Gospodarstwa Krajowego, at the end of September 2021, their balance was PLN 607.4 million.

As at 31 December 2021, the Bank had 11,070 loan agreements and additionally 913 loan agreements from the former Euro Bank that were the subject matter of currently pending individual lawsuits - these figures do not include claims filed by the bank against clients, i.e. collection cases. 94% of the loan agreements are adjudicated before first instance courts and 6% before second instance courts.

The Bank is a party to a class action lawsuit filed in 2014 seeking to establish the Bank's liability for unjust enrichment in connection with the concluded foreign currency mortgage loans. This is not a lawsuit seeking any payment. A ruling in these proceedings will not award any amounts to the members of the group. There are 3,281 loan agreements included in these proceedings. At this stage, the composition of the group has been established and confirmed by the court. The proceedings have entered the phase of examining the merits. In the meantime, more than 6% of the loan agreements under this class action were subject of settlements (regarding conversion to PLN or early repayment) between the Bank and the borrower under the settlements process above described.

[\[\[GRI 103-1, 103-2, 103-3, GRI 206-1\]](#) A report on court cases, including proceedings related to cases of restricting competition, can be found in the chapter entitled "Court cases" in the Annual Financial Statements of the Capital Group of Bank Millennium S.A. for the 12-month period ended on 31 December 2021.

RESPONSIBLE EMPLOYER

Bank Millennium creates a friendly work environment for all staff regardless of their gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership or sexual orientation, so that everyone may thrive in conditions conducive to professional development in an atmosphere of cooperation and mutual respect.

Bank Millennium was ranked second in the ranking of Poland's Best Employers 2021 by Forbes and Statista in the Banks and Financial Services category. The criteria taken into account included: development and outlook, relations between employees and management, and sustainable development. In 2021 Bank Millennium was also honoured with the title of Reliable Employer for the eighth time in a row. This title is proof of the recognition shown to the Bank as a financial institution with a stable foundation that cares about its employees.

Bank Millennium was also included in the "European Diversity Leaders 2022" ranking. In the list published by the Financial Times, 850 employers were selected from among 15,000 employers that support and promote diversity in their organizations. The ranking was based on feedback from 100,000 employees and human resources and recruitment experts. The research firm Statista is a substantive partner of the project.

3.3. HEADCOUNT STRUCTURE

At the end of 2021 the headcount in the Bank Millennium Group was 7,079 people. Most of the employed workers were women (67%), and the average age of employees was 38. The total monthly employee turnover rate had grown to 4% versus 3% in 2020.

[GRI 102-8] Number of employees in 2021

	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	531	1,518	293	2,342	998	3,243	496	4,737	7,079
Bank Millennium	516	1,399	236	2,151	963	3,056	450	4,469	6,620

[GRI 102-8] Employees by type of employment in 2021

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Full-time	2,290	4,577	6,867	2,142	4,394	6,536
Part-time	52	160	212	9	75	84
Mandate agreement	67	68	135	50	50	100
Employment contract	2,342	4,737	7,079	2,151	4,469	6,620
For an indefinite term	1,991	4,052	6,043	1,817	3,809	5,626
For a definite term	351	685	1,036	334	660	994

[GRI 401-1] Newly-hired employees

	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Bank Millennium Group (percentage in a given age category)	266 (50%)	180 (12%)	16 (5%)	462 (20%)	485 (49%)	295 (9%)	22 (4%)	802 (17%)	1,264 (18%)

Bank Millennium (percentage in a given age category)	260 (50%)	155 (11%)	10 (4%)	425 (20%)	471 (49%)	267 (9%)	18 (4%)	756 (17%)	1,181 (18%)
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[GRI 401-1] Terminations - 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 (percentage in a given age category)	274 (52%)	325 (21%)	30 (10%)	629 (27%)	461 (46%)	683 (21%)	83 (17%)	1,227 (26%)	1,856 (26%)
Bank Millennium (percentage in a given age category)	273 (53%)	304 (22%)	22 (9%)	599 (36%)	449 (47%)	652 (21%)	75 (17%)	1,176 (26%)	1,775 (27%)

[GRI 401-1] Employee turnover ratio*

	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Bank Millennium Group	8%	3%	1%	4%	8%	3%	2%	4%	4%
Bank Millennium	9%	3%	1%	4%	8%	3%	2%	4%	4%

* Sum of new hires and departures in a given year divided by year-end headcount multiplied by 12 for each age group and by gender

[GRI 202-2] Employees hired locally*

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Number (and percentage) of employees	2,289 (97.7%)	4,664 (98.5%)	6,953 (98.2%)	2,101 (97.7%)	4,399 (98.4%)	6,500 (98.2%)
Number (and percentage) of Management Board members and senior managers	62 (89.9%)	29 (100%)	91 (92.9%)	47 (87%)	23 (100%)	70 (90.9%)

* Polish citizens 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			7	7					7
Upper management		29	33	62		16	13	29	91
Management	12	323	67	402	16	520	88	624	1,026
Sales personnel	355	508	38	901	826	1,762	195	2,783	3,684
Technicians	109	569	128	806	65	708	181	954	1,760
Other employees	55	89	20	164	91	237	19	347	511
Total	531	1,518	293	2,342	998	3,243	496	4,737	7,079

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			7	7					7
Upper management		24	23	47		13	10	23	70
Management	11	307	53	371	16	487	72	575	946
Sales personnel	353	491	31	875	822	1,736	193	2,751	3,626

Technicians	104	507	104	715	55	631	161	847	1,562
Other employees	48	70	18	136	70	189	14	273	409
Total	516	1,399	236	2,151	963	3,056	450	4,469	6,620

3.4. WORKING CONDITIONS

3.4.1. HR POLICY

[GRI 103-1, 103-2, 103-3] The Bank Millennium Group has in place the “**Bank Millennium Group’s Human Resource Policy**” concerning such issues as employee recruitment, management, development and retention as well as planning and monitoring employment.

The Bank has compensation policies in place for employees as well as persons having material impact on the Bank’s risk profile. They formulate the assumptions used to shape the fixed and variable components of these employees’ compensation.

Bank Millennium operates in compliance with the policies for selection and assessment of Supervisory Board Members and Management Board Members as well as key functions holders. The application of these policies ensures that the persons discharging the most important functions in the Bank Millennium Group, including functions in the 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 risk management in the long-term perspective.

Another policy in force is “**Diversity Policy**”, which shows that Bank Millennium operates while respecting human dignity and the right of equal treatment regardless of age, gender, ethnic or national origin, religion, creed, family status, sexual orientation, health condition, convictions, trade union membership and other premises that could trigger discrimination.

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 periodically, including base 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 interests 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 by extensively advancing organizational values and implementing the “Leadership Code”.

3.4.2. COMPENSATION POLICIES

[GRI 103-1, 103-2, 103-3] The Bank Millennium Group also has a uniform **“Compensation Policy for employees of the Bank Millennium S.A. Group”**, which articulates the assumptions used to shape the fixed and variable components of compensation for all the Group employees. The policy aims to provide a formal framework for shaping the practice of compensating all the Group’s employees from the perspective of corporate governance, institutional safety and the adequacy of compensation to the Group’s standing, scale of operations and growth potential.

Furthermore, for employees identified as having a material impact on the risk profile (the so called Risk Takers), there is **“Compensation Policy for employees having a material impact on the risk profile at the Bank Millennium S.A. Group”**, which specifies detailed rules for granting variable components of compensation and other terms and conditions affecting the decisions on their payment. At Bank Millennium, the “Instruction for identification of Risk Takers at the Bank Millennium Group” also applies and it includes guidelines for the annual process of identifying Risk Takers.

In subsidiaries: **Millennium Dom Maklerski SA** and **Millennium Towarzystwo Funduszy Inwestycyjnych SA**, in accordance with the statutory obligation, separate compensation policies are in place and the solutions comprised therein are contained in the framework adopted in the “Compensation Policy of the Bank Millennium S.A. Group”.

The adopted policies form a framework for organizing principles of compensation in key aspects:

- principles for defining the amounts of compensation,
- the relationship of variable compensation to fixed compensation,
- decision-making process for changing compensation,
- supervision of all the compensation decisions at the Bank and in the Group,
- linking bonuses to good results of both the company and the employee,
- counteracting incentives that induce actions and decisions that threaten the long-term interest of the Bank and its clients,
- defining assessment criteria corresponding to short-, medium- and long-term goals set for employees,
- taking into account additional qualitative criteria for assessing work in units where work is especially directed to sales results.

The Bank consistently uses stable forms of employment and compensation. Employees have employment contracts and fixed compensation makes up a major part of their overall compensation. The policy defines the framework to determine fixed compensation of employees, taking into consideration the tasks and competences required in specific teams and units. The assumed compensation levels on individual positions are verified based on the market situation and data from reports on compensation levels in business sectors.

The Bank constantly monitors the solutions adopted in individual business lines so that they do not create stimuli for actions and decisions that threaten the long-term goals of the Bank, exceed the

accepted risk profile, and do not encourage actions that are inconsistent with the best interests of the Group's clients and investors.

At the Bank, regular salary and position reviews are conducted. 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.

[GRI 202-1] Ratio of entry level wage by gender compared to minimum wage in 2021

Bank Millennium Group	Men	Women	Total
	120%	120%	120%

Policy of variable compensation components

As part of implementation of the Compensation Policy in the Bank Millennium Group, there are in place, verified on an annual basis, "**Regulations for granting variable compensation components**", which comprehensively describe bonus rules for all Bank units. These regulations are a reference point for all bonus solutions in the Bank's individual units. The provisions of the document supplement the "Rules and Regulations for Compensating Employees of the Bank Millennium S.A.'s Head Office".

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

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

The bonus pool amount depends each time 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 Bank's long-term interests and avoid excessive risk exposure.

The bonus for key employees with material impact on the risk profile in Bank Millennium Group in accordance with policy requirements is paid in 50% in cash and the remaining 50% is paid in the form of a financial instrument. A minimum of 40% of the awarded variable compensation is deferred for payment in subsequent years. If the variable annual remuneration falls below a specific threshold, the bonus may be paid fully in cash.

3.4.3. 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 having specific

competences in the labour market and competition for acquiring specialized employees may cause a periodic risk of making decisions to recruit employees and compensate them at higher rates than those prevailing in the organization. As a result, there may appear compensation disparities between similar positions. The Bank takes actions to prevent that undesirable phenomenon, especially by setting recommended recruitment compensation levels and performing periodic compensation reviews.

Another risk associated with the compensation policy may be the applied motivation mechanisms inclining employees to work in a task-based manner which may potentially cause a conflict of interest. The risk of employees acting too one-sidedly as a result of incentive mechanisms aimed at achieving higher sales, and therefore bonuses, is mitigated by taking into account quality criteria when evaluating work.

In addition, the consistent implementation of the adopted Compensation Policy allows for minimizing risks by, among others, maintenance of the right ratio of fixed to variable compensation, application of a formal assessment system including criteria adjusted to the nature and special character of work and a long-term perspective for assessing business results, the mechanism of managing the variable compensation pool dependent on the Bank's financial standing.

3.4.4. SUPPORTING DIVERSITY AND COUNTERACTING DISCRIMINATION

[GRI 103-1, 103-2, 103-3] In accordance with the "Human Resources Policy" in force in the Bank Millennium Group the use of any discriminatory practices with features of mobbing or harassment in relation to employees is prohibited. 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 has "Diversity Policy" and is a signatory to the **Diversity Charter**, which is a pledge signed by organizations that choose to prohibit discrimination in the workplace and work to create and promote diversity.

Issues of respecting diversity in the Bank's Group are also governed by the "Code of Ethics", the "Work Rules and Regulations" and regulations pertaining to recruitment. The result of implementing these policies is a series of measures. All employees go through mandatory training on ethical issues. In addition, the management is trained 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 2021***	Group 2021***	Bank 2020**	Group 2020**	Bank 2019*	Group 2019*
[GRI 412-2] Number and % of managers trained on anti-discrimination and mobbing in a given year	29 (3%)	31 (3%)	98 (10%)	102 (9%)	83 (10%)	92 (10%)
Total percentage of trained managers	61.45%	62.08%	61.83%	63.26%	79.97%	80.07%

* New managers and directors were trained; the data does not include ex Euro Bank employees

** The data do not include employees of franchised branches. In franchised outlets in 2020, training was completed by 76 managers.

*** The data do not include employees of franchised branches. In franchised outlets in 2021, training was completed by 17 managers.

- During employee recruitment, criteria putting one in jeopardy of discriminatory behaviour are not applied. These rules also apply to the termination of employment, terms of employment, promotions and access to training to raise professional qualification. Candidates are selected based on objective criteria, such as in particular: education, professional experience, general and specific competences, proficiency in foreign languages and the overall match with the profile.
- The Bank analyzes on an ongoing basis the compensation structure and **equality of earnings** and jobs by gender, age and nationality. Interviews are held from time to time with persons leaving the Bank to grasp the reasons for them to leave.
- Extensive communication and support are addressed to employees who are parents. The Bank advises them of their parental rights. People with small children may 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.
- People with disabilities may take advantage of office infrastructure that is aligned to their capabilities.

[GRI 405-1] Employees with disabilities	Bank 2021	Group 2021	Bank 2020	Group 2020	Bank 2019*	Group 2019*	Bank 2018	Group 2018
Number and % of employees	67 (1.01%)	69 (0.97%)	66 (0.92%)	68 (0.89%)	40 (0.68%)	43 (0.68%)	36 (0.62%)	39 (0.62%)

*without former Euro Bank's employees

- The Bank runs **management training** whose aim is to strengthen appropriate attitudes, including also to overcome stereotypes and promote openness to employees' various convictions and mould their own responsibility and that of their reports.
- Employees may freely **express their views** on an internal internet forums.

The HR Department keeps a **register** in which all employee claims are recorded. They are reported to the Process and Operational Risk Committee. A notification is examined using a procedure, which involves, among others: collecting documentation to review the claim, conducting a survey among employees, making a decision to accept or reject the claim and issuing a response to the employee.

[GRI 406-1] Two notifications pertaining to actions involving mobbing were recorded in 2021. In each case, anti-mobbing surveys were carried out and conversations held with managers of teams and units. In neither of these cases was bullying confirmed, but nevertheless the managers were instructed on the absolute necessity to ensure that the relationships between team members comply with the rules of social coexistence.



The coronavirus pandemic has not blocked a grass-roots initiative 3xM(ille) - implemented for women, at work and after work. In 2021, activities were developed through creating a culture of diversity and innovation and conducting an effective and engaging communication.

The cooperation with Vital Voices Poland in the project for young women aged 16-19 #I am a Leader has been successfully finalized in the form of external mentoring of female leaders from the organization and the implementation of a social project with the mentee.

In addition, several important concepts were implemented, including the launch of a social breast cancer prevention campaign, „3xM(ille)j bez raka” (“3xM(ille)j without cancer”).

Compensation for women and men

In accordance with the Human Resource Policy in force in Bank Millennium, the Bank incorporates information in the compensation policy concerning the market levels of compensation for similar positions. Employee compensation is periodically checked on the basis of the Bank's current strategy, market data, job performance assessments and employee career stages. The Bank strives to devise bonus schemes 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	2021	2020	2019**	2018
Upper management	0.86	0.83	0.83	0.81
Management	0.75	0.76	0.78	0.75
Sales personnel	0.92	0.91	0.91	0.88
Technicians	0.72	0.74	0.71	0.68
Other employees	0.79	0.79	0.81	0.80
All employees	0.69	0.70	0.71	0.68

Bank Millennium	2021	2020	2019**	2018
Upper management	0.87	0.83	0.85	0.85
Management	0.74	0.76	0.77	0.75
Sales personnel	0.92	0.92	0.91	0.89
Technicians	0.73	0.75	0.72	0.69
Other employees	0.76	0.77	0.78	0.77
All employees	0.69	0.71	0.72	0.69

* 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 data from former Euro Bank

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

Bank Millennium Group	2021	2020	2019**	2018
Upper management	0.78	0.81	0.82	0.81
Management	0.72	0.71	0.74	0.73
Sales personnel	0.85	0.83	0.87	0.85
Technicians	0.73	0.74	0.69	0.71
Other employees	0.85	0.75	0.86	0.91
All employees	0.66	0.66	0.67	0.66

Bank Millennium	2021	2020	2019**	2018
Upper management	0.77	0.81	0.83	0.86
Management	0.72	0.71	0.74	0.71
Sales personnel	0.85	0.84	0.88	0.86
Technicians	0.75	0.75	0.71	0.68
Other employees	0.83	0.73	0.84	0.91
All employees	0.66	0.67	0.68	0.66

* 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 data from former Euro Bank

The difference in the average salary of men and women does not include the differences in geographic location, scope of duties and headcount structure of men and women in various positions in different areas of the Bank. It should be emphasized that the last factor in particular is of major significance for the shaping of the average employee compensation. Most women are hired in the sales network, while men work chiefly in high technology areas, where the market, due to a shortage of specialists, dictates significantly higher levels of remuneration. The Bank reviews in detail all factors that may contribute to the differences in employee compensation between men and women.

3.4.5. FREEDOM OF ASSOCIATION

[GRI 102-41] There are three trade union organizations in operation in Bank Millennium. More than 540 employees belong to the trade unions. The Bank cooperates with the trade unions within the scope defined by the legal regulations and the Trade Unions Act.

Dialogue with employees is also conducted using the internal **social forum and the intranet**. These tools serve to inform employees of the most important issues relating to the Bank while making it possible to submit remarks and exchange opinions 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 the new TETA HR and Payroll System. Every employee has access to his/her own HR information through the **TETA ME module**. In 2021 more functionalities were deployed: management reporting and holiday leave plans as of 1 January 2022. Further system development and extension of the scope of information available to employees are planned for 2022, i.e. access to scans of documents in personnel files and launching managers' requests. If this information is insufficient, 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.

3.4.6. EMPLOYEE APPRAISAL

[GRI 404-3] All Bank employees who are actively working in a given period (that is all of the Bank's employees except for the ones who are on long-term leave and holidays) are subject to regular appraisals. Bank Millennium has issued "Instructions on how to conduct employee appraisals in Bank Millennium S.A.", which contain guidelines on devising the rules for employee appraisals in reference to the various forms, i.e. in particular, the evaluation of work performance or competences. Appraisals are conducted on the basis of previously communicated, objective criteria. The rules of employee appraisals are aligned to the nature of work and refer to attitudes towards cooperation, commitment, quality and effectiveness.

The evaluation of work performance forming the basis for various recommendations is run in a manner so as to prevent rewarding for poor performance. The appraisers also take into account the employee's attitude towards risk mitigation, in particular accurately reporting risks.

The appraisal system makes it possible to compare the work performance of different employees and the achievement of targets.

Promotions*

Bank Millennium Group	Men	Women	Total
Upper management	5%	3%	4%
Management	7%	6%	6%
Sales personnel	16%	11%	12%
Technicians	19%	12%	15%
Other employees	7%	8%	8%
Total	15%	10%	12%

Bank Millennium	Men	Women	Total
Upper management	6%	4%	6%
Management	7%	5%	6%
Sales personnel	17%	11%	12%
Technicians	20%	12%	16%
Other employees	9%	9%	9%
Total	15%	10%	12%

*% of employees in a given group who were promoted

3.4.7. RECRUITMENT AND 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 than up to now may express an interest in an internal job transfer.

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

The number of people transferring internally in 2021 revisited the stable level from prior to the merger and the pandemic.

Internal recruitment - Bank Millennium*	2021	2020	2019	2018
Number of employees	158	753	87	95

* Data for Bank Millennium, without data on internal rotation in other Group's companies

Sourcing talent

Employer branding activities are an important part of the Bank's activity. They are centered on several prospective employee groups: students and graduates, IT and Digital specialists, sales and support specialists and business development experts. Despite the persisting pandemic the Bank has efficiently adapted to the change and successfully carried out many different activities online. One example of such activities is the Week with Career Counsellors during which students had the opportunity to learn about career possibilities in Bank Millennium. Another event supported by the Bank was the BIG DATA conference organized by the Student Scientific Club on Statistics during which Bank experts presented issues in the technological area. Additionally, as part of the Sails of Business competition dedicated to smart organizations established by students and run by students, doctoral students or the graduates of the Warsaw School of Economics, the Bank acted in the capacity of a member of the competition jury. All of these activities were carried out in the Warsaw School of Economics. For several years the Bank has been a member of the Warsaw School of Economics' Partners Club and closely cooperates with this university by playing an active role in academic life. Bank representatives take part in meetings with the Council of the Warsaw School of Economics' Partners Club during which elements of the university's strategy and the possibilities of educating students on key competences are discussed.

Bank Millennium also participated in virtual job fairs such as Jobicon and Warsaw IT Days. These types of events aimed to provide insight to prospective candidates on the specific nature of a job and the career development opportunities in the Bank. Job fairs also offer space to share professional knowledge on the merits with participants.

The Bank takes advantage of the communication opportunities afforded by social media such as LinkedIn and Goldenline and fifteen or so image and recruitment portals to reach candidates efficiently with information regarding the employer and job offers.

Rewards for employees

Programs are run in Bank Millennium in which employees who stand out through their above average commitment receive rewards.

IMPAKT Employee Reward Program in which employees reward their female and male work colleagues. In 2021, 48 employees were recognized for their commitment, improvement of quality, innovative solutions and accepting challenges to inspire others. The program gala and the awards ceremony took place virtually with some 120 persons in attendance. Additionally, the ceremony was aired live to all employees.



Once a year, the best employees and managers are rewarded with the President's Prize for their above average professional achievements. In 2021 they were presented to 12 employees in the head office and the sales network.

Training

[GRI 103-1, 103-2, 103-3] Training in Bank Millennium is a major part of daily activity and is treated as an investment in human capital. The purpose of training is to enhance the competences of employees, which translates into improving quality and work productivity and achieving current and future business objectives.

Every year Bank Millennium employees have an opportunity to participate in internal and external training and in conferences and congresses. On account of the pandemic, as part of the care for employee health, most training was administered remotely or in a hybrid form, while some was held on-site while observing the sanitary regime. Some of the training courses were delivered in the form of e-learning - e.g. "PLN and foreign currency teller course" and "Prevention of money laundering and financing of terrorism".

Number of e-learning training topics	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2019	Bank 2019
	1,009**	1,002**	490	495	483*	478*

* The increase stems from training ex Euro Bank employees

* The increase stems from migrating training sessions from two external platforms to the Bank's internal training platform. The pandemic has also contributed to holding more training sessions online.

The most important training sessions held in 2021:

Introductory training for new Bank Millennium Group employees - these training sessions were held on a fully remote basis using the MS Teams software due to the pandemic.

Millennium Campus - a program to develop knowledge and skills with the objective of supporting the growth of innovation across the organization. The offer to participate in this program is addressed to all employees, it allows them to look at many topics from a different perspective. Lectures are held online, while recordings and aids are made available on the training platform and in the intranet in the World of Millennium. 11 remote meetings were held in 2021.

Training for branch and franchise network employees

- Specialist introductory training for new employees in own branches and the franchise network.
- Certification workshop on the Savings and Investment Model (MOI) - prepares people to sell savings and investment products according to the MIFID regulations and supplies knowledge about the standards required under the savings and investment model.
- "Mortgage loans" - this training consists of three parts that constitute the successive parts of the process of introducing employees to the mortgage product and its sales.
- "Phone sales" - learning about the practical skills of holding a sales call by phone while using the principles of influence and effective reasoning" for employees in the own network and the franchise network.

- “Offer of business accounts for the franchise network” for employees.
- “On the Critical Topic” - a one-day training session held on-site for the managers of retail and franchise outlets on the “On Topic” model. Workshop training held on-site has delivered knowledge and made it possible to practice the application of the standards described in the model.
- “Savings and Investment Model (MOI) - 2021” - training on changes in the binding model for the sales of savings and investment products.
- “Train the Trainer” training sessions for regional trainers to prepare them to run training on the sales model “On Topic” and the Savings and Investment Model (MOI).
- Product and sales training sessions for retail network employees pertaining to credit products: Creditworthiness; Covid - restriction package; Creditworthiness; Consolidation- available immediately; Internal and external databases.
- Product and sales training sessions for retail network employees pertaining to savings and investment products.
- Training sessions for retail network employees presenting an account offering to commercial undertakings.

Training for Corporate Banking relationship managers

Bank Millennium conducts training for employees of the Corporate Banking sales network, presenting financing opportunities for businesses from public programs, including the National Reconstruction Plan, Multi-year Financial Framework or EU funds. The training courses delivered in 2021 addressed the issues of innovation, financing the implementation of new products and services, support for conducting research and development in enterprises. These training courses both provide information to relationship managers about the programs, along with the criteria and parameters for financing new projects, and support in talks with clients about investments, in particular in the area of financing innovations, green investments and digitization.

Employees of the Corporate Banking area also participated in a series of training sessions entitled “Financing investment projects”, improving their competencies in analyzing investment projects of their clients. The Bank regularly provides relationship managers with knowledge of the current macroeconomic situation and its impact on the markets and the companies' operations. We do this in the form of monthly webinars conducted by the employees of the Bank's Macroeconomic Analysis Office. The information is supplemented by industry analyses made available on the intranet.

In 2021, all Corporate Banking relationship managers were invited to participate in storytelling training. Employees also participate in training on new solutions for Corporate Banking clients, as exemplified by webinars on Financial Shield 2.0 on applying for and forgiveness of subsidies in Millenet for Companies, a webinar on the document exchange module in Millenet, or a series of training sessions on solutions available to clients in eBOK Millennium Leasing.

Training for employees selling insurance products

On top of product training sessions ending with an exam to confer authorization to commence the sales of insurance, Bank employees who sell insurance products went through annual professional training sessions to enhance their competences in terms of performing tasks involving insurance intermediation. Besides legal issues much attention during training sessions is devoted to the general rules and practical aspects of distribution activity.

[GRI 404-2] Management programs

Management Development Program for the managers of retail outlets in the Bank's own network. The following stages are part of this program: *The ABCs of a contemporary manager, Goals, Development*. The program's goal is to improve the practical managerial skills of defining, communicating and controlling goals, building team commitment towards their active achievement and sales team management. Particular attention is focused on planning development activities and working on competences of employees in reference to the allocated tasks.

Management Competences Workshops for the IT area. Workshop participants worked on unifying their knowledge on the leadership competences used on their positions.

Lectures on processing personal data for the IT Area, Corporate Area, Retail Liabilities Collection Department, Millennium Goodie and Millennium TFI. The subject matter covered the most important issues concerning the processing of personal data and the legal requirements in this area.

Workshops on plain language. This training session was part of the plain language project across the bank. It prepared participants to play the role of a plain language consultant. Internal trainers continue to deliver training in the organization.

In 2021 the main tool used to deliver training and hold meetings was MS TEAMS. The implementation of the tools was accompanied by online training aiming to familiarize users with the tool functions and popularize it.

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

Bank Millennium	Women	Men	Total
Average number of hours per employee	43.4	36.7	41.3
Management Board		26.5	26.5
Upper management	24.3	18.1	20.1
Management	45.1	35.7	41.4
Sales personnel	55.0	61.3	56.5
Technicians	15.3	13.0	14.3
Other employees	12.5	13.1	12.7

Bank Millennium Group	Women	Men	Total
Average number of hours per employee	41.3	34.1	38.9
Management Board		26.5	26.5
Upper management	21.0	15.5	17.2
Management	42.3	33.5	38.8
Sales personnel	54.4	59.7	55.7
Technicians	14.2	12.0	13.2
Other employees	10.3	11.1	10.6

[GRI 404-2] On account of the small number of employees in retirement age, no programs are currently being run to support the continuity of employment and facilitate the process of retiring. Individual training sessions, however, are possible upon request.

3.4.8. SOCIAL BENEFITS

[GRI 401-2] Bank Millennium Group employees are offered the same social and financial benefits regardless of the type of the employment agreement (for a definite/indefinite term) and the working time (part-time/full-time). The amount and scope of benefits 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,
- organising events and group meetings,
- 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), also in states of emergency or epidemiological 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 programmes. Additionally, employees may purchase healthcare packages for their immediate family members. After their employment ends, retired employees may also continue their private medical care plan on preferential terms.

Hardship assistance

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

Benefits awarded to Bank employees	2021	2020	2019	2018
Financial assistance (PLN)	517,320	388,550	316,800	452,200
Number of employees who received financial assistance	122	120	100	133

Life insurance

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

Life insurance	Bank 2021	Group 2021	Bank 2020	Group 2020	Bank 2019	Group 2019	Bank 2018	Group 2018
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Number and % of employees who took advantage of the offer	3,120 (47%)	3,267 (46%)	2,840 (45%)	2,982 (44%)	2,915 (49%)	3,067 (48%)	2,940 (50%)	3,100 (49%)
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MyBenefit cafeteria platform

[GRI 403-6] A new benefit in the form of a purchasing platform where online purchases can be made with the Social Fund's resources was launched in 2021. On the platform, the employee can use more than one thousand various benefits related to tourist, cultural, sports and recreational services. The employee can choose the benefits of interest to them and use them at any place and time. The platform offers also the MultiSport card, which gives the employees comprehensive access to various sports activities, such as swimming pool, gym, fitness, squash, dance and yoga classes, combat sports and climbing wall. The card provides employees with an opportunity to live a healthy and active life. They can also purchase a card for their relatives on specially negotiated pricing terms.

Christmas benefit

Before Christmas, employees can count on financial support in the form of a **Christmas benefit**. The benefit amount varies depending on a given employee's financial situation.

Social benefit for low-income persons

The pandemic forced the Bank to develop new solutions. In 2021, it was not possible to execute social projects, such as trips and meetings, which the Bank had organised for employees for many years. Therefore, a cash benefit for **low-income persons** was introduced to the formula of the Company Social Benefit Fund. The benefit was intended as a financial support for the employees whose financial situation became difficult as a result of the pandemic.

Special Support Fund for Employees in the event of coronavirus infection

In the face of the expanding coronavirus pandemic, the Bank Millennium Management Board decided to continue the Special Support Fund for Employees, which was established in 2020. The Fund received a contribution of PLN 1,000,000 from the Bank's own cash. The Fund provides financial assistance in the form of a non-refundable hardship assistance in the form of cash to the Bank Millennium Group employee and their immediate family members (spouses, partners, children) who have been infected with coronavirus. The amount of the support depends on the needs presented by the employee in their application.

3.4.9. FRIENDLY WORKPLACE

In addition to providing attractive working conditions, development and social support, Bank Millennium supports employees returning to work after a maternity/parental leave, and encourages participation in charitable activities, employee volunteerism, sports and cultural activities.

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

Bank Millennium Group	Men	Women	Total 2021	Total 2020	Total 2019*
Employees entitled to leave	2	709	711	821	501
Employees who took leave	2	405	407	472	272
Returned to work after leave	2	362	364	438	235

Employed 12 months after returning from leave	3	327	330	198	222
Percentage returning after leave	100%	89%	89%	93%	86%
Percentage of employees retained by the Bank who returned from leave	75%	75%	75%	84%	83%

Bank Millennium	Men	Women	Total 2021	Total 2020	Total 2019*
Employees entitled to leave	2	684	686	798	485
Employees who took leave	2	395	397	459	265
Returned to work after leave	2	353	355	426	231
Employed 12 months after returning from leave	3	315	318	186	179
Percentage returning after leave	100%	89%	89%	93%	87%
Percentage of employees retained by the Bank who returned from leave	75%	75%	75%	84%	81%

*no data for Euro Bank

Individual approach to the form and time of work

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

In response to an employee's written request, their superior may set an individual work time schedule within the framework of the 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.

The Bank's priority for 2021 was to ensure safety to employees during the COVID-19 pandemic. In order to comply with the sanitary authorities' recommendations arising from the epidemiological situation in the country, the Bank enabled the option of remote work to a large extent. A more detailed description can be found in section "Measures continued in connection with the COVID-19 pandemic".

Employee volunteerism

The actions taken by volunteers of the Bank Millennium Group in 2021 are described in section "Socially beneficial activities".

3.5. EMPLOYEE HEALTH AND SAFETY

3.5.1. MEASURES CONTINUED IN CONNECTION WITH THE COVID-19 PANDEMIC

[GRI 403-6] On 3 March 2020, the Bank's Management Board appointed the COVID-19 Pandemic Action Coordination Team, which has held regular meetings and reported the action plan and status of the individual tasks to the Bank's Management Board since its appointment. The COVID-19 Pandemic Action Coordination Team is composed of representatives of all areas of the Bank.

The area of the Team's activities covers:

- ongoing monitoring of the situation in the country, adaptation of the Bank's actions to the current government guidelines;
- organisation of the Bank's operations during the pandemic;
- provision of hygiene products for branches and head offices;
- preventive measures leading to minimisation of the number of infections among Bank employees and clients;
- supply of laptops and mobile phones to all employees who are critical for the Bank's continued operation;
- ongoing communication addressed to employees;
- strict monitoring of employee behaviours, support for employees and their families.

The COVID-19 Pandemic Action Coordination Team adapted the Bank's activities to the pandemic situation in the country on an ongoing basis in 2021. The performance of the activities was monitored at regular team meetings and reported at Management Board meetings.

As a general rule, in 2021, employees of the Bank's head offices worked in the hybrid model with the option of flexible adaptation (increasing or decreasing the time of working in the remote model) by unit heads.

The Special Support Fund for Bank Millennium Group Employees in the event of coronavirus infection and the necessity to cover the costs of treatment and rehabilitation was established in April 2020. Its resources were released on an ongoing basis at employees' requests also in 2021.

In 2021, the Bank, together with the healthcare provider, coordinated COVID-19 and influenza vaccination for its employees.

3.5.2. OHS STANDARDS

[GRI 103-1, 103-2, 103-3, 403-1] 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, labour law basics and training in these areas. In 2020, the catalogue of topics was expanded by the rules of conduct in case of the COVID-19 risks published in the PANDEMIC catalogue. Group companies are bound by the same regulations.

[GRI 403-2] 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 used by the Bank's relevant organisational 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 unfavourable health consequences (chiefly

falling, getting hit, mental and physical burdens and SARS-CoV-2 infection), 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. All new employees are familiarised with the occupational risk assessment for individual jobs.

[GRI 403-3] The health care provided to employees comprises occupational medicine services, including preventive healthcare examinations for employees during their working hours and at the employer's expense.

[GRI 403-4] The ongoing consultations are held with the participation of trade union representatives. An additional platform for consultations and improvement of working conditions is the activity of Social Labour Inspectors. The Bank is intensively working on the implementation of the rules for cooperation of all social representatives and the employer to the activities taken by the OHS Committee.

[GRI 403-5] All new employees take part in obligatory OHS and fire protection training. The management staff is additionally obliged to attend regular refresher and complementary training in this field. Depending on the needs, the Training Team organises first aid training.

[GRI 403-7] The reduction in cash use in retail outlets significantly mitigates crime-related risks and its adverse effects (physical and mental injuries). The launch of electronic channels for providing bank services, in turn, mitigates the risks involved in direct contact and the risk of SARS-CoV-2 infection.

[GRI 403-9] Occupational health and safety	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2019	Bank 2019
Accidents at work*	40	39	36	34	39	38
Fatal accidents at work*	0	0	0	0	0	0
Lost days ratio**	0.07%	0.07%	0.08%	0.07%	0.10%	0.10%
Absence rate***	9.00%	9.33%	11.20%	11.85%	7.28%	7.4%
OHS training**** - number and % of participants	1,264 (18%)	1,181 (18%)	1,175 (17%)	1,099 (17%)	1,465 (23%)	1,408 (24%)
Branch audits	306	292	197	197	185	185

*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.

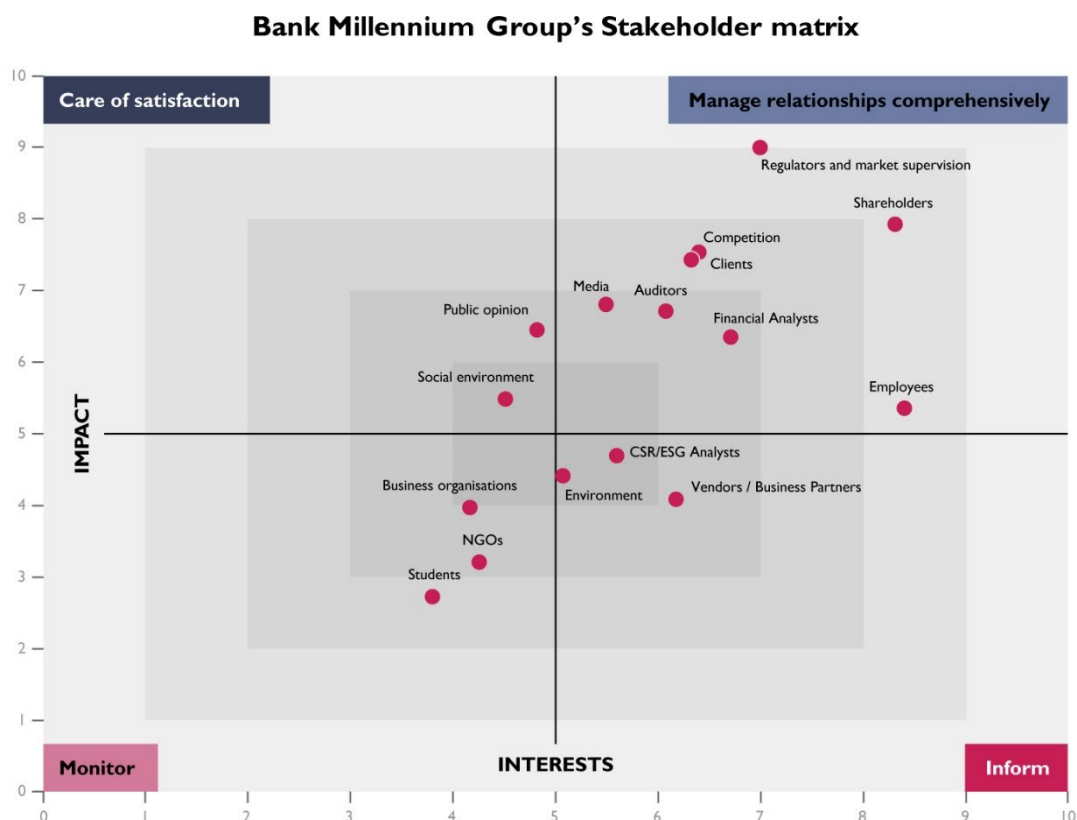
***Indicator measuring an absent employee's actual number of days lost expressed as a percentage of the total number of days planned to be worked by employees in this same timeframe.

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

BANK IN SOCIAL ENVIRONMENT

3.6. SOCIAL ENVIRONMENT




[GRI 102-42] In 2021, the Bank Millennium Group, with a support provided by an external consulting firm, verified the list of its stakeholders and their significance. No new stakeholder groups were identified in the update process. For the purpose of the significance verification process, an online survey was conducted between 27 August and 6 September. It consisted in selected Bank Millennium employees rating stakeholder categories in terms of their influence on the company and interest in its activities. The 1-10 scale was applied in both cases, where 1 represented the lowest and 10 - the highest level of influence/interest. There were 24 employees taking part in the survey and the stakeholder significance was determined based on the arithmetic means of the obtaining ratings. It is illustrated in the chart below.







3.7. COMMUNICATION WITH STAKEHOLDERS

[GRI 102-43, 102-44] The stakeholders' expectations and opinions are taken into account when innovations and improvements are made to the Bank's products, services and operations. In 2021, the Bank updated the matrix of important topics as part of an extensive dialogue with representatives of various stakeholder groups. The process is described in detail in section "Defining the content of the report - dialogue with stakeholders" of this report.

The feedback from stakeholders is received additionally from the following sources:

Stakeholder	Communication channels	Topics raised	Bank's actions
 INVESTORS AND MARKET ANALYSTS	<ul style="list-style-type: none"> ▪ Shareholder Meeting ▪ 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"> ▪ Compliance with corporate governance rules, 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, Internet and mobile banking, ▪ Intranet, community forum, ▪ 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, community forum ▪ Whistleblowing system ▪ Market analyses ▪ Employee evaluation 	<ul style="list-style-type: none"> ▪ Stability of employment and professional development opportunities, fair salary, friendly working conditions, possibility to engage in social activities. 	<ul style="list-style-type: none"> ▪ Communication with employees and responding to their expectations, professional competence development programmes, programmes for parents, co-funding of activities outside the workplace, and employee volunteerism offer.

 SUPPLIERS / BUSINESS PARTNERS	<ul style="list-style-type: none"> Periodic meetings Telephone, e-mail Negotiations and performance of agreements 	<ul style="list-style-type: none"> Fair rules for selecting and cooperating with suppliers. 	<ul style="list-style-type: none"> Use of objective procedures for selecting suppliers; timely performance of agreements; selection of suppliers in consideration of ethical and environmental criteria.
 SOCIAL ENVIRONMENT	<ul style="list-style-type: none"> Offers of cooperation Meetings with students Employee volunteerism 	<ul style="list-style-type: none"> Supporting social projects by the company and employees. 	<ul style="list-style-type: none"> Merit-based and financial support for social projects; financial education; encouraging employees to take part in social and volunteering campaigns.
 ENVIRONMENT (ORGANISATIONS INVOLVED IN ENVIRONMENTAL PROTECTION ACTIVITIES)	<ul style="list-style-type: none"> Environmental rankings Monitoring changes in market trends and legislation 	<ul style="list-style-type: none"> Reducing our own unfavourable impact on the environment, engaging in responsible project finance, environmental education. 	<ul style="list-style-type: none"> Monitoring lowering impact on the environment, rules governing the provision of funding for projects exerting an impact on the environment, environmental education programs.
 REGULATORS (KNF, BFG, UOKIK, NBP, KSF)	<ul style="list-style-type: none"> Reports Communication Regulatory audits 	<ul style="list-style-type: none"> Recommendations regarding communication with customers, reports on the Bank's activities, assessment of risks related to the Bank's activities. 	<ul style="list-style-type: none"> Reporting and implementing recommendations provided by regulators.

3.8. SOCIALLY BENEFICIAL ACTIVITIES

[GRI 103-1, 103-2, 103-3, 203-1, 413-1] Social programs are chiefly run by Bank Millennium through the Bank Millennium Foundation. They pertain to financial education, patronage of culture, academic education and employee volunteerism. As early as at the beginning of 2020, in connection with the outbreak of the epidemic, the Bank Millennium Foundation and the Bank became involved in support projects aimed at the development of Poland's first coronavirus test under the auspices of the Polish Academy of Sciences and the provision of assistance to employees infected with coronavirus. This involvement was continued in 2021. In 2021, the Bank refreshed its employee volunteerism formula by expanding the #stuchaMYwspieraMY (#WElistenWEsupport) program, promoting commitment to local communities.

Donations (D) and sponsorship (S) in PLN	2021 BM Group	2021 BM Group	2021 Bank	2021 Bank	2020* Bank	
	D	S	D	S	D	S
Culture	0	478,101	0	478,101	0	489,649
Education	500,000	0	500,000	0	300,000	30,750
Charitable activities	275,522	0	275,522	0	0	0
Sports	0	0	0	0	0	0
Media	0	0	0	0	0	0
Social organisations	205,198	0	193,580	0	0	0
Trade unions	0	0	0	0	0	0
Other	50,000	48,484	50,000	45,484	549,000	77,044
Total	1,030,720	526,585	1,019,102	523,585	849,000	597,443

* In 2020, apart from Bank Millennium, other companies of the Bank Millennium Group did not spend funds for the purposes included in the table

3.8.1. EDUCATION PROGRAMS OF THE BANK MILLENNIUM FOUNDATION

[GRI FS16] Since 2016, the Bank Millennium Foundation has been running its own financial education program for kindergarten children, called the “Financial ABCs.” In 2020 and 2021, despite the pandemic, the Foundation continued to execute the project remotely by creating a series of modern educational materials for children and their parents. One of its new components is the 4th episode of the cartoon movie featuring Mr. Sebastian, which in an accessible manner explains to kids the basics of finance, modern technologies and issues of online security. Printed handbooks, which have their counterparts in multimedia-version cartoon movies, are accessible on the Foundation’s YouTube channel.

For preschoolers, their parents and all other persons interested in this topic, other online educational materials are also useful, such as a guide for parents “How to teach finance to children” with tips on educating children and interviews with Dr. Małgorzata Chojak of the Maria Curie-Skłodowska University in Lublin on the same topic.

In November and December 2021, as part of the seventh edition of the program, the Foundation conducted 200 workshops in 54 kindergartens. Over 5,000 preschoolers aged 3 to 6 participated in these workshops. According to observations, the pandemic only contributed to the dissemination of the knowledge taught during of the workshops. The challenges faced by families in terms of changes in the labour market, household budget management and flexible responses to changes continue to be reflected in the project curriculum. Because project meetings took place during the fourth wave of the COVID-19 pandemic, a special epidemiological and sanitary procedure was developed prior to the launch of activities, and all meetings were conducted in compliance with sanitary guidelines.

3.8.2. CHARITABLE CAMPAIGNS AND EMPLOYEE VOLUNTEERISM

Funds for the first Polish coronavirus test

In 2020, the Bank Millennium Foundation and Bank Millennium joined the battle against coronavirus by endowing the amount of PLN 500,000 to the Poznań-based Institute of Bioorganic Chemistry of the

Polish Academy of Sciences which designed the first Polish tests to detect the presence of SARS-CoV-2. The Institute of Bioorganic Chemistry was Poland's first research unit to create a laboratory for COVID-19 diagnostic work. The test prototype, based solely on Polish reagents, was created after two weeks of intense work and was adopted for mass production. The support provided by the Bank Millennium Foundation contributed to the continuation of research on more sensitive test generations. A year after the establishment of this cooperation, in response to difficulties with diagnostics in the Wielkopolska region, the idea emerged to create a broadly accessible molecular diagnostics laboratory - PANgen, which was launched in May 2021. The laboratory, which, owing to the generosity of its sponsors, has been equipped with state-of-the-art equipment, will serve the purposes of broadly construed medical diagnostics so as to make the best use of the available technology, machinery and experience of specialists from the Viral Support Group.

Employee support fund

The Special Support Fund for Bank Millennium Group Employees in the event of coronavirus infection and the necessity to cover the costs of treatment and rehabilitation was established in April 2020. Its resources were released on an ongoing basis at employees' requests also in 2021.

#słuchaMYwspieraMY - involvement in the challenges faced by local communities

[GRI 103-1, 103-2, 103-3, 413-1] The Bank Millennium Group attaches great significance to the involvement of its staff in social campaigns. In order to enable their pursuit of their own volunteerism ideas, competitions are held for grants to be used for the execution of interesting and socially beneficial charitable projects. Within the Bank Millennium Group, community-focused initiatives are managed chiefly by the Bank Millennium Foundation. In 2021, the formula of this type of involvement was refreshed. The employee volunteerism program #słuchaMYwspieraMY (#WElistenWESupport) is a competition for grants provided to volunteerism projects to be carried out by the Bank's employees for the benefit of specific individuals, organizations and local communities in need of such support. All employees of the Bank Millennium Group may participate in the program. Within its framework, various initiatives are pursued by employees - from the idea and execution to settlement and promotion in the form of an article, photo report or video material in the Bank's intranet space. In respect of projects involving the provision of support to individual beneficiaries, the Bank Millennium Foundation evaluated the impact on the life of the beneficiary. In turn, in respect of group beneficiaries, the project's impact on the local community was evaluated.

The purpose of the #słuchaMYwspieraMY is by no means confined solely to the provision of financial support or basic necessities. In addition to the funds provided for or disbursed under the project, the following aspects also play a prominent role: commitment, time spent on helping the beneficiaries and own work by the volunteers. In 2021, grants were awarded to 21 project leaders. 139 volunteers along with their family members and friends took part in these activities. Support was granted to 2,638 beneficiaries - children taken care of by social welfare institutions, people with disabilities, preschoolers, junior and high school students, including those attending integration and special classes, and senior citizens. Every gesture, however large or small, and every item shared with the beneficiaries was thought out carefully, because the volunteers thoroughly scrutinized the stories and circumstances of the people they decided to help.

Support for the beneficiaries of the Forani Foundation

Bank Millennium and Millennium Leasing once again responded to the needs of a local community by donating computer and office equipment to the beneficiaries of the Forani Foundation, which facilitates access to work and helps children and adults in remote learning. This time, computer hardware and multifunctional devices were provided to care, medical and educational centres in Mazowieckie and Kujawsko-Pomorskie voivodships selected by the organisation.

3.8.3. PATRONAGE OF CULTURE

For more than 30 years, cultural involvement has been an important part of Bank Millennium's social activities. The Bank supports cultural undertakings with a national and local range alike. It is a 360° patron of culture as it promotes art in nearly all its manifestations, including music, painting, sculpture, film, theatre, photography, literature and performance. Bank Millennium's interest spans niche and popular culture. Its assumption is to be a long-term partner. For 17 years, the Bank funded the Golden Sceptre award for outstanding creators of culture, for 11 years, the Bank was the patron of the "Millennium Pearls" ("Perły Millennium") joint program of Bank Millennium and Polish TV (TVP), whose purpose was to produce, promote and present artistic events in the high art realm on Polish TV. For 17 years, the Bank was a sponsor of the Złota Tarka [Golden Grater] Old Jazz Meeting, an International Traditional Jazz Festival. For many years it has also supported the Sacrum Profanum contemporary music festival, the Bella Skyway Festival - a multimedia show prepared by an international group of artists, the "Two Theatres" Festival, the Gdańsk Music Festival, the Mozart Festival in the Warsaw Chamber Opera, and many others.

In 2021, Bank Millennium was awarded for its involvement in the promotion of culture - with the **Culture Atlas** title for the 6th time by the Kraków Festival Office for its sponsorship of the Sacrum Profanum festival. In turn, in the Golden Banker competition, the Bank Millennium-supported Millennium Docs Against Gravity Film Festival, together with the 2020 Docs Against Isolation event, were recognized by Internet users, taking the second place on the podium in the "Golden Banker" competition in the "Socially Sensitive Bank" category.

Millennium Docs Against Gravity Film Festival

The Millennium Docs Against Gravity Film Festival was the most important cultural project endorsed by the Bank in 2021. It is the largest film festival in Poland and a major documentary film festival in the world. Bank Millennium has been a partner of the Festival for 16 years and has signed an agreement to extend its cooperation for 2022-2024.

In September 2021, the 18th edition of the Millennium Docs Against Gravity Festival took place, for the second time in the hybrid formula. Bank Millennium and the festival organizer met the needs and expectations of all fans of culture by giving them access to 150 documentary films from around the world in cinema halls in seven cities and online on the festival platform. Additionally, as part of the Millennium Docs Against Gravity Festival Weekend event, selected films were presented in 27 cities in Poland. The festival is not only about film screenings, but also debates and initiatives concerning important social issues, such as ecology or diversity. The 2021 hybrid edition of the Festival attracted a total audience of 134,000.

The Millennium Docs Against Gravity Film Festival is the biggest celebration of documentary cinema in Poland and its popularity is growing every year. The authors of the festival, as well as its sponsor - Bank Millennium - want to bring knowledge about the modern world to as many people as possible. The festival owes its intensive development, among other things, to its nomadic character. The festival's presence in multiple cities and, starting in 2020, online, allows the best documentaries from around the world to reach a wide audience. Thanks to that Millennium Docs Against Gravity achieves its main goals - film and social education, bringing audiovisual culture to a wide audience (not only in big cities) and bringing emotions.

Bank Millennium extends the barrier-free community concept also in the non-banking sphere. In 2021, for the third consecutive year, during the 18th edition of the festival, selected films were available with audio description and voice-over, making it easier for people with visual impairments to access the world of culture.

3.8.4. SUPPORTING EDUCATION

[GRI 203-1] In 2021, the Bank continued its cooperation with renowned universities, including the Warsaw School of Economics and the University of Warsaw, supporting universities in improving the quality of their infrastructure and changing their operating model during a pandemic, as well as students and graduates in developing their competencies. An example of cooperation is the coworking centre established by Bank Millennium and Warsaw School of Economics. It is a place for physical or virtual meetings, networking, consultations with business theoreticians and practitioners from the University and the Bank. The coworking centre serves students and alumni who have founded or are planning to found their own startup and want to bump their ideas up to business reality. In 2021, due to the pandemic, most of the activities were completed online.

As part of its cooperation with the Warsaw School of Economics, in 2021 Bank Millennium took part in a conference on Big Data, organized by the Students' Statistics Circle. For the first time the conference was organized in the on-line formula, which made it possible to increase its range and reach out to students and graduates of all universities in Poland. Bank Millennium's representatives ran one of the presentations. The Bank also participated in the 4th edition of the Business Sails competition dedicated to smart organizations. Bank Millennium's representative was a member of the competition chapter. In October 2021, there was a presentation of the winners during the Warsaw School of Economics Entrepreneurs' Club meeting.

3.8.5. SUPPORTING DIVERSITY

[GRI 103-1, 103-2, 103-3] The Bank is a signatory to the Diversity Charter and takes steps to support diversity within the banking community and outside the organization. In 2021, it took action to support the role of women in society and supported an initiative presenting the issue of neurodiversity. The Bank was included in the "European Diversity Leaders 2022" ranking. In the latest Financial Times list, 850 employers were selected from among 15,000 European companies as supporters and promoters of diversity in their organizations. The ranking was based on feedback from 100,000 employees and human resources and recruitment experts. The research firm Statista is a substantive partner of the project.

"Believe in yourself" project

Bank Millennium became one of the patrons of the scientific and educational project "Believe in yourself" exploring the areas of self-esteem, the impact of appearance on self-esteem and self-confidence. The project was carried out by a team of scientists and NEUROHM in cooperation with, among others, Kozminski University.

Support for female Paralympic athletes

Bank Millennium has funded a scholarship for one of the Polish female Paralympic athletes in cooperation with the Unaweza Foundation and the #CorinneRunsForGood campaign. Bank Millennium did not remain indifferent to women with disabilities who play sports professionally, struggling with their barriers and training hard, as well as the runner who decided to run one of the toughest ultramarathons in the world to raise awareness of the Paralympic athletes' situation. The Bank supported the female Paralympian fundraising by making a donation to cover the cost of a one-year scholarship for one Paralympian, which will help her prepare for the Paralympics in Paris.



MANAGEMENT

4.1. APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

The Bank operates on the basis of best ESG (Environmental, Social, Governance) practices and complies with corporate governance principles. The company is listed in WIG-ESG - the index of socially responsible companies on the Warsaw Stock Exchange and for several years has been reporting on issues related to running a responsible business.

Best corporate governance practices

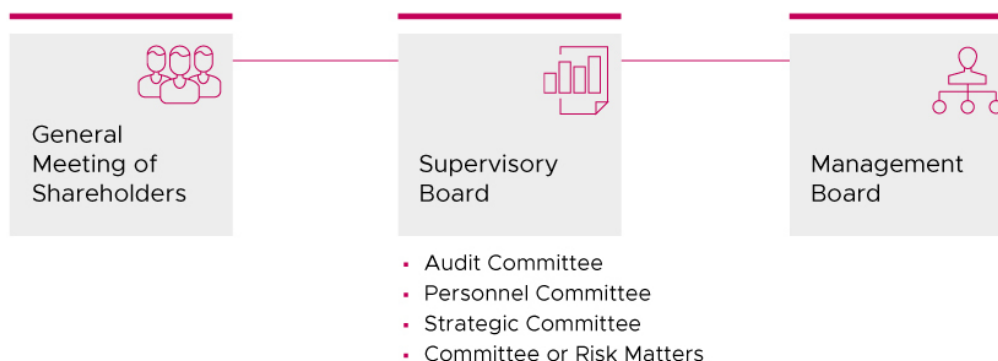
On 29 March 2021, the WSE Supervisory Board adopted new corporate governance rules for companies listed on the WSE Main Market - "Best Practices for WSE Listed Companies 2021" (Best Practices 2021, DPSN2021). Best Practices 2021 replaces the previous document in force since 2016, reflecting current trends in corporate governance. Best Practices 2021 came into force on 1 July 2021 and the deadline for the first report on their application was set for 31 July this year.

The Bank has meticulously reviewed the new rules. To this end, dedicated problem-solving workshops were organized to clarify stakeholder concerns, ensuring proper assessment of compliance and determining possible adjustment actions.

This resulted in ultimate adaptation to the text of DPSN2021 within the timeframe set by the WSE, which was also confirmed in the relevant report. In the Bank's opinion, the Bank complies with all the rules set forth in the document entitled "Best Practices for WSE Listed Companies 2021".

4.2. 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 of the Bank and the Bank's Group 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, adopts resolutions to issue its opinions on the Supervisory Board's report on 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 other members of the Bank's Management Board 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 (9 men and 3 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 term of office of the Supervisory Board lasts three years.

The **Bank's Management Board** manages all of the Bank's operations and represents it externally. Based on the basic organizational structure approved by the Supervisory Board, the Management Board determines a detailed organizational chart of the Bank. The Management Board defines the principles pertaining to Bank's operation, work organization and its human resource policies. Additionally, the powers of the Management Board include, among others, 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 members of the Management Board are the citizens of Poland. The Management Board's term of office shall be three years.

Within the management structure, the President of the Bank's Management Board is responsible for overseeing the area of sustainable development.

In 2021, the provisions of the Bank's Articles of Association regarding the Bank's governing bodies were amended to reflect changes in the law (e.g. § 8.1, § 15.1 and § 15.3, § 21.5 of the Articles of Association) - 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]	0 (0%)	0 (0%)	0 (0%)
≥50	7 (100%)	0 (0%)	7 (100%)
Total	7 (100%)	0 (0%)	7 (100%)

Governance structure in the Bank's companies

The entire Management Board of Bank Millennium sits on the Supervisory Boards of the following companies: Millennium Dom Maklerski SA, Millennium Leasing sp. z o.o. and Millennium Goodie sp. z o.o. In the Supervisory Boards of the remaining companies of the Bank Millennium Group, members of the Bank's Management Board constitute a majority of the Supervisory Board composition, except for a new company in the Group structure - Millennium Financial Services sp. z o.o. (the company was registered under the name Millennium Financial Services sp. z o.o. in KRS on 18 January 2022, its previous name was Flambortille Investments sp. z o.o.), which does not have a Supervisory Board. Additionally in the case of Millennium Bank Hipoteczny S.A. (apart from 4 members of the Bank Millennium S.A. Management Board) the Supervisory Board is composed of independent members in accordance with the law.

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

Pursuant to the Act on Covered Bonds and Mortgage Banks, a trustee and at least one deputy trustee is appointed by the Polish Financial Supervision Authority at each mortgage bank on the motion of the supervisory board of such bank. On 20 May 2021, the Polish Financial Supervision Authority, on the motion of the Supervisory Board of Millennium Bank Hipoteczny, appointed a Trustee and Deputy Trustee at Millennium Bank Hipoteczny.

4.3. MANAGEMENT APPROACH TO SUSTAINABLE DEVELOPMENT

[GRI 102-12] The basis for defining the approach to managing sustainable development is an **agenda formulated by the United Nations that includes 17 goals, 169 targets, and 304 indicators.** Bank Millennium signed a declaration regarding the implementation of the UN Sustainable Development Goals in 2017.

The Bank is guided by all 17 goals, but the following goals receive the highest attention:

3.
Good health and
well-being

4.
Quality education

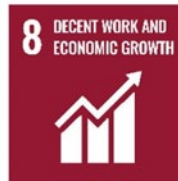
5.
Gender equality

8.
Decent work and
economic growth

9.
Industry,
innovation and
infrastructure

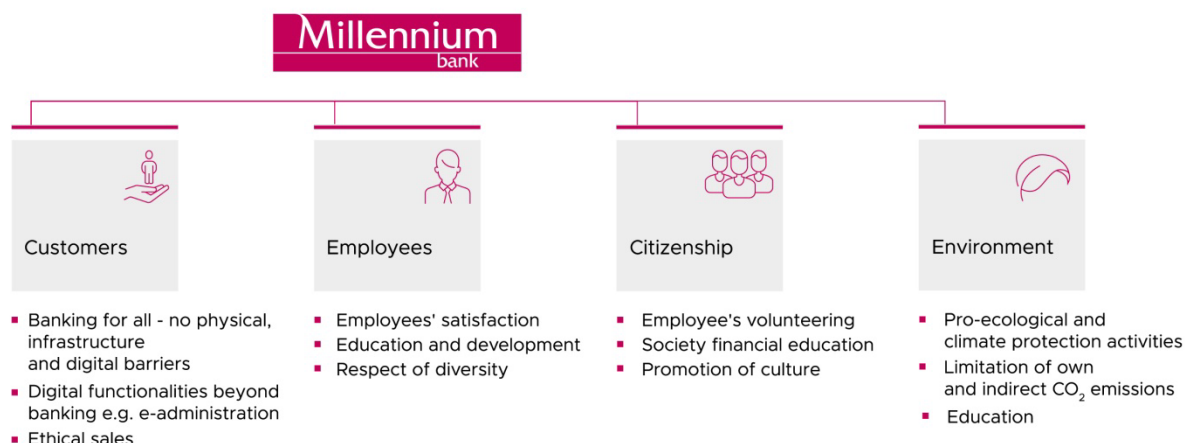
13.
Climate action

17.
Partnering for the
goals



As of 2018, the Bank is a signatory to the **Diversity Charter**. The Charter is a pledge signed by organizations that choose to prohibit discrimination in the workplace and work to create and promote diversity.

In Bank Millennium, actions towards sustainable development are an integral part of the business strategy. ESG is also included in the Group's new strategy for 2022-2024, which was announced in December 2021. This issue is discussed in detail in Section 1.4 of this report ("ESG is an integral part of the new strategy for 2022-2024").



Bank Millennium's priority is to provide the highest quality of client service, conduct ethical marketing and sales and facilitate the utilization of banking and non-banking services (e.g. e-administration) by introducing facilities for people with disabilities and innovative services. Also employees are the recipients of ESG activities. In addition to ensuring stable and attractive working conditions and offering an opportunity to get involved in social activities the Bank promotes diversity in the organization. Social programs are run through the Bank Millennium Foundation and focus primarily on financial education and development of employee volunteerism.

[GRI 102-11] The Bank also attaches great importance to environmental and climate protection issues and carries out its activities in the spirit of the strategy formulated by the European Union and its member states. The Bank has defined its approach to these issues in the "Environmental Policy of the Bank Millennium Group". These issues are discussed in detail in section "Managing Environmental Impacts and Climate Protection".

Work on a model for managing ESG issues in the organization

In 2021, the readiness of the Bank and selected Group entities (Millennium Leasing, Millennium TFI) to operate in compliance with applicable regulations covering ESG and market best practices on ESG was analyzed.

The analysis included, among other things:

- Review and adaptation of the organizational structure to meet new challenges;
- Development of a methodology for reporting data/indicators based on external data;
- Identification of new reporting duties and expected disclosures to be presented in annual ESG reports of the Bank Millennium Group in 2021-2024 resulting, among others, from EU regulations;
- Definition of other reporting duties beyond the annual ESG report;
- Development of an approach to climate scenarios;
- Development of an approach to emissions targets;
- Further development of approaches to new opportunities and risks following from climate issues.

Establishment of Sustainable Development Committee and Sustainable Development Department

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

Bearing in mind the growing significance of sustainable development for the Bank Millennium Group's business, in 2021 the Bank established within its structures the Sustainable Development Committee and the Sustainable Development Department.

The Sustainable Development Committee is chaired by the President of the Bank's Management Board. The Committee is composed of all members of the Bank's Management Board, as well as representatives of the units performing tasks related to sustainable development in the Bank and the Bank's Group. The Committee meetings are held not less frequently than once a quarter. The Committee's tasks include recommending a sustainable development strategy to the Bank's Management Board, adopting operational plans related to the implementation of this strategy and monitoring the implementation of the planned actions, evaluating the impact of sustainable development principles on the Bank's activity, approving and monitoring KPIs and KRIs in the area of sustainable development, providing the Bank's Management Board with periodic information on key aspects of sustainable development.

The Bank has also established a Sustainable Development Department supervised directly by the President of the Bank's Management Board. The purpose of the Department is to supervise and coordinate the implementation of sustainable development principles in the Bank and the Bank's Group. The scope of the Department's tasks includes, among others: coordination of work related to the sustainable development strategy, cooperation with other units of the Bank and entities of the Bank's Group in the implementation of the sustainable development principles, ensuring identification of risks related to climate change in the Bank's operations, cooperation with other units of the Bank in the implementation of sustainable products, conducting activities aimed at promoting sustainable development principles among the Bank's employees.

Sustainability activities in the respective reporting areas are the responsibility of the individual units of the Bank and the Bank's Group in accordance with their areas of responsibility, forming an integral part of the business.

[GRI 102-26, 102-31] The execution of the strategy is subject to regular reviews and assessments. They are carried out by the Bank's Management Board, based on information prepared by the entities responsible for their implementation and by the Bank's Supervisory 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 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 ESG activities have been summarized once a year since 2006 in the Bank Millennium Group's Corporate Social Responsibility reports.

Confirmation of the quality of conducted activities in market assessments

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's index composed of companies fulfilling the highest standards of corporate social responsibility. In 2010-2019, the Bank was included in the Respect Index, and since 2019 it has been incorporated in the WIG-ESG index, which is created by attaching additional weights to companies in the form of an ESG (Environmental, Social and Governance) rating provided by the global ratings firm Sustainalytics and by conducting a corporate governance assessment by the Warsaw Stock Exchange.

Bank Millennium has an ESG rating of "A" by MSCI and "Medium Risk" by Sustainalytics.

In 2021, the Bank was once again awarded the **CSR Golden Leaf, the highest category of distinction** in the Polityka weekly ranking.

4.4. RISK MANAGEMENT

[GRI 102-11] Bank Millennium manages different types of risk. The overriding risk for the Bank is the risk related to the safety of its clients' funds. It is the product of other risks, including, among others, financial and operational risks, as well as social, environmental, employment and human rights risks.

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 its activities, the risk of the Bank's direct impact on the environment has been assessed as immaterial. However, in order to fully understand the wide range of interrelationships between the Bank's activities 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 taken into account in the annual assessment of the materiality of individual risks in the context of credit risk, market risk, operational risk, including reputation risk. The risk management process in the Bank and the Bank Millennium 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 risk management structure defines individual management levels and the scopes of duties and responsibilities. The owners of business and supporting processes play a crucial role in the Group's daily activity. Owners are best fit to identify and curtail the threats that occur as the first line of defence based on their profound process knowledge. The second line of defence 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 defence 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.

4.5. ETHICAL STANDARDS AND HUMAN RIGHTS

[GRI 102-16] 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 described in the Code, communicating and evaluating the adherence to the principles of ethics;
- By its actions and conduct, the Bank's Management Board promotes high ethical and professional standards, including in particular an awareness of the importance of risk in the Bank's business and a risk culture;
- **Ethics Officer** - the function of the Ethics Officer is exercised by the head of the Compliance Department. The tasks of the Ethics Officer include safeguarding the compliance with the Code of Ethics, promoting and disseminating information about ethical standards, ordering inspections of compliance with ethical principles and verifying cases of their breach;
- **system for training in ethics** and notifying changes in the rules of ethics;
- **procedures, policies and rules** containing guidelines on proper conduct;
- **system for reporting breaches** of ethical standards, also anonymously;
- **rules of ethics compliance monitoring system** - the Compliance Department at least annually assesses the risks associated with ethics violations. A report from the assessment is drafted, which is presented to the Bank's Management Board. The Bank's Management Board periodically verifies and assesses compliance with the rules of ethics in order to adjust them to the changing internal situation in the bank and the bank's environment, and at least once a year informs the Supervisory Board about the results of the assessment.

The Code of Ethics contains principles and values that should guide employees in the performance of their duties and in their relations with their colleagues and with the Bank as an employer. The Code also sets out guidelines for relations with clients, the market and suppliers, referring to such areas as: respect for human rights, quality of service, ethical sales, fair competition and communication, focus on ensuring long-term continuity and sustainable development, principles for conducting business relations, anti-money laundering, anti-corruption, including rules on accepting and giving benefits, and participation in and organisation of tenders. The Code of Ethics also applies to franchisees and employees at franchise locations.

The Bank also has in place a separate Code of Ethics for the employees providing services to the Prestige and Private Banking segment clients. The Code outlines, in particular, the rules for ethically performing the financial operations, collaboration with third parties, performance of operations on own accounts, and 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 employees responsible for executing client transactions and interbank operations also adhere to their own codes of conduct.

Every employee is obligated to become familiar with the Code by completing a mandatory e-learning course, confirm their knowledge and apply the rules included in the Code in their daily work. [GRI 102-17] Employees have the possibility to report violations of ethical standards via email or postal mail (also anonymously). In 2021 there were no reported violations of the Bank's rules of ethics.

Notwithstanding the above, employees receive mandatory training in the area of managing conflicts of interest and information considered confidential. These materials are intended to sensitize employees on how to identify and handle situations, which in any way may cause a conflict between the interests of Bank Millennium and the client, as well as how to handle information, which is or may be price-sensitive and its disclosure could affect the price of financial instruments.

As part of such training, employees also learn what responsibilities (including legal orders and prohibitions) are associated with conflict situations and with coming into possession of price-sensitive information. The role of employees as those who must actively identify their own behaviour as well as that of other employees and clients is highlighted in the examples.

All the above-mentioned training makes up a mandatory package of regulatory training that every Bank employee is required to undergo.

[GRI 205-2, 412-2] Trained on the Code of Ethics*	Bank 2021	Group 2021	Bank 2020	Group 2020	Bank 2019	Group 2019
Managerial staff trained in the year	22 2.29%	25 2.43%	20 2.80%	25 3.30%	22 2%	27 3%
Other employees trained in the year	1,064 18.38%	1,108 18.25%	751 10.50%	781 10.20%	1,217 24%	1,265 23%
Total percentage of trained managers	94.09%	93.99%	93.49%	93.46%	92.59%	92.17%
Total percentage of trained other employees	93.10%	92.97%	92.92%	92.76%	91.48%	91.44%

* Number and % of persons trained on the Code of Ethics. The training covers all persons employed in the Millennium Group.

In addition, the employees of **Millennium Dom Maklerski** comply with the “Code of Best Practices of Brokerage Houses” adopted by members of the Brokerage Houses Chamber.

To ensure safety of the funds entrusted by clients, full information on the principles of operation of products and their advertising and sales **Millennium Towarzystwo Funduszy Inwestycyjnych**, apart from applying the Bank Millennium Group’s Code of Ethics, also complies with the law binding on investment fund companies.

[GRI 103-1,103-2,103-3] The issues concerning respecting human rights are described in the Bank Millennium Group’s Code of Ethics, the diversity policy as well as in anti-discrimination and anti-mobbing procedures.

In 2021, Bank Millennium conducted a self-assessment process of its human rights policies. The assessment covered, among other things, employment policies and labour and safety standards. Impact on local communities or relationships with suppliers/business partners were also analyzed. The results of the review are subject to detailed internal analysis.

[GRI 103-1,103-2,103-3] The Bank Millennium Group acts with respect for human dignity, opposes discriminatory practices and observes the right to equal treatment irrespective of gender, age, disability, race and ethnic origin, skin colour, ancestry and territory of origin, religion, nationality, political beliefs, trade union membership, creed, sexual orientation, employment for a definite or indefinite period of time, full-time or part-time employment, and other premises, which expose an employee to discriminatory behaviours. Such information does not constitute a criterion for selecting employees, terminating their employment, setting terms and conditions of employment, promotion, or access to benefits or training to improve professional qualifications.

In the Bank Millennium Group, employees enjoy, among others, the right to information and consultation, collective bargaining agreements and collective action, social and housing assistance as well as good working conditions and access to health care. The Group’s policies and the results of their application are described in the “Employees” section.

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. A clause requiring compliance with the Code of Ethics is also included in contracts with suppliers.

In addition, Bank Millennium has provisions in its lending rules and regulations for Corporate Banking clients on all clients having to meet **the requirements of environmental protection and respecting employment rules**. In addition, the rules and regulations contain certain restrictions regarding the financing of socially harmful activity featured on the EBRD Environmental and Social Exclusion List. **The limitations commit all borrowers, among others, not to use the funding received from a loan for projects associated with forced labour and all forms of discrimination in employment.**

4.6. THE BANK IN THE MARKET ENVIRONMENT

4.6.1. 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, WIG 30, Mwig 40, WIG Banks and the WIG-ESG indices.

Fast and accurate information for investors

The priority in investor relations is to fairly provide timely information concerning the strategy, business and financial performance of the overall Bank Millennium Group. The list of communications

published by the Bank Millennium Group, including their frequency and place of publication, is available on the Bank's website in the Investor Relations section <https://www.bankmillennium.pl/en/about-the-bank/investor-relations>

On the website you will find always up-to-date information about, among others, the prices of Bank Millennium's shares on WSE, the company's shareholding, Shareholder Meeting, dividend history or credit ratings. It also contains current and periodic reports, profit and loss presentations, xlsx spreadsheets with key financial information and other important information about the Bank. It is worth noting that the website is responsive, which means that it is adapted to mobile devices - tablets and smartphones.

[GRI 102-43] The Bank uses various communication channels in order to reach present and prospective shareholders. These are mostly:

- **regular conferences** with the participation of the Management Board on the quarterly performance of the Bank's Group (4 in 2021),
- **participation in conferences** organized for investors in Poland and abroad (8),
- **individual and group meetings** with capital market players (431),
- **current stock exchange reports** (36) and press releases,
- **dedicated website** in the Bank's portal on investor relations,
- encouraging people to participate in the annual **Shareholder Meeting**,
- **ongoing contacts** with market participants (by e-mail or telephone).

To ensure best practice in equal access to information, since 2006 the Bank has enabled unlimited access to these conferences via the web (video transmission in Polish and English) and by telephone. A transcript of every conference is available on the Bank's website. The Bank also offers a webcast of the Shareholder Meeting. A transcript of the discussion and resolutions is also available on the Bank's website.

Meetings with capital market players	2021	2020	2019	2018	2017
Number of meetings	114	123	168	155	183
Number of participants	431	434	360	355	373

Bank Millennium is analyzed by 12 analysts representing local and international brokerage firms, who publish their reports and recommendations on Bank Millennium' stocks. A full list of the analysts can be found on the Bank's website <https://www.bankmillennium.pl/en/about-the-bank/investor-relations/analysts>

In 2021, according to the Bank's knowledge, brokerage houses have issued 49 recommendations for Bank Millennium shares, out of which 16 are "Buy", 17 "Hold", 4 "Neutral" and 12 "Sell". As at 31 December 2021, the recommendation structure (not older than 6 months) was as follows:

Buy	Hold	Sell
5	2	2

4.6.2. COOPERATION WITH TRADE ORGANIZATIONS

[GRI 102-13] The Bank is a member of a number of trade organizations operating on a regional, national and international level. Some of them focus on the area of corporate business (Chambers of Commerce, Trade and Industry), others - on improving relations and knowledge of employees with specific competencies (Polish Chamber of Statutory Auditors or Institute of Internal Auditors). The most important industry organizations are: Polish Confederation Lewiatan (representing the interests of employers in Poland), Polish Association of Listed Companies, ACI Poland 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, Pomeranian Employers, Polish Business Council, SinoCham Polish-Chinese Main Chamber of Commerce.

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 form the right relationships and optimal development. The Bank's specialists participate in the work on solving difficulties and issues specific to the whole sector, among others in the work of the Committee on the Quality of Financial Service and the Banking Cybersecurity Centre.

Millennium Leasing is a member of the Polish Leasing Association and Millennium TFI of the Chamber of Fund and Asset Management (IZFiA).

4.6.3. 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 of the Bank's branches are operated under franchise agreements with entrepreneurs.

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

Criteria for selecting suppliers

The criteria for selecting suppliers in tender procedures include: good ratio of quality to cost of the services or products and the terms of delivery and payment. The bidder's substantive capabilities and financial reliability are also taken into account.

Geographical location of the 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.**

For purchases of goods used by the entire Group, the Bank's supplier selection policy is applied. Specific supplier selection criteria are employed by Companies if separate regulations require that, e.g. the ones governing the operations of funds and investment fund companies at Millennium TFI.

Ethical and environmental standards

[308-1, 414-1] The requirement to apply ethical and/or environmental clauses in agreements, where applicable, is an important element of the regulation pertaining to the procurement process (for example OHS regulations in the contracts for provision of construction or environmental services in agreements on waste disposal). **[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. In addition, a clause confirming supplier compliance with the Code of Ethics has been included in currently concluded supplier agreements. In 2021, all Bank Millennium suppliers participating in tenders familiarized themselves with the anti-corruption policies contained in the Bank Millennium Group's Code of Ethics.

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 2021, the quantity and quality of goods and services supplied was monitored for approx. 1,946 agreements by the Bank. In the case of 35 agreements, the suppliers' financial standing and their contingency plans were monitored. The quantity and quality of goods and services supplied was monitored for roughly 2,131 agreements by the Bank Millennium Group.

Products and services purchased	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2019	Bank 2019
[GRI 102-9, 102-10] Number of suppliers	13,831	6,639	12,592	6,679	13,948	6,352
[GRI 204-1] % of amounts paid to local suppliers*	93%	95%	95%	94%	92%	91%

* with registered offices in Poland

Invoice payment term	Group 2021	Bank 2021	Group 2020	Bank 2020	Group 2019	Bank 2019
Up to 30 days	83%	75%	77%	67%	81%	60%
31-60 days	14%	21%	18%	26%	16%	33%
Over 60 days	3%	4%	5%	7%	3%	7%

Millennium TFI's partners

[GRI 102-9] The activity of Millennium TFI and the funds it manages involves different types of business partners. These include: the transfer agent maintaining the participants' registers, the custodian of the funds' assets, the distributors of units, the entity maintaining the funds' books and calculating the value of the funds' assets, the providers of office, transport, legal and IT services, the entity maintaining the documents and the entity handling the circulation of correspondence, the entity maintaining the Company's books (Bank), banks and brokerage houses as business partners of the funds. The main categories of service providers to the Company and the funds are unit distributors, transfer agent, custodian of the funds' assets, the funds' business partners (banks and brokerage houses), legal advisors, financial auditors and IT service providers.

Agreements with Millennium TFI's suppliers are concluded, and the terms and conditions for the provision of services are defined, on the basis of legal regulations governing the activity of funds and fund management companies. To the extent not covered by the above regulations, the Company applies the Bank Millennium Group's Code of Ethics regulating the principles of establishing and maintaining relations with suppliers of goods and services.

The main criteria for selecting suppliers are set out in the regulations governing the activity of funds and investment fund companies. Due to different regulations concerning companies and banks, the criteria used by the Company may differ significantly from the criteria used by Bank Millennium. To the extent to which the Company employs group solutions for purchases of goods and services, the applied supplier selection policy is consistent with the principles laid down in the Bank Millennium Group's Code of Ethics.

[GRI FS5] The Company did not commit its suppliers to comply with ethical or environmental standards. Such commitments are applied in cases where the Company concludes group contracts with suppliers, in accordance with the principles contained in the Bank Millennium Group's Code of Ethics.

Millennium Leasing's partners - suppliers of leased assets

Millennium Leasing cooperates with suppliers of fixed assets, which are the subject of leasing agreements. The cooperation is implemented through **Vendor Programs**. A potential partner, before entering into cooperation, is verified by Millennium Leasing in terms of business potential, existing portfolio of joint contracts, credibility, and in certain cases a screening of the potential Vendor is performed by the Millennium Leasing Risk Department.

In most cases **Millennium Leasing concludes cooperation agreements with suppliers of leased assets**, providing for remuneration for the supplier for leads delivered to Millennium Leasing. The agreements have the nature of agency agreements and do not bind the parties on an exclusive basis.

Within the framework of the Vendor Programs Millennium Leasing cooperates both with leading suppliers (importers, dealers) - leaders in their segments, as well as with smaller, local players, e.g. with car consignment stores. Millennium Leasing's Vendors are suppliers of cars and trucks, truck tractors and semi-trailers, construction machinery, forklifts, production machinery, e.g. for metal, plastic and wood working machinery, printing machines, as well as PV installations.

[GRI FS5] The Company did not commit suppliers of leased assets to comply with ethical and environmental standards. Such commitments are applied in cases where Millennium Leasing concludes group contracts with suppliers, in accordance with the principles contained in the Bank Millennium Group's Code of Ethics.

4.7. TAX POLICY

[GRI 103-1, 103-2, 103-3, 207-1] The Bank perceives the fulfilment of its tax obligations, including the proper and timely payment of tax liabilities, as an element of corporate social responsibility and its important social mission contributing to the sustainable social and economic development of the Republic of Poland providing also the necessary foundations for the sustainable development of the Bank.

The Bank's tax policy is set out in the document "Tax Policy of Bank Millennium S.A." available at: <https://www.bankmillennium.pl/en/about-the-bank/corporate-bodies-and-governance>

The tax strategy is approved by the Bank's Management Board based on the recommendation of the Head of the Tax Department. The tax strategy is subject to ongoing reviews and updates by the Head of the Tax Department adapting it to the dynamically changing regulatory environment in Poland. [GRI 207-2] Chapters III and IV of the "Bank Millennium S.A.'s Tax Policy" describe in detail the principles and process of tax risk management in the Bank.

Tax planning and interpretation of tax laws in the classification of various events and projects is done keeping in mind the Bank's low appetite for tax risk and maintaining the highest standards of diligence to ensure tax compliance. In order to ensure tax compliance, the Bank maintains appropriate tax governance governed by intra-bank acts defining the roles and responsibilities of the Bank's organizational units, as well as senior and junior management within the tax processes, taking into account the guidelines issued by the National Revenue Administration (KAS) resulting from the Internal Tax Supervision Framework published by the Ministry of Finance providing assurance of proper performance of duties.

[GRI 207-3] In its relations with KAS authorities, the Bank ensures transparency and due diligence in the performance of its duties, in particular by providing reliable, complete and timely explanations in accordance with the highest standards. As a member of the Polish Bank Association and Polish Confederation Lewiatan, the Bank participates in social consultations regarding draft amendments to the tax law. The Bank is open and collects stakeholder opinions and concerns on tax issues by responding in writing to the issues presented. The Bank also publishes on its website the ongoing stakeholder-related tax processes. The Bank discloses detailed information on tax matters in the annual information on the implemented tax strategy published pursuant to Article 27c of the CIT Act (link: <https://www.bankmillennium.pl/en/about-the-bank/corporate-bodies-and-governance>).

In 2021, Joao Bras Jorge, President of Bank Millennium, during the Congress 590 received from the hands of Tadeusz Kościński, Minister of Finance, a distinction for Bank Millennium's high position among the largest CIT payers.

CORPORATE SAFETY

4.8. SAFETY OF CLIENT FUNDS

Ensuring safety of the funds entrusted by clients is a priority in the activity of the Bank Millennium Group. Efficient management of this area is governed by the Bank's and Group Companies' safety, fraud prevention and risk management policies, code of ethical conduct and best market practices. 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. **Additionally, a number of technical safeguards operating in a multi-layer model (defence in depth) have been implemented in this area.**

Millennium TFI ensures safety of funds entrusted by clients to funds managed by the Company in accordance with the provisions of law regulating the operation of 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. Safety of assets belonging to the funds is ensured by their custodian, which for Millennium Funds is Bank Millennium.

4.8.1. SAFETY OF INFORMATION AND TRANSACTIONS

[GRI 102-15, 103-1, 103-2, 103-3] The Bank uses its best efforts to ensure the protection of clients' funds and privacy. To this end, risk analyses are conducted both before the preparation of new products and services and globally - describing the whole ICT environment of the Bank. The key risks associated with inadequate protection of clients' funds and privacy are leakage, loss or unauthorized modification of client data.

The information security system in place in the Bank Millennium Group is **modelled 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 constructed 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.

Implemented solutions and the **implementation of existing policies and legal requirements are subject to regular audits and tests** performed by both professional teams of internal auditors and recognized companies in the IT security area.

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 employees of the Bank Millennium Group and employees of cooperating companies, who may have access to the Bank's network.

Safety training Bank Millennium Group	2021	2020	2019	2018
% of employees trained	90%	91%	91%	92%

4.8.2. PROTECTION OF PERSONAL DATA

[GRI 103-1, 103-2, 103-3] Bank Millennium processes personal data inter alia to conclude an agreement, to perform a number of duties imposed on the Bank, to maintain bank accounts, to securely execute instructions and to inform clients about new products and services. The Bank as a data controller makes every effort to implement the requirements of the Data Protection Regulation 2016/679 (GDPR) to the fullest extent possible and thus protect personal data. Supervision over proper processing of personal data in the Bank Millennium Group is exercised by the Data Protection Officer. In addition, a special unit was created in the Bank, i.e. Data Protection Office, whose task is to support the Bank's employees in fulfilling their duties in the area of data processing.

Bank Millennium processes personal data of clients, employees or other persons who are in relationship with the Bank, using technical and organizational means necessary to ensure data security. Personal data is one of the key resources for the Bank and its security is a top priority. The Bank is constantly improving its technical and organizational measures to ensure the protection of personal data processing, in particular protecting the data against unauthorized access, loss or unauthorized modification.

At the same time, in case of Bank Millennium clients, personal data are also covered by banking secrecy, which entails the obligation to provide even more extensive protection of client relationship data. In order to ensure the highest standards also in this respect, training is provided in the field of security of protected information, including personal data protection and bank secrecy.

[GRI 418-1] Significant complaints concerning violation of the client's privacy and loss of data in 2021

Number of justified complaints concerning violation of the client's privacy received from external parties and acknowledged by the organization*	51
Completed proceedings conducted by the President of the Office for Personal Data Protection (PUODO)**	2
Total number of identified incidents of leaked, stolen or lost client data***	109

Of which requiring
reporting to PUODO

46

** pertains to client complaints filed in person or by representative entities, does not include PUODO proceedings that are handled outside of the complaint process*

*** proceedings before PUODO concerning personal data protection violations concluded in 2021 (does not apply to proceedings concluded by an appealed decision)*

**** pertains to GDPR incidents registered during the calendar year*

4.8.3. FRAUD PREVENTION

Elements of the fraud prevention system are built and tailored to the company's current needs based on the **Fraud Risk Management Program**. The system enables coordination of actions taken by the Bank's various units involved in fraud detection, investigation and prevention. At the same time it provides professional tools and solutions to ensure effective protection of the clients' funds. To this effect, numerous preventive mechanisms have been designed and implemented to monitor transaction systems. These tools are constantly developed in order to better identify fraudulent schemes.

The Bank pays due attention to the training of those responsible for handling clients who report attempted fraud or who are unwittingly victims of criminals. One of the goals of the Security Department (which is the owner of the anti-fraud process) is to consistently inform employees of the risks to which they and the clients are exposed. Among other things, to attain this goal, the department prepares and publishes substantive articles in the intranet newsletter "Millennium World". Additionally, in coordination with other units, it sends periodic push/sms/Millenet alerts to clients and publishes information about criminal schemes on the Bank's websites.

[GRI 102-17] Another important constituent element of the program is the dedicated **electronic mail account and the alarm telephone number that operate 24 hours a day, 7 days a week and 365 days a year**. Every Bank employee may immediately clear up any doubt related to a suspicion of fraud. Alerts are routed to the Fraud Management Department, which plays a support role, making decisions and directing further actions to minimize the risk of fraud.

The Bank is constantly developing its technical solutions to prevent fraud and uses the latest types of security features, including those based on artificial intelligence mechanisms.

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

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

The Bank's Internal Procedure for Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) is a comprehensive system to identify risk areas related to the crime of money laundering or terrorism financing. In order to minimize the risk, the Bank operates in accordance with the AML/CTF Procedure, which defines the rules of conduct consistent with national and international laws and banking standards.

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

The Bank complies with Polish AML/CFT regulations, European Union and United Nations legal regulations and international banking standards concerning specific restrictive measures (sanctions). The AML/CFT internal procedure is reviewed at least once a year for compliance with applicable laws and regulations.

All Bank Millennium employees are obliged to make every effort to prevent the use of the Bank's products and services for money laundering and terrorist financing and to report any suspicious activity promptly to the appropriate banking unit.

The Bank conducts AML/CFT training for all employees in order to meet the highest standards, in particular with regard to the applicable AML/CFT regulations, including inter alia the application of financial security measures and specific restrictive measures within the client business relationship and the typology of money laundering. 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 adequately described in the Bank's internal regulations. A dedicated AML unit is appropriately placed in the Bank's organizational structure, and the persons responsible for the Bank's AML activities have appropriate competence and qualifications.

The Bank's Management Board is regularly informed on how the AML/CFT Procedure is being implemented. In particular, reporting includes the most relevant information as part of management information, including major changes in laws and regulations, statistical data and other data required to present a complete picture of AML/CFT risk in the organization. The Bank has in place a specialized AML Committee, which receives regular information on this subject, as does the Supervisory Board, which is informed on at least an annual basis.

Bank Millennium Group companies which are obligated institutions have separate AML/CFT policies and apply the requirements of AML/CFT regulations in a consistent manner. Employees performing AML/CFT related duties are appropriately trained in this respect, according to the training program.

4.8.5. PREVENTING CONFLICTS OF INTERESTS

[GRI 102-25] The Bank has implemented Policy for the prevention of conflicts of interest at Bank Millennium S.A. According to its contents, the **Bank has introduced the following rules** governing this area:

- accepting and giving monetary and non-monetary performances ("incentives"),
- review and approval of products,
- appropriate organizational structure (including transparent official reporting structures) and information barriers,
- compensation policies applied,
- personal transactions,
- engaging in additional or competitive activities,
- transactions with entities from the Bank Millennium Group.

The Bank's Management Board is responsible for the proper management of conflicts of interests and supervising them. Periodically, at least once a year, on the basis of the recorded cases of existing conflicts of interest, the Compliance Department analyzes the reasons for their occurrence and presents to the Bank's Management Board conclusions aimed at eliminating them in the future.

Some Companies adhere to specific regulations on top of the regulations that span the Bank Group, e.g. Millennium Dom Maklerski has a Policy for the prevention of conflicts of interest in Millennium Dom Maklerski S.A. and Millennium Towarzystwo Funduszy Inwestycyjnych applies the Rules and regulations for managing conflicts of interest in Millennium TFI S.A.

4.8.6. ANTI-CORRUPTION

[GRI 103-1, 103-2, 103-3] The Bank's approach assumes zero tolerance for any form of corruption, which can be briefly reduced to accepting or giving benefits (both financial and non-financial) aimed at achieving a certain behaviour or omission of the other party.

To this effect, in 2021 the Bank implemented a separate regulation dedicated to this subject, entitled "Anti-Corruption in Bank Millennium S.A. Policies and Guidelines".

The document attempts to comprehensively cover the topic of corruption and addresses the following areas:

- **The roles and responsibilities of individual persons, units and bodies of the Bank** - the responsibility for counteracting corruption rests with each Bank employee, which means that they are obliged, in the case of suspicion that an act of this kind has been committed, to immediately inform the relevant Bank services, and if they fear the consequences of their report, they can provide the information anonymously. The regulation also defines the roles of the Bank's Management Board and Supervisory Board, which should properly oversee the implementation and periodic evaluation of the adequacy and effectiveness of the implemented anti-corruption system. The Bank has also established the function of a Coordinator responsible for the implementation of the anti-corruption process and independent monitoring of compliance with the rules imposed by the aforementioned regulation.
- **Relations with business partners** - the Bank considers proper relations with its business partners to be fundamental to the efficient and transparent functioning of the Bank and the provision of specific services by the Bank to its clients. This imposes a special obligation on the Bank to analyze each business partner, both at the stage of establishing the relationship and throughout its duration. Within the framework of this analysis, the relevant Bank services should pay special attention to such issues as: key personnel of the business partner, negative information from publicly available sources (including the media), capital and personal relations with other entities or verification of references.
- **Relations with officials** - this type of relationship is considered by the Bank in two aspects, that is, employment and interaction at the official level. As far as the former aspect is concerned, the Bank, when employing such persons, makes every effort to prevent conflicts of interest, taking into account the legitimate interests of such persons and the provisions of generally applicable laws (especially in the areas of personal data protection and labour law). In the latter case, the Bank has decided to strictly prohibit the giving or receiving of benefits, irrespective of their value or nature; this includes the prohibition of benefits of an incidental nature, typically given or received on such occasions.
- **Relations with other organizations** - in the case of political parties, the Bank has adopted a policy of complete neutrality, which means not undertaking the financing of political parties, either directly or indirectly. With respect to non-profit organizations (such as charities or foundations), the Bank permits the financing of such organizations in accordance with its internal regulations.
- **Giving and receiving benefits** - the Bank divides benefits into three main categories, i.e. gifts, representation events and business events. Depending on the type of benefit, the path

forward varies. However, the main principle is the recording of benefits and, in certain situations specified in the regulation, their prior approval by the relevant Bank services. All this is to tighten the process of circulation of various types of benefits, which may be received or given by the Bank's employees.

[GRI 205-2] Within the framework of mandatory training on the Code of Ethics employees familiarize themselves with the Bank Millennium Group's anti-corruption policy. Additionally, in connection with the implementation of the new regulation "Anti-Corruption in Bank Millennium S.A. Policies and Guidelines", an educational campaign was conducted through internal communication channels by publishing articles explaining the most important aspects of counteracting corruption in the organization.

Employees may also pose questions and report observed irregularities via an **e-mail inbox** or they may contact their immediate supervisor or the person running the Compliance Department.

[GRI 205-1] As part of the assessment of individual components of operational risk, also the aspect of vulnerability to corruption risk of different types of Bank's activities is analyzed by the Internal Audit Department in the course of audit activities. Past experience in this area confirms the adequacy and effectiveness of the control mechanisms implemented for this purpose, such as procedures, segregation of duties, authorizations and limits. Periodic audits of the Internal Audit Department cover all activities of the Bank and all business processes within the Bank Millennium Group. **[GRI 205-3]** No detected cases of corruption in 2021.

In addition, some Companies have their own anti-corruption regulations. Millennium Dom Maklerski as implemented, among others, the Anti-Corruption in Millennium Dom Maklerski S.A. Policies and Guidelines, Rules and regulations for persons employed 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 this category of entities set forth in the Rules and regulations for accepting and giving incentives.

4.9. INTERNAL CONTROL SYSTEM

4.9.1. COMPLIANCE

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

- monitoring changes in legislation and market standards,
- ensuring compliance of the Bank's internal regulations with the generally applicable provisions of law, as well as recommendations issued by regulatory authorities,
- monitoring and approving new products and modification or withdrawal 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,
- preventing corruption,
- observing the ethical principles;
- personal transactions,
- protecting confidential information and professional secrets,
- monitoring and ensuring compliance with respect to financial products and services covered by the MiFID2 directive.

A report on the operation of the system for supervising legal compliance is presented quarterly to the Bank's Management Board and the Supervisory Board Audit Committee, and annually to the Supervisory Board.

[GRI 419-1] In 2021, no financial penalties were imposed on the Bank by final judgment for non-compliance with generally applicable laws.

4.9.2. 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 audit is a separate, within the internal control system of Bank Millennium S.A., independent and objective advisory activity, performed by the Internal Audit Department, aimed at generating value and improving processes in the Bank/Group of Bank Millennium S.A. as well as assessing the adequacy and effectiveness of the risk management system and internal control system. Advisory activity may be performed if its character does not compromise the principle of the internal auditor's objectivity and independence.

In 2021, as part of the assurance activity, 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 of branches and compliance with external regulatory requirements. Tasks performed by the Internal Audit Department also included clarification procedures and preventive audits. As part of its advisory activities, the Department performed tasks related to the coordination of the SREP process, inspections and supervisory / external audits carried out at 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. ABOUT THE REPORT

5.1. APPROACH TO REPORTING

About this report

[\[GRI 102-50\]](#) The ESG Report of Bank Millennium and the Bank Millennium Group depicts the operations of the Bank Millennium Group in the period from 1 January 2021 to 31 December 2021 unless stated otherwise. The report was published on 21 February 2022. [\[GRI 102-54\]](#) This report has been drafted in accordance with the GRI Standards: “Core” application level (Financial Services Sector Supplement has also been used) and in accordance with the non-financial reporting requirements imposed by the amended Accounting Act. The report constitutes the report on non-financial information referred to in Article 49b of the Act. It contains a recap of the Bank Millennium Group’s activity in the sustainable development context, i.e. in the economic, social and environmental areas. [\[GRI 102-52\]](#) The Bank Millennium Group publishes reports at annual intervals. [\[GRI 102-51\]](#) The most recent report prepared for 2020 was published in February 2021. The Bank published its first corporate social responsibility report for 2006. [\[GRI 102-45\]](#) The report describes the operations of the Bank and the Bank Millennium Group’s other major companies (Millennium Leasing, Millennium TFI, Millennium Dom Maklerski, Millennium Bank Hipoteczny, Millennium Goodie). [\[GRI 102-10\]](#) Following the merger of Bank Millennium and Euro Bank in November 2019, the reported period continued to see significant changes in the organization, mainly in the employment structure and further optimization of the branch network.

[\[GRI 102-49\]](#) There have been no significant changes in the scope and boundaries of reporting since the last publication in 2021. [\[GRI 102-48\]](#) In order to increase the quality of the carbon footprint calculations, changes were made to the methodology for 2020 and 2021 by systematising the emission factors used, performing calculations for electricity according to the location-based (using the average emission factor for Poland) and market-based (using emission factors specific to energy sellers) methods, and changing the calculation method for business trips (changing the data source from estimates of the distance travelled for air and rail trips to the distance between the city of the

start and end of the trip). Detailed information can be found in "Greenhouse gas emissions" section. As a result of changes in the accounting principles implemented in 2021, the comparable data on the amount of loans for 2020 presented in the table on page 11 have been adjusted.

[GRI 102-56] This report has been externally verified by Deloitte.

5.2. ACCOUNTING ACT COMPLIANCE TABLE

Mandatory items from the Accounting Act	Group (page)	Bank (page)
Description of the business model	13	13
Description of the policy on combating corruption	133	133
Significant risks adversely affecting the issue of combating corruption	19	19
Description of the policy on human rights	121	121
Significant risks adversely affecting the issue of human rights	19	19
Description of the policy on social issues	110, 112, 114	110, 112, 114
Significant risks adversely affecting social issues	19	19
Description of the policy on employee issues	92, 93, 94, 106	94, 95, 94, 106
Significant risks adversely affecting employee issues	19, 94	19, 94
Description of the policy on environmental issues	27, 28, 29	27, 28, 29
Significant risks adversely affecting environmental issues	19, 29	19, 29

5.3. GRI STANDARDS CONTENT INDEX



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

[GRI 102-55]

GRI standard name	Indicator no.	Indicator name	Reporting level	Page number in the report	External audit
GRI 101. Foundation 2016	[GRI 101 does not include any indicators]				
PROFILE DISCLOSURES					
GRI 102. General disclosures 2016	GRI 102-1	Name of the organization	Full	7	
	GRI 102-2	Activities, brands, products and services	Full	7	
	GRI 102-3	Location of headquarters	Full	8	
	GRI 102-4	Location of operations	Full	8	
	GRI 102-5	Ownership and legal form	Full	8, 10	
	GRI 102-6	Markets served	Full	9	
	GRI 102-7	Scale of operations	Full	9	
	GRI 102-8	Information on employees and other workers	Full	88	Yes
	GRI 102-9	Supply chain	Full	125, 126, 127	
	GRI 102-10	Significant changes to the organization and its supply chain	Full	8, 10, 126, 136	
	GRI 102-11	Precautionary principle or approach	Full	29, 119, 121	
	GRI 102-12	External initiatives	Full	117	
	GRI 102-13	Membership of associations	Full	125	
	GRI 102-14	Statement from senior decision-maker	Full	5	
	GRI 102-15	Key impacts, risks, and opportunities	Full	17, 19, 29, 75, 94, 106, 129	Yes
	GRI 102-16	Values, principles, standards and norms of behaviour	Full	11, 13, 121	Yes
	GRI 102-17	Mechanisms for advice and concerns about ethics	Full	122, 131	Yes
	GRI 102-18	Governance structure	Full	116	
	GRI 102-25	Conflicts of interest	Full	132	
	GRI 102-26	Role of highest governance body in setting purpose, values and strategy	Full	119, 120	Yes
	GRI 102-30	Effectiveness of risk management processes	Full	121	Yes
	GRI 102-31	Review of economic, environmental and social topics	Full	120	
	GRI 102-40	List of stakeholder groups	Full	22	
	GRI 102-41	Collective bargaining agreements	Full	97	

	GRI 102-42	Identifying and selecting stakeholders	Full	22, 108	Yes
	GRI 102-43	Approach to stakeholder engagement	Full	108, 124	
	GRI 102-44	Key topics and concerns raised	Full	22, 108	Yes
	GRI 102-45	Entities included in the consolidated financial statements	Full	136	
	GRI 102-46	Defining report content and topic boundaries	Full	22	
	GRI 102-47	List of material topics	Full	22	
	GRI 102-48	Restatement of information	Full	136	
	GRI 102-49	Changes in reporting	Full	136	
	GRI 102-50	Reporting period	Full	136	
	GRI 102-51	Date of most recent report	Full	136	
	GRI 102-52	Reporting cycle	Full	136	
	GRI 102-53	Contact point	Full	146	
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	Full	136	
	GRI 102-55	GRI content index	Full	138	
	GRI 102-56	External assurance	Full	137	
SPECIFIC DISCLOSURES ON MATERIAL TOPICS					
Economic topics					
Reporting aspect: Financial performance					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	10	
	GRI 103-2	The management approach and its components	Full	10	Yes
	GRI 103-3	Evaluation of the management approach	Full	10	Yes
GRI 201. Economic performance 2016	GRI 201-1	Direct economic value generated and distributed	Full	10	
Reporting aspect: Market presence					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	92	
	GRI 103-2	The management approach and its components	Full	92	Yes
	GRI 103-3	Evaluation of the management approach	Full	92	Yes
GRI 202. Market presence 2016	GRI 202-1	Ratio of wages of entry-level employees to the minimum wage	Full	93	Yes
	GRI 202-2	Proportion of senior management hired from the local community	Full	90	
Reporting aspect: Indirect economic impact					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	110	Yes

	GRI 103-2	The management approach and its components	Full	110	Yes
	GRI 103-3	Evaluation of the management approach	Full	110	
GRI 203. Indirect economic impacts 2016	GRI 203-1	Infrastructure investments and services supported	Full	110, 114	
Reporting aspect: Procurement practices					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	125	
	GRI 103-2	The management approach and its components	Full	125	Yes
	GRI 103-3	Evaluation of the management approach	Full	125	Yes
GRI 204. Procurement practices 2016	GRI 204-1	Proportion of spending on local suppliers	Full	126	
Reporting aspect: Prevention of corruption					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	133	
	GRI 103-2	The management approach and its components	Full	133	Yes
	GRI 103-3	Evaluation of the management approach	Full	133	Yes
GRI 205. Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	Full	134	
	GRI 205-2	Communication and training about anti-corruption policies and procedures	Full	122, 126, 134	Yes
	GRI 205-3	Confirmed incidents of corruption and actions taken	Full	134	Yes
The reporting aspect: Anti-competitive behaviour					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	87	
	GRI 103-2	The management approach and its components	Full	87	Yes
	GRI 103-3	Evaluation of the management approach	Full	87	Yes
GRI 206. Anti-competitive behaviour 2016	GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Full	87	Yes
Reporting aspect: Taxes					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	128	
	GRI 103-2	The management approach and its components	Full	128	Yes

	GRI 103-3	Evaluation of the management approach	Full	128	Yes
GRI 207. Tax 2019	GRI 207-1	Approach to tax	Full	128	
	GRI 207-2	Tax governance, control, and risk management	Full	128	
	GRI 207-3	Stakeholder engagement and management of concerns related to tax	Full	128	
Environmental topics					
Reporting aspect: Materials					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	30	
	GRI 103-2	The management approach and its components	Full	30	Yes
	GRI 103-3	Evaluation of the management approach	Full	30	Yes
GRI 301. Materials 2016	GRI 301-1	Materials used by weight or volume	Full	31, 32	Yes
Reporting aspect:					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	36	
	GRI 103-2	The management approach and its components	Full	36	Yes
	GRI 103-3	Evaluation of the management approach	Full	36	Yes
GRI 302. Energy 2016	GRI 302-1	Energy consumption within the organization	Full	36, 37	Yes
	GRI 302-4	Reduction of energy consumption	Partial	45	
Reporting aspect: Water and sewage					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	36	
	GRI 103-2	The management approach and its components	Full	36	Yes
	GRI 103-3	Evaluation of the management approach	Full	36	Yes
GRI 303. Water and effluents 2018	GRI 303-5	Water consumption	Full	37	
Reporting aspect: Biodiversity					
GRI 304. Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed or adjacent to protected areas or areas of high biodiversity value outside protected areas	Full	30	
Reporting aspect: Emissions					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	27	
	GRI 103-2	The management approach and its components	Full	27	Yes

	GRI 103-3	Evaluation of the management approach	Full	27	Yes
GRI 305. Emissions 2016	GRI 305-1	Direct (Scope 1) GHG emissions	Full	46	Yes
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	Full	46	
	GRI 305-3	Other indirect (Scope 3) GHG emissions	Full	46	Yes
	GRI 305-4	GHG emissions intensity	Full	46	
	GRI 305-5	Reduction of GHG emissions	Full	53	
Reporting aspect: Waste					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	30	
	GRI 103-2	The management approach and its components	Full	30	Yes
	GRI 103-3	Evaluation of the management approach	Full	30	Yes
GRI 306. Waste 2020	GRI 306-1	Waste generation and significant waste-related impacts	Full	30	
	GRI 306-2	Management of significant waste-related impacts	Full	30	
	GRI 306-3	Waste generated	Full	33, 34, 35	Yes
	GRI 306-4	Waste diverted from disposal	Partial	35	
Reporting aspect: Compliance with environmental regulations					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	27	
	GRI 103-2	The management approach and its components	Full	27	Yes
	GRI 103-3	Evaluation of the management approach	Full	27	Yes
GRI 307. Environmental compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	Full	58	
Reporting aspect: Environmental assessment of suppliers					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	125	
	GRI 103-2	The management approach and its components	Full	125	Yes
	GRI 103-3	Evaluation of the management approach	Full	125	Yes
GRI 308. Supplier environmental assessment 2016	GRI 308-1	Percentage of new suppliers that were screened using environmental criteria	Partial	126	
Social topics					
Reporting aspect: Employment					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	91	

	GRI 103-2	The management approach and its components	Full	91	Yes
	GRI 103-3	Evaluation of the management approach	Full	91	Yes
GRI 401. Employment 2016	GRI 401-1	New employee hires and employee turnover	Full	88, 89	Yes
	GRI 401-2	Benefits provided to employees	Full	103	Yes
	GRI 401-3	Parental leave	Full	104	Yes
Reporting aspect: Occupational health and safety					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	106	
	GRI 103-2	The management approach and its components	Full	106	Yes
	GRI 103-3	Evaluation of the management approach	Full	106	Yes
GRI 403. Occupational health and safety 2018	GRI 403-1	Occupational health and safety management system	Full	106	
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	Full	106	
	GRI 403-3	Occupational health services	Full	107	
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Full	107	
	GRI 403-5	Worker training on occupational health and safety	Full	107	
	GRI 403-6	Promotion of worker health	Full	104, 106	
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Full	107	
	GRI 403-9	Work-related injuries	Full	107	
The reporting aspect: Training and education					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	100	
	GRI 103-2	The management approach and its components	Full	100	Yes
	GRI 103-3	Evaluation of the management approach	Full	100	Yes
GRI 404. Training and education 2016	GRI 404-1	Average hours of training per year per employee	Full	102	Yes
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Full	102	Yes

	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Full	98	Yes
Reporting aspect: Diversity and equal opportunities					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	114	
	GRI 103-2	The management approach and its components	Full	114	Yes
	GRI 103-3	Evaluation of the management approach	Full	114	Yes
GRI 405. Diversity and equal opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	Full	90, 95, 117	Yes
	GRI 405-2	Ratio of basic salary and remuneration of women to men	Full	96, 97	Yes
Reporting aspect: Counteracting discrimination					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	94, 123	
	GRI 103-2	The management approach and its components	Full	94, 123	Yes
	GRI 103-3	Evaluation of the management approach	Full	94, 123	Yes
GRI 406. Non-discrimination 2016	GRI 406-1	Incidents of discrimination and corrective actions taken	Full	95	Yes
Reporting aspect: Assessment of human rights issues					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	123	
	GRI 103-2	The management approach and its components	Full	123	Yes
	GRI 103-3	Evaluation of the management approach	Full	123	Yes
GRI 412. Human rights assessment 2016	GRI 412-2	Employee training on human rights policies or procedures	Full	94, 122	
Reporting aspect: Local community					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	112	
	GRI 103-2	The management approach and its components	Full	112	Yes
	GRI 103-3	Evaluation of the management approach	Full	112	Yes
GRI 413. Local communities 2016	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Full	110, 112	Yes
Reporting aspect: Social assessment of suppliers					

GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	125	
	GRI 103-2	The management approach and its components	Full	125	Yes
	GRI 103-3	Evaluation of the management approach	Full	125	Yes
GRI 414. Supplier social assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	Partial	126	
Reporting aspect: Marketing and labelling of products and services					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	80	
	GRI 103-2	The management approach and its components	Full	80	Yes
	GRI 103-3	Evaluation of the management approach	Full	80	Yes
GRI 417. Marketing and labelling 2016	GRI 417-1	Requirements for product and service information and labelling	Full	80, 83	
	GRI 417-3	Incidents of non-compliance concerning marketing communications	Full	81	
Reporting aspect: Client privacy					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	129, 130	
	GRI 103-2	The management approach and its components	Full	129, 130	Yes
	GRI 103-3	Evaluation of the management approach	Full	129, 130	Yes
GRI 418. Customer privacy 2016	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Full	130	Yes
Reporting aspect: Compliance with socio-economic regulations					
GRI 103. Management approach 2016	GRI 103-1	Explanations of the material topic and its boundary	Full	134, 135	
	GRI 103-2	The management approach and its components	Full	134, 135	Yes
	GRI 103-3	Evaluation of the management approach	Full	134, 135	Yes
GRI 419. Socioeconomic compliance 2016	GRI 419-1	Non-compliance with the laws and regulations in the social and economic area	Full	81, 82, 83, 84, 135	
Specific standard disclosures for the sector					
Sector topic: Product portfolio					
	FS5	Interactions with clients/ investees/ business partners	Full	126, 127	

		regarding environmental and social risks and opportunities			
Sector topic: Local communities					
	FS13	Access points in low-populated or economically disadvantaged areas by type	Full	70	Yes
	FS14	Initiatives to improve access to financial services for disadvantaged people	Full	68	Yes
Sector topic: Product and service labelling					
	FS15	Policies for the fair design and sale of financial products and services	Full	84	
	FS16	Initiatives to enhance financial literacy by type of beneficiary	Full	78, 111	

5.4. CONTACT DATA

[GRI 102-53] Thank you for reviewing the ESG Report of Bank Millennium and the Bank Millennium Group for 2021. Please send your comments and questions about it to:

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5.5. CERTIFICATION LETTER



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Independent Limited Assurance Report on Indicators Presented in the ESG Report of Bank Millennium and Bank Millennium Group for 2021.

To the Management Board of Bank Millennium 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 **ESG Report of Bank Millennium and Bank Millennium Group for the year from 1st January 2021 – 31st December 2021** (the "ESG Report"), developed by Bank Millennium S.A. (the "Company") and marked with "YES" in a column "Independent Assurance" in a table "GRI Standards Content Index" that is selected profile disclosures and material specific indicators: 102-8, 102-15, 102-16, 102-17, 102-26, 102-30, 102-42, 102-44, 103-2, 103-3, 202-1, 205-2, 205-3, 206-1, 301-1, 302-1, 305-1, 305-3, 306-3, 401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 413-1, 418-1, FS13, FS14, FS15, („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 ESG 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 behaviour.

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 ESG 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 ESG 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.

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Member of Deloitte Touche Tohmatsu Limited

District Court for the city of Warsaw KRS, No. 0000446833, NIP: 527-020-07-86, REGON: 010076870

Deloitte.

In order to form our conclusion on the indicators as marked in the GRI index presented in the ESG Report, we undertook in the period 30th August 2021 – 16 February 2022 the following procedures:

- Through inquiries, obtained an understanding of Bank Millennium 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 Bank Millennium 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 Bank Millennium S.A. estimates.
- Compared the information included in the ESG 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 ESG 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 ESG Report.

The process the organization adopts to define, gather and report data on its ESG 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 ESG 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 ESG Report developed by the Bank Millennium 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 ESG Report are materially misstated.

On behalf of Deloitte, the attorney: Karol Pieniążek

Deloitte Audyt sp. z o.o. sp.k.
Warsaw, 17th February 2022

SIGNED BY:

Date	First and last name	Position/Function	Signature
21.02.2022	Joao Bras Jorge	Chairman of the Management Board	Signed with a qualified electronic signature
21.02.2022	Fernando Bicho	Vice-Chairman of the Management Board	Signed with a qualified electronic signature
21.02.2022	Wojciech Haase	Management Board Member	Signed with a qualified electronic signature
21.02.2022	Andrzej Gliński	Management Board Member	Signed with a qualified electronic signature
21.02.2022	Wojciech Rybak	Management Board Member	Signed with a qualified electronic signature
21.02.2022	António Ferreira Pinto Júnior	Management Board Member	Signed with a qualified electronic signature
21.02.2022	Jarosław Hermann	Management Board Member	Signed with a qualified electronic signature