



**ESG Report  
of Bank Millennium and  
the Bank Millennium  
Group for 2022**

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## LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

[GRI 2-22]

Ladies and Gentlemen,

We have now lived through a pandemic for two years, an energy crisis precipitated by Russian aggression against Ukraine, an ecological catastrophe on the Oder River and a record-breaking warm New Year's Eve (the night-time temperature recorded in the Opole region was 18.7 degrees Celsius!). Each one of these extreme events highlights that caring for our current resources is an indispensable part of forging a safe and predictable future. At the same time, these situations focus our attention on the core issues related to survival. In the face of this reality, does the notion of sustainability truly have a chance of becoming our top priority? My response is a resounding yes. The transition towards running a sustainable business and taking accountability for positive changes are a genuine necessity from my point of view. We do not have a second planet called Earth, and that's why we must rescue the planet we inhabit. All of us have an important role to play, meaning me, us, you, customers, business partners and businesses.

For Bank Millennium 2022 was a period in which we performed important tasks related to implementing the concept of sustainability. First and foremost, we adopted our ESG Strategy for 2022-2024. In this document we laid down our environmental, social and governance goals as previously set forth in the Bank's Strategy entitled "Inspired by People". In 2022 we achieved the target of reducing our own greenhouse gas emissions by 50% in scope 1 and scope 2 versus 2020. We also continued to work on expanding our green products offering - for instance, we launched investment funds promoting ESG characteristics. Following the outbreak of war in Ukraine, as a gesture of solidarity with our neighbors to the east, we rolled out a host of facilities for Ukrainian nationals, and the entire Millennium community joined in our efforts to provide aid to refugees.

Bank Millennium's strength is rooted in its team of fantastic employees. The success of our efforts and the effective execution of our strategy hinges on them to a very large extent. That is why we implemented important changes in HR to make Millennium an even better and friendlier place to work. Besides the normal evaluation and promotions process, a special attention was given to raising salaries and extending the scope of social benefits, increasing the employees protection against the inflation impacts on their lives.

Once again, our sustainability efforts garnered recognition in the form of the "CSR Golden Leaf" awarded by the *Polityka* weekly, the title of a "Climate Aware Company" and for the ninth time in a row the title of a "Reliable Employer".

Caring for sustainability has been an inextricable part of our day-to-day processes for many years and an important aspect of the Bank's organizational culture and strategy. We regularly analyze our overall environmental impact spanning the economy, the environment and society at large. Our thinking is multifaceted, long-term in nature and distinct from our short and long-term business and financial targets. We are a company that is open to sundry viewpoints because only that type of company is capable of understanding customers and cultivating out-of-the-box solutions aligned to satisfy their needs. As an employer, we support employee development and advocate collaboration. As a member of the local community, we endorse initiatives to build social capital. Among other things, we are a cultural patron with our most important cultural project being the Millennium Docs Against Gravity documentary film festival. We adhere to the highest standards in our activity, we care about our activities being fully transparent, about having a sustainable value chain and ensuring full compliance with the binding laws and regulations. The Bank conducts its business with a sense of awareness and accountability while rigorously abiding by human rights and the principles of the "Group's Code of Ethics". We have embraced "Principles of Responsible Financing", which means

precluding or curtailing the provision of finance to sectors, activities and projects that do not correspond to our commitments in protecting the environment, advancing sustainability and mitigating social risks. We also submit to the prevailing “Environmental Policy”.

The Bank will continue to pursue its ESG efforts in accordance with the tenets of its Strategy. Since we treat sustainability as a long-term phenomenon, we have planned to take many different medium and long-term activities. Among other things, we have committed to achieving climate neutrality in direct and indirect emissions (scope 1 and scope 2) by 2027 and ultimately to achieve net zero emissions in all three scopes by 2050.

We are cognizant that achieving global climate goals and the objectives of the European Green Deal represents a major challenge calling for enormous investment outlays. We perceive how important the role we can play is when it comes to funding the energy transition and implementing a variety of environmentally-motivated solutions. We offer our customers proprietary financial products, and we support them when it comes to sourcing green financing from EU funds. In conjunction with this, we have observed material positive changes in their attitudes and expectations. They are more and more frequently the ones who promote positive changes in the environment or in society. The growing significance of ESG issues in supply chains and ultimately the need to carry out many investments to orchestrate the shift to a low emission economy are the most important factors indicating that the appetite for “green” financing will become more pronounced in the upcoming years, and that we have selected the right path to pursue these activities.

I warmly encourage you to peruse this 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 2-1]** Bank Millennium is a modern nationwide bank offering services to its clients in all of the market segments through its branch network, individual advisors, electronic banking and another remote services. 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 2-6]** 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 financial groups in Poland. In addition to the Bank, its most important subsidiaries in 2022 were Millennium Leasing (leasing activity), Millennium TFI (mutual funds), Millennium Bank Hipoteczny, as well as the Millennium Goodie, smart shopping platform based on advanced technology, and Millennium Consulting (formerly Millennium Dom Maklerski). The Group also comprises Millennium Financial Services, which is intended to carry out insurance distribution activities.

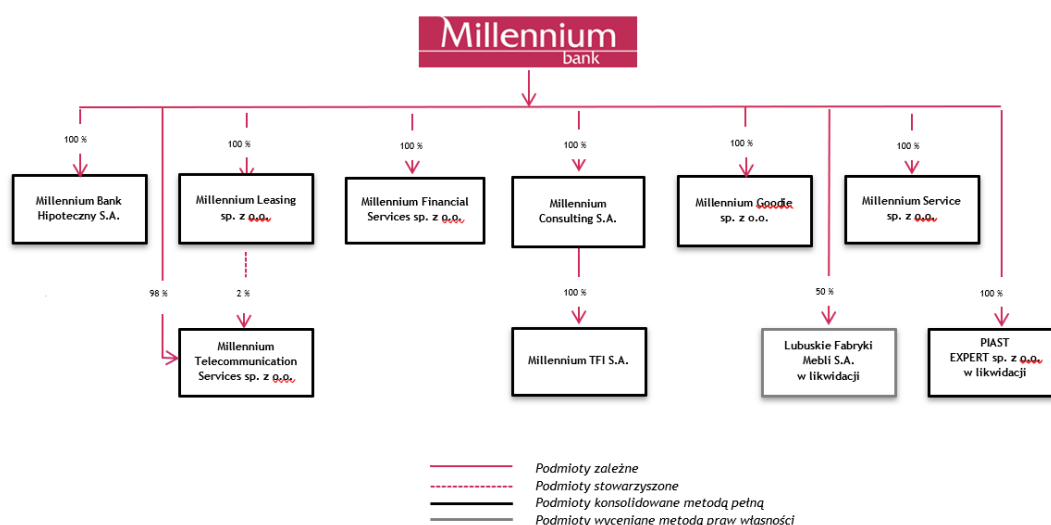
The offering of those subsidiaries complements the services and products offered by the Bank. The Bank Millennium Foundation is also part of the Group. For years it has been supporting financial education and employee volunteerism projects.

On 29 July 2022, the National Court Register registered a division of Millennium Dom Maklerski (MDM). After the demerger, the company operates under the name of Millennium Consulting. Subsequently, Bank Millennium integrated the spun-off brokerage services with its own services. The Bank now provides brokerage services directly through its newly created internal unit named the Bank Millennium Brokerage Office. The decision to integrate brokerage activity into Bank Millennium was dictated by the desire to increase the quality and comprehensiveness of the brokerage service offer addressed to both individual and institutional clients. The integration will allow the Bank to offer its clients a consistent offering of financial services in the banking and brokerage provided within a single institution. This ownership change did not require the clients of MDM or the clients of Bank Millennium to take any additional actions. All agreements remained unchanged.

**[GRI 2-6]** Millennium Bank Hipoteczny Spółka Akcyjna launched its operations on 14 June 2021. Its primary goal is to secure long-term financing for the Group 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 reducing the mismatch between the maturities of assets and liabilities.

**[GRI 2-1]** The Bank and its Subsidiaries operate in the Republic of Poland. **[GRI 2-1]** The Bank's Head Office is located in Warsaw while some of its head office functions are also performed in Gdańsk and Wrocław.

**[GRI 2-1]** Organizational chart of the Bank Millennium Group (as at 31 December 2022)



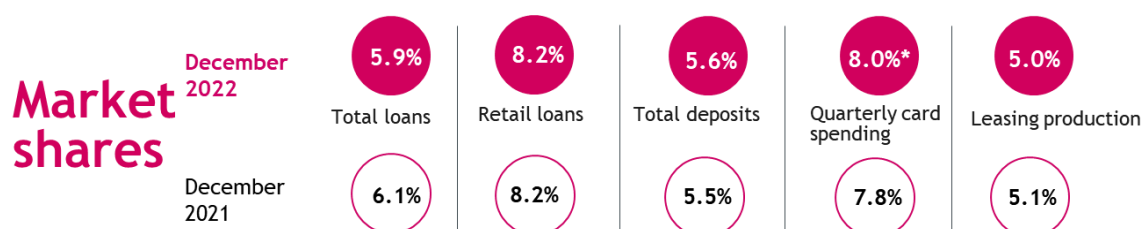


### 1.1.1. SCALE OF OPERATIONS

**[GRI 2-6]** The Bank operates throughout Poland and has no branches outside of its borders. Total assets of the Group amount to PLN 110.9 billion. The Bank Millennium Group serves over 2.8 million active retail clients. As might be expected of a client experience leader in electronic banking, the number of active digital clients exceeded 84% of the total Customer base, being more than 2.5 million (up 11% y/y) and mobile clients 2.2 million (up 17% y/y). At the end of 2022, the Bank had 635 branches, including 406 own branches and 229 outlets in the franchise model, and 509 ATMs.

Scale of the Bank Millennium Group's business activity	2022	2021	2020	2019	2018
Number of active retail clients (thous.)	2,887	2,694	2,633	2,571	1,838
Number of active corporate clients (thous.)	8.9	8.3	7.8	7.7	7.4
Number of own and franchise branches	635	655	702	830	361
Number of ATMs	509	480	479	498	487
Number of employees (persons)	6,987	7,079	7,645	8,615	6,270
Number of Bank's suppliers	7,501	6,639	6,679	6,352	5,012

#### Share in key market segments



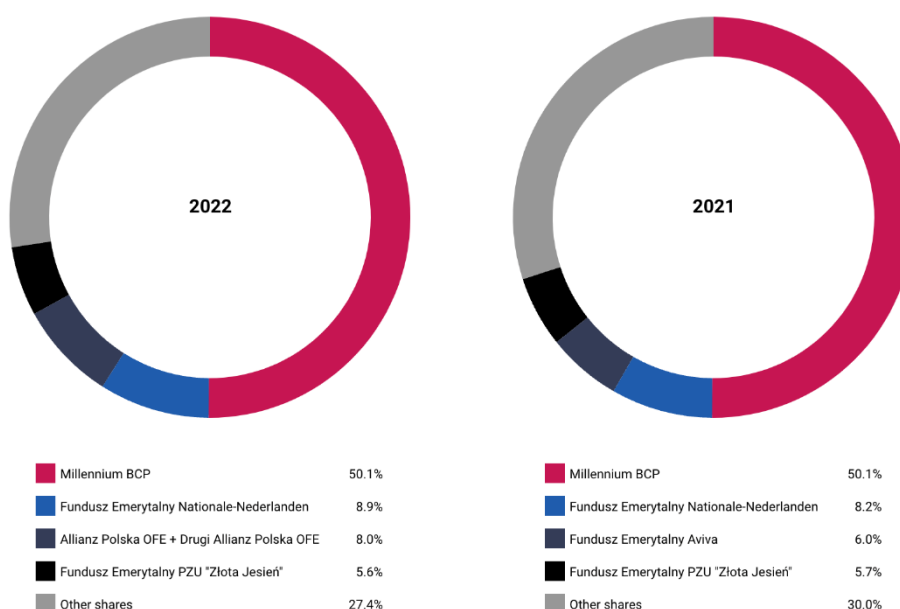
\* Data for September 2022

### 1.1.2. SHAREHOLDERS

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. Fundusz Emerytalny Nationale-Nederlanden, Allianz Polska OFE and Drugi Allianz Polska OFE, and also Fundusz Emerytalny PZU Złota Jesień are significant shareholders, each holding more than 5% of the share capital.

#### Bank Millennium's shareholder structure\*



\* as of 30.12.2022 and 31.12.2021

### 1.1.3. ECONOMIC PERFORMANCE

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	
	2022	2021	2022	2021
Operating income	4,008.5	3,558.1	3,859.9	3,400.7
Operating expenses*	(2,093.2)	(1,642.3)	(2,019.9)	(1,573.7)
Cost/income ratio	39.3%	46.2%	52.2%	46.3%
Impairment provisions and other cost of risk	(459.7)	(299.0)	(405.8)	(257.2)
FX legal risk related provisions	(2,017.3)	(2,305.2)	(2,017.3)	(2,305.2)
Banking tax	(169.1)	(312.6)	(169.1)	(312.6)
Corporate income tax (CIT)	(283.8)	(330.9)	(265.2)	(309.5)
Net loans and borrowings to clients	76,565.2	78,603.3	75,855.6	78,237.6
Client deposits	98,038.5	91,447.5	98,264.8	91,672.3
Common Equity Tier 1 capital (CET1=T1)	11.3%	14.0%	11.4%	14.0%
Total Capital Ratio (TCR)	14.4%	17.1%	14.5%	17.2%
Reported net income	(1,014.6)	(1,331.9)	(1,029.9)	(1,357.5)
Adjusted net income (excl. extraordinary items)	2,239.1**	1,124.3****	-	-
Reported Return on Equity (ROE)	(17.5%)	(16.3%)	-	-
Adjusted Return on Equity (ROE) (excl. extraordinary items)	21.5%**	11,0%****	-	-
<b>Distribution of profit</b>				
Dividend	-		0***	0***
Capital	-		100%***	100%***

\* without impairment charges for financial and non-financial assets

\*\* adjusted net income and ROE - excluding extraordinary items related to costs related to foreign currency mortgage loans (costs of provisions for legal risk, costs of settlements and legal costs) and cost of credit holidays.

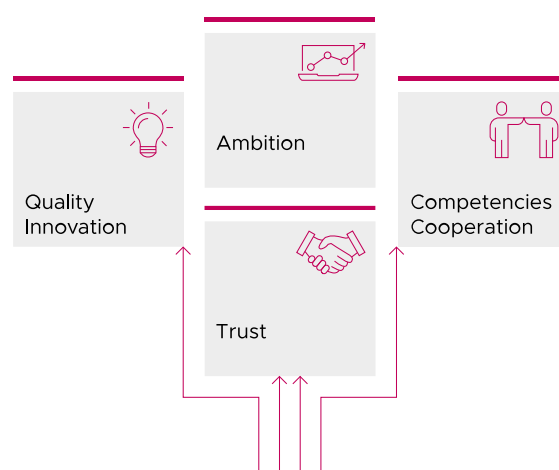
\*\*\* proposal of the Bank's Management Board before the Shareholder Meeting

\*\*\*\* differences to the adjusted net profit and adjusted ROE for 2021 presented in the ESG Report for 2021 result from adjustments and verification of items referring to costs related to foreign currency mortgage loans (costs of provisions for legal risk, costs of settlements and legal costs). In addition, in the case of the adjusted ROE, the value of equity was additionally adjusted by the above-mentioned costs.

## 1.2. MISSION AND VALUES

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 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.

## 1.3. BUSINESS MODEL AND THE VALUE CREATION MODEL

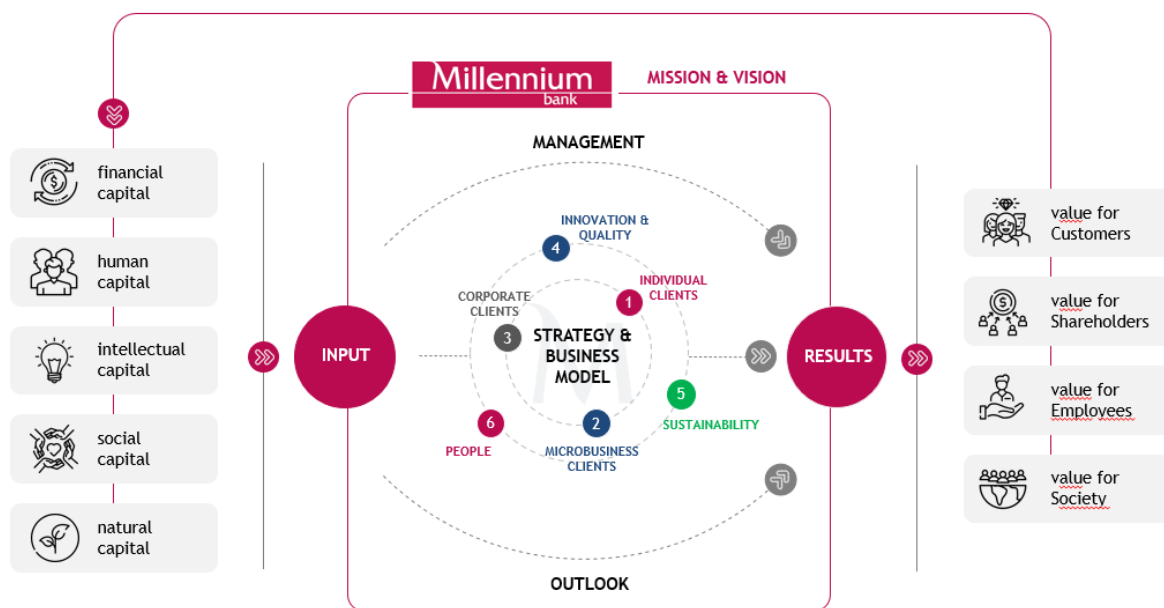
### Business model

Bank Millennium operates according to a business model centered on six pillars:

- Top quality and extended offering for individual clients - we are continuously strengthening the range of financial services offered to Customers, aiming also to constantly offer the best-in-class Customer Experience in all the channels, what makes us one of the fastest growing banks in loyal individual customers
- Bank of the 1st choice for new micro-business clients - taking advantage of the well-established retail sales and service model, we are building high innovative and efficient model for micro businesses
- Strategic partner supporting corporate clients development - we are developing corporate banking segment leveraging on long-term partnerships providing to our clients personalized and digitalized services, as well as professional expertise to address challenges of the future, i.e. green transformation
- Services supported by innovative solutions with top notch User Experience in digital channels (mobile-first approach) - we are among digital banking leaders, with one of the highest levels of mobile banking application penetration, setting trends in innovative financial and non-financial (Value Added Services) solutions and taking care on the best possible User Experience, hiper-personalization and cybersecurity
- Sustainable organization on the climate neutrality path -we keep our engagement for environment and society, now even scaled by dedicated strategy with defined ESG goals
- Great place to work for our people and for top talents - cornerstone of the business model and competitive advantage are our people and organizational culture, what is the reason behind continues effort to make us top employer, not only in the banking sector

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





### Value creation model

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

### Capital in the Bank Millennium Group...



#### FINANCIAL CAPITAL

Liabilities

**PLN 105.4 billion total liabilities**

Equity

**PLN 5.5 billion own funds**

Assets

**PLN 110.9 billion total assets**



#### HUMAN CAPITAL

Friendly workplace, focus on employee development, attention to diversity

**6,987 employees in the Group**

**44.5 - average number of training hours per Group employee per year**

**Mandatory training on the Code of Ethics**

**Bank Millennium with the Sound Employer 2022 title**



## 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

**39.3%** cost/income ratio of the Group

Reduction of resource consumption, consistent implementation of energy-efficient solutions



## INTELLECTUAL CAPITAL

Business Strategy for years 2022-2024 and ESG Strategy

Investments in modern technological solutions and innovations, the bulk of IT development is in-house, internal start-up goodie, internal UX Design time

Cooperation with Universities

Extensive internal training program

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



## SOCIAL CAPITAL

**93%** retail clients satisfied with the Bank's services


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

Financial education programs of the Bank Millennium Foundation and support of refugees from Ukraine as part of employee volunteerism


More than **PLN 2.3 million** provided by the Bank Millennium Group for donations and sponsorships in 2022




Digital security education activities for clients

... It supports business development within strategic pillars:

	Broad offering for individual clients		Innovative solutions with leading UX in electronic channels
	First choice bank for business clients		Sustainable organization
	Partner in the development of corporate clients		Friendly workplace

... and create value for stakeholders:

 CLIENTS	Banking for all - no physical, infrastructural and digital obstacles	<ul style="list-style-type: none"> <li>Continuous development of Internet and mobile banking services</li> <li>70% of the branches are accessible to disabled persons</li> <li>100% of the ATMs are accessible to disabled persons</li> <li>Facilities for Ukrainian-speaking clients on the Bank's website and in its banking app</li> <li>Golden CSR Leaf of the <i>Polityka</i> weekly - an award for companies with the highest corporate social responsibility standards</li> </ul>
	Non-banking digital functionalities, e.g. e-administration	<ul style="list-style-type: none"> <li>Over 1.1 million clients with access to e-administration - up 7.1% from 2021</li> <li>Mobile application as a hub for managing daily affairs, not just finances</li> </ul>
	High quality of service	<ul style="list-style-type: none"> <li>50 - NPS for retail clients</li> <li>Recipients of numerous awards in service quality competitions - Newsweek's Friendly Bank in the traditional and remote banking categories (Minds&amp;Roses 4Q22), Bank appreciated among Clients (ARC Rynek i Opinia 4Q22), Customer Relations Star (PwC 2Q22)</li> </ul>

 EMPLOYEES	Employee turnover ratio	<ul style="list-style-type: none"> <li>4% - employee turnover ratio</li> </ul>
	Education and development	<ul style="list-style-type: none"> <li>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.</li> </ul>
	Respect for diversity	<ul style="list-style-type: none"> <li>The Bank was awarded the title of "European Diversity Leader 2023" in a ranking compiled by the Financial Times and Statista</li> </ul>
 INVESTORS	Excellent transparency	<ul style="list-style-type: none"> <li>High standards of communication and access to information</li> </ul>
	Business value	<ul style="list-style-type: none"> <li>Core business resilience and growth potential</li> </ul>
	High standards of ESG management	<ul style="list-style-type: none"> <li>Member of the WIG-ESG index at the Warsaw Stock Exchange, adherence to the Best Practices for WSE Listed Companies and Corporate Governance Principles</li> </ul>
 SUPPLIERS	Ethical cooperation	<ul style="list-style-type: none"> <li>82% of all invoices paid within a range up to 30 days</li> </ul>
	Responsibility in the supply chain	<ul style="list-style-type: none"> <li>100% of newly-executed contracts have a clause obligating suppliers to apply the principles of the Bank Millennium Group's Code of Ethics</li> <li>Implementation of Sustainability Guidelines for Suppliers</li> </ul>



## SOCIETY

### Support for refugees from Ukraine

- The Bank allocated a total of PLN 1 million in 2022 to subsidize non-governmental organizations providing support and care to refugees from Ukraine.

### Financial education

- Since 2016, the Bank Millennium Foundation has been running its own financial education program for kindergarten children, called the "Financial ABCs." The Foundation conducted nearly 400 workshops in 118 kindergartens throughout Poland as part of the eighth and ninth Program editions, reaching almost 10 thousand preschoolers.
- This year's program was implemented under the honorary patronage of the Ministry of Finance

### Promotion of culture

- Bank Millennium has been a patron of the Millennium Docs Against Gravity documentary film festival for 17 years and has signed an agreement to extend its cooperation for 2022-2024.
- In May 2022, the 19th edition of the festival was held, with an audience of 138,000 people, for the third time in a hybrid formula.
- The Golden Culture Atlas Award for patronage over the Sacrum Profanum festival



## ENVIRONMENT

### Minimizing the environmental impact

- Bank Millennium was named a "Climate-Aware Company 2022" as part of the Corporate Climate Awareness Study carried out on the basis of the content of the 2021 reports
- Greenhouse gas emission reduction targets have been defined in the new business strategy. The 50% emission reduction goal was fulfilled in scopes 1 and 2 in 2022 vs. 2020
- Consistent reduction of resource consumption and the carbon footprint of occupied buildings
- Two refurbished Bank Millennium head offices in Gdańsk in the spirit of sustainable development



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

ESG (Environmental, Social, Governance) issues have for years been an integral part of the Bank Millennium Group's business strategy.

The ESG area is 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 "People Inspire Us" highlights the importance attached to the inspirations provided by employees, clients and the community in which the Bank functions.

In its new strategy, the Bank for the first time defined its climate goals, including a reduction of its own greenhouse gas emissions by 50% in 2022 compared to 2020, achievement of climate neutrality in terms of its own emissions (by 2027) and full climate neutrality (by 2050). Its strategic objectives also include active support for decarbonization efforts of the Bank's clients and granting PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank and 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 discussed in detail in the "Environment" section of this report.

As an institution inspired by people and their needs, in its strategy for 2022-2024, the Bank adopted the goal 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 continues 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. In 2022, the set of indicators under analysis was extended even further.

The "People Inspire Us" strategy for 2022-24 is available at the following address: <https://www.bankmillennium.pl/en/about-the-bank/investor-relations>

In 2022, the Bank adopted and announced the "ESG Strategy of the Bank Millennium Group for 2022-2024", which builds on and specifies in greater details the environmental, social and governance goals presented in the Strategy for 2022-2024 "Millennium 2024: People Inspire Us".

Our sustainability activities have been planned in three areas, which are the pillars of our ESG Strategy:

- Environmental Protection
- Corporate Social Responsibility
- Corporate Governance

In the “Environmental Protection” pillar, we have set strategic goals in the following areas:

- Striving for climate neutrality
- Reduction of resource consumption
- Product offering supporting sustainability
- Responsible lending policy
- Partnership with organizations
- Educational activities

In the “Corporate Social Responsibility” pillar, we have set strategic goals in the following areas:

- Employees development and support
- Promotion of equality and diversity
- Supporting clients in growing their business and finance
- Banking without barriers
- Education and safety
- Charitable activity and support for culture

In the “Corporate Governance” pillar, we have set strategic goals in the following areas:

- Sustainable organization
- Corporate governance and compliance policy
- Reporting and disclosures
- Climate risk management
- Sustainable supply chain policies
- Transparent communication

It is our goal that the initiatives developed and implemented in these pillars contribute to the greatest extent to positive change today and in the future.

The ESG Strategy for 2022-2024 is available at the Bank’s website:

[https://www.bankmillennium.pl/documents/10184/84831/ESG\\_Strategy\\_2022-2024.pdf](https://www.bankmillennium.pl/documents/10184/84831/ESG_Strategy_2022-2024.pdf)

The progress of the initiatives described in the ESG Strategy is monitored regularly by the Sustainable Development Committee. This process is described in Section 4.3 “Management Approach to Sustainable Development”.

## 1.5. APPROACH TO SUSTAINABLE DEVELOPMENT IN THE BANK MILLENNIUM GROUP

**[GRI 2-12]** The Bank’s Management Board is responsible for effective management of the sustainable development area in the Bank in respect to environmental, social and corporate governance issues.

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.

Detailed information on the organization of the ESG management process is provided in Section 4.3. “Management Approach to Sustainable Development”.

## Sustainability principles

[GRI 2-23] Bank Millennium has defined the basic principles related to sustainable development at the level of the entire Bank Millennium Group. These principles were defined in the “Bank Millennium S.A. Sustainability Policy” with the following documents published on the Bank’s website (<https://www.bankmillennium.pl/en/about-the-bank/esg#zasady-esg>) constituting its integral part:

- Sustainable Development Principles
- Anti-Corruption Principles
- Principles of Social Impact
- Human Rights Principles
- Diversity Principles
- Corporate Volunteerism Principles
- Responsible Financing Principles

Sustainability principles adopted by the Bank Millennium Group, which integrate the environmental, social and management dimensions, include:

- adapting the decision-making process, in all areas of the Bank Millennium Group, to the implementation of the United Nations Sustainable Development Goals (“UN Sustainable Development Goals”), as well as generally applicable laws and national and international standards in the field of sustainable development;
- taking into account the UN Sustainable Development Goals in the development and offering of financial products;
- transparency of disclosed information regarding the implementation of activities in the area of sustainable development by the Bank Millennium Group;
- building awareness of Employees, Clients and other stakeholders of the Group in the field of sustainable development;
- adhering to the highest standards in the conducted business, including the Principles of Corporate Governance for Supervised Institutions and Best Practices for WSE Listed Companies, as well as striving to constantly ensure full compliance with generally applicable laws and business standards;
- building partnership relations and constant involvement in cooperation with communities - both external and internal - in the search for opportunities to create social value, by supporting initiatives related to culture, education and financial knowledge, as well as activities within the framework of employee volunteering.

Based on the UN Sustainable Development Goals, as well as on the obligations arising from the Diversity Charter signed by the Bank, as well as internal rules and good practices, we have made the following commitments:

- Integrating environmental and social risks into the customer risk assessment process and taking into account ESG risk factors in sectoral policies with respect to the corporate Clients;
- Defining the list of sectors and activities not financed by the Bank Millennium Group - the Group identifies sectors of economic activity or projects whose financing is inconsistent with the Group’s commitment to protect the environment, promote sustainable development, combat climate change and preserve biodiversity. For this reason, the Group has identified business sectors excluded from financing or conditional financing sectors (financing of activities or projects in these sectors is possible under additional conditions);

- Financing of environmentally friendly and energy-efficient projects, including projects related to the replacement of coal-fired energy with low-carbon energy sources;
- Carrying out activities aimed at reducing the carbon footprint;
- Respect for human rights - Bank Millennium Group takes into account and promotes the basic principles of human rights through the application of ethical business practices to various stakeholders, in particular employees, clients, shareholders, suppliers, local communities. Such practices are clearly defined in the relevant internal regulations of the Group;
- Sustainable development competency generation: we offer training and initiatives for employees to develop their sustainability competencies;
- Promoting a culture of responsible consumption: The Bank Millennium Group has adopted, as part of the Sustainability Guidelines for Suppliers, a set of requirements for suppliers covering sustainability issues;
- Influencing society: promoting a culture of social responsibility, developing activities for and with different stakeholder groups that support, directly or indirectly, social development.

The above commitments in the field of sustainability policy apply to all activities and business relations of Bank Millennium.

We attach special importance to human rights issues, since the observance of human rights is incorporated into the main goals and commitments of the Bank Millennium Group. As the Bank Millennium Group, we are committed to respecting human rights, ensuring compliance with the provisions of Polish and international law (including the United Nations Universal Declaration of Human Rights) and defining internal practices and procedures in this area.

We have adopted the following principles related to respecting and promoting human rights:

- Prohibition of forced labour, child labour and human trafficking - we reject all forms of forced labour related to human trafficking and child labour, while complying with the provisions of Polish and international law.
- Prohibition of discrimination and violation of workers' rights - we promote a culture of tolerance and reject all forms of discrimination based on origin, gender, sexual orientation, family situation, nationality, ethnicity, religion, membership of social groups and political beliefs or any kind of individual physical characteristics, health conditions or disability. We provide a healthy and safe working environment, free from discrimination, mobbing and harassment and all forms of violence.
- Freedom of association - we respect the freedom of association and observe the principles enabling the association of employees, as well as create conditions for action for organisations associating employees, in accordance with applicable law.
- Remuneration - we promote fair and equitable remuneration of our employees, based on their qualifications, experience, scope of duties and functions. We comply with the provisions of national and international law, in particular the Labour Code, as well as internal regulations in this respect.
- Relations with employees and shareholders - we promote human rights in relations with employees and shareholders, through the implementation and application of adequate internal regulations, including The Code of Ethics of the Bank Millennium Group, which define the principles shaping healthy, transparent relations with these stakeholder groups.
- Client relations - we promote sustainable financing as part of the corporate culture of the Bank Millennium Group. In this regard, we take human rights into account in our relations with our clients by providing financial products and services aimed at promoting social inclusion (preventing exclusion) and non-discrimination and tailored to the individual needs

of our clients. In this context, we adopt policies and procedures that ensure an adequate approach to our clients, respecting their right to privacy and ensuring the confidentiality and security of their data.

- We treat our clients with respect, not allowing any discrimination based on origin, gender, sexual orientation, family situation, nationality, ethnicity, religion, social status and political beliefs or any individual physical characteristics, health conditions or disability.
- Relations with suppliers and partners - we promote respect for human rights in our suppliers and partners. We have developed "Sustainability Guidelines for Bank Millennium Group Suppliers", in which we indicate how we understand compliance with human rights within the supply chain. We expect all Bank Millennium Group suppliers and partners to respect human rights, rejecting forced labour and child labour, ensuring fair and equitable remuneration and offering equal opportunities and a working environment free from discrimination and all forms of violence.
- Social relations - we support the promotion of human rights in the communities around us, ensuring that our activities have a positive impact on the environment.

The Bank Millennium Group promotes the principle of social responsibility providing for the groups that are in need or those at risk of exclusion.

The Bank Millennium Group acts with respect for human dignity and respects the right to equal treatment, regardless of age, gender, ethnic and national origin, religion, family status, sexual orientation, health status, financial situation, religious and ideological beliefs, membership in trade unions or other reasons that may expose you to discriminatory behaviour.

In particular, Bank Millennium Group's policies point to the need to protect and support: individuals at risk of exclusion, people with disabilities, employees who are parents, people in difficult life circumstances; Bank Millennium Group entities offer social support to such individuals and the eligibility criterion is the financial and personal situation, including the state of health.

Information about the documents describing the principles of sustainable development adopted in the Bank Millennium Group was provided to the employees of the Group in January 2023 in a form of an article published on the corporate intranet "Świat Millennium". The employees of franchise partners were also informed in the same way. In the case of other business partners, the Bank did not prepare a separate communication, but the documents described above were made available to them in the ESG site on the Bank's website.

#### **Implementation of obligations set forth in policies**

**[GRI 2-24]** Responsibility for the implementation of sustainability policy commitments is allocated in accordance with the allocation of powers within the Bank's Management Board and the responsibilities of individual organizational units and their managers (described in the Bank's Organizational Bylaws and the organizational bylaws of individual units).

The Bank is of the opinion that environmental, social and governance issues concern many areas of the Bank's operations and are an integral part of its business. Because of the importance of these matters, the Sustainable Development Department, which is responsible for supervising and coordinating the implementation of sustainable development principles in the Bank and the Bank's Group, reports directly to the Bank's Management Board Chairman, while the Sustainable Development Committee is comprised of all members of the Bank's Management Board.



The commitments arising out of the sustainable development policies are integrated with strategic goals and then the goals themselves are implemented operationally through:

- adoption of sustainable development goals both in the Group's Strategy for 2022-2024 as well as in the more detailed ESG strategy for 2022-2024,
- incorporation of environmental, social and governance issues into operational processes and procedures,
- implementation of a process for monitoring the implementation of strategic initiatives in the ESG area through the work of the Sustainable Development Committee.

Sustainability commitments have a significant impact on the development of the Group's business relationships.

The Group operates in accordance with the adopted Environmental Policy, observing the exemptions in the financing of certain activities described in that document and adhering to its commitment to support the financing of environmental and energy efficient projects. Details of this policy are provided in chapter 2.1.2. "Environmental Policy of the Bank Millennium Group".

Offering sustainable financial products and a responsible lending policy are important aspects of the Bank Millennium Group's sustainability efforts.

The Bank Millennium Group has incorporated environmental and social risks in the client assessment, lending and project financing processes, taking into account not only the risks related to the business sectors in which the clients operate, but also their approach to environmental, social and corporate governance issues.

In this context, the Bank Millennium Group recognizes that there are certain sectors of activity or projects, which do not correspond to the Group's commitment to protect the environment, promote sustainable development, combat climate change, preserve biodiversity and minimize social risks. Accordingly, this document presents both exemptions and restrictions, which should be considered when making decisions to provide financing.

We also see our great responsibility to offer products and services that prevent financial exclusion and take social principles into account. The Bank Millennium Group provides products and services that promote prevention of social exclusion, which includes supporting those parts of the society that have fewer opportunities to use digital banking solutions, making access to financial products more widespread and supporting entrepreneurship.

Relations with the Bank Millennium Group's suppliers are governed by the Sustainability Guidelines for Suppliers. Additionally, in its supplier selection process the Group uses the Sustainability Supplier Questionnaire.

**[GRI 2-23]** The implementation of the commitments made in the Bank Millennium S.A. Sustainability Policy is verified in many different ways: by the Bank's internal control system, the system of reporting to the Management Board and to the committees operating in the Bank, including the Sustainable Development Committee, whose role is to make key decisions on sustainability in the Bank Millennium Group with regard to environmental, social and governance factors.

## 1.6. DESCRIPTION OF SIGNIFICANT TYPES OF RISK IN THE ESG AREA

The mission of the risk management function in the Bank Millennium Group is to ensure that all risk types are managed, monitored and controlled in accordance with the accepted risk profile (risk appetite) and the character and scale of the Group's activity. In the Group's risk management process, key risk types are identified and appropriate risk strategies and policies are defined and implemented.

The Bank integrates the analysis of ESG risks into the risk materiality assessment process where these risks occur, and in the management of risks that are identified as material. In particular, the Bank considers physical and transformation risks in its credit risk management process.

The Bank has described significant risks related to its activity that may exert an unfavorable impact on social, employee, natural environmental issues and respecting human rights and combating corruption. In the social area, Bank Millennium manages various types of risk; 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 Group, as well as from the point of view of the entire banking sector. This risk is minimized through comprehensive activities and strong competences in the area of compliance, anti-money laundering and security (including cyber security).

With regard to **risk related to customer relations**, the Bank examines legal aspects of concluded agreements, the risk of incorrect design of products and services and the risk of optimum selection of products to suit clients' needs and abilities. The Bank analyses 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 **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 "Sustainable Development Principles", "Anti-Corruption Principles", "Human Rights Principles", "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. In addition, the Bank's business partners are required to comply with the "Sustainability Principles for Suppliers".

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 "Responsible Financing Principles".

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.

## 1.7. THE MOST IMPORTANT AWARDS AND DISTINCTIONS IN YEAR 2022

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### CSR Golden Leaf

The Bank's activities for sustainable development and making them an integral part of the business strategy have once again been appreciated with the CSR Golden Leaf from Polityka weekly. This award is given to companies, which implement the most stringent standards of corporate social responsibility - they have ethics management systems, are good corporate citizens, introduce actions in response to the needs of clients and staff and minimise their impact on the natural environment.

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### Bank Millennium is the best bank in Poland according to Global Finance Magazine

Bank Millennium was hailed Best Bank in Poland in the Best Bank Awards competition organised by Global Finance Magazine. The winning banks were selected by the editors of Global Finance after consultations with financial directors of enterprises, bankers, consultants and analysts from all over the world. When choosing the best banks, Global Finance took into quantitative objective factors as well as subjective factors based on information.

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### 2nd place in the ranking of the Best Employers Poland 2022 in the category "Banks and financial services"

Bank Millennium again came second on the ranking list of best employers in banking and financial services and 44th among all companies on the Best Employers Poland 2022 ranking list. The ranking of 300 companies operating in Poland, achieving success in HR, was prepared by Forbes Polska magazine and Statista.

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### 2nd place of the Impresja Credit Card in the Golden Banker plebiscite

Impresja credit card took 2nd place in the competition for the best designed payment card in the Golden Banker Ranking, organised by the "Puls Biznesu" daily and the bankier.pl portal. 11 banks submitted their cards to the competition, and 7,000 Internet users took part in the voting. In the same competition, the bank's Contact Center was recognised as the best in Poland in its sector. (telephone service won the first place, and via chat and e-mail - the third place).

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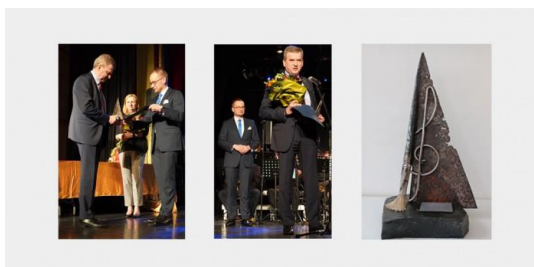
### Service Quality Star

The Bank was again awarded the title of Service Quality Star. The Service Quality Star is an award granted by consumers who, via a multi-platform consisting of the [jakoscobslugi.pl](http://jakoscobslugi.pl) portal and the SecretClient® website, all year round share their opinions and the organisers keep updating service quality indicators for more than 40.000 companies representing close to 200 sectors.



### Bank Millennium is Star of Banking

Bank Millennium was third in the category of #Customer relations of the Stars of Banking competition, organised for the eighth time by Dziennik Gazeta Prawna in cooperation with PwC. The position of banks was determined by the results of an opinion survey conducted among 12,000 customers. The survey concerned issues related to the bank's activity, customer attitudes and customer assessment.



### The title of Patron of Culture for supporting local culture

By decision of the Mayor of Iława, Bank Millennium received the title of Patron of Culture for supporting local culture, in particular the International Old Jazz Meeting "Złota Tarka", one of the most important events on the jazz map of Poland. The award and the congratulatory letter were presented on 30 May.



### The Bank Millennium application was considered the most friendly in the subjective opinion of customer

The MojeBankowanie.pl portal has announced the results of the 7th edition of the Institution of the Year ranking. Customers indicated the Bank Millennium application as the most user-friendly. In the overall assessment, the Bank itself was in a high third place. In total, awards were won in as many as 6 categories. "Institution of the Year" is the largest ranking of the quality of service for individual customers and entrepreneurs on the market, and most comprehensive in terms of multi-product and multi-channel.



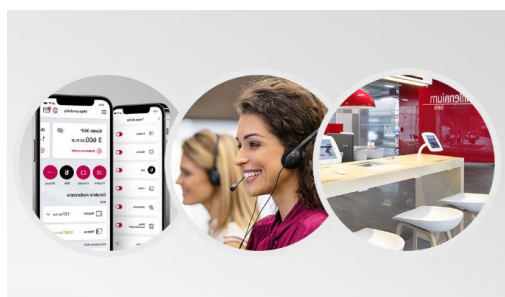
### **Kantar Polska Award for the most effective brand communication 2021**

Kantar Polska research agency awarded banks that in 2021 implemented the most effective marketing communication. Bank Millennium was 3rd. Effectiveness was measured as recognition in relation to expenditure on communication. Awards based on the Awareness Index calculated for each bank and insurance company, defined as the increase in ad awareness per 100 GRPs spent.



### **1st place of the team of economists in the Refinitiv ranking**

In the Refinitiv (previously Reuters) ranking the team of economists consisting of Grzegorz Maliszewski, Andrzej Kamiński and Mateusz Sutowicz came first in the summary of macroeconomic forecasts for 2021. Over the last five years the Bank's economists on no less than four occasions have been among the top three forecasters in the Refinitiv ranking, taking first place in 2019 and 2021.



### **Bank Millennium among top three in retail customers' ranking**

Millennium was once again on the podium in the ranking of satisfaction of individual customers, according to the report "Banks' retail customer satisfaction monitor" by ARC Rynek i Opinia research institute. Millennium became leader in the Contact Points category (hotline, branch visit, electronic banking and mobile application, website), while in the customers' referral as well as satisfaction and loyalty ranking it came second.



### **Economists of the Bank among the best forecasters of the "Parkiet" daily**

The Bank's team of economists also got to the top of the ranking of best forecasters of the „Parkiet” daily. Grzegorz Maliszewski, Mateusz Sutowicz and Andrzej Kamiński have for years correctly analysed what is happening in the economy. The ranking awarded them among others for the highest versatility of the team and most stable forecasted form (over the last 5 years they were only twice outside the podium).





### Bank Millennium among top three in Gazeta Bankowa competition

Millennium took 3rd place in the competition for the "Best Bank of 2022" organised by "Gazeta Bankowa". In the Large Commercial Bank category, we were overtaken by the two largest Polish banks controlled by the State Treasury. In the 30th edition of the competition, not only financial results were evaluated, but also Customer Experience broadly understood as well as matters of corporate social responsibility.



### Bank Millennium is the best digital bank in Poland and winner in 3 other categories according to Global Finance

The Bank was hailed The Best Consumer Digital Bank in Poland for 2022 in the competition organised by Global Finance Magazine and 3 other awards. Altogether, in 2022, Bank Millennium received awards in as many as 4 categories:

- The Best Consumer Digital Bank in Poland
- The Best Integrated Consumer Banking Site in Central and Eastern Europe
- The Best Integrated Corporate Banking Site in Central and Eastern Europe
- The Best Information Security and Fraud Management in Central and Eastern Europe



### Contact Center employees stood on the podium of the Polish Contact Center Awards 2022 7 times

PCCA is the largest event of the contact center and customer care/service industry in Poland. It was created as a result of the merger of two industry competitions (Telemarketer of the Year and Golden Handset), organised by the Polish Marketing Association SMB. Once again, the employees of Bank Millennium dominated the awards and knocked out the competition.



### Millenet online banking at the top of the BANK Monthly ranking

Bank Millennium was awarded in the customer satisfaction survey carried out as part of the Ranking of Banks of the BANK Financial Monthly. We were 1st in the online banking category. In the general classification we took the medal-winning 3rd position. The ranking has been compiled for 27 years.



### Bank Millennium is the best digital bank in Newsweek's Friendly Bank ranking!

In this year's edition of Newsweek's Friendly Bank ranking, Bank Millennium was:

- 1st in the "Remote Banking" category
- 2nd in the "Bank for Mr. Kowalski" main category

The Bank proved to be unrivalled in remote banking, winning in all five subcategories, which, as the organisers comment, is a rarity in the history of the ranking. The bank excelled over others both in the quality of remote service as well as in mobile banking.



### Bank Millennium with the title of Reliable Employer 2022

The Reliable Employer of the Year award is granted to companies that care for safety, working conditions and employee development. This year, the awards were granted for the twentieth time - for Bank Millennium it is the 9th title in a row. The nationwide Reliable Employer of the Year programme is a research project in the field of HR, which distinguishes the best employers in terms of personnel policy and employee solutions.



### Millennium with the title of "Europe's Diversity Leader 2023" from the Financial Times

We were awarded the title of "Europe's Diversity Leader 2023" in a ranking prepared by the Financial Times and Statista. Thus, once again we found ourselves among the employers from Europe who support and promote diversity in their organisations. The companies distinguished in the ranking were selected on the basis of the recommendations of their employees. The Financial Times and Statista ranking is based on the results of an independent survey of over 100,000 employees of institutions and companies from 16 European countries.



### **Beata Krupińska - Marketing Director of the year 2021/2022**

The publisher of Mediarun.com has been informing the market about the most important trends and changes in the digital and marketing industry in Poland for years. This year, for the eleventh time, they awarded the best marketing experts from various industries and positions. The award in the special category - Long Time Marketing Excellence went to Beata Krupińska, Director of the Marketing Communication Department at Bank Millennium.



### **Jarek Hermann is market visionary of Bank Financial Monthly**

The Member of the Management Board of Bank Millennium received the prestigious award at the conference IT@Bank challenges of the future. The award was granted for active support and building initiatives for the banking sector on the Polish market. Jarek Hermann's activities raise awareness and knowledge about digitalisation, cloud platforms and adoption of modern technologies in Poland. The award jury also appreciated his activities in the field of equality of women and men in business.



### **First place in the Excellence in Workforce Engagement category**

During the international Verint Innovate Awards 2022 gala, the award was received by Monika Jawor and Marta Karpińska from the Direct Banking Department. The jury recognised the Bank for the effective implementation of the speech analytics technology project, which enables analytics and automatic assessment of conversations by the telephone call system based on the words of customers and consultants.



### **Bank Millennium near the podium in the Forbes "Business-Friendly Bank" ranking**

The strategy of strong focus on development in the segment of corporate clients is bearing fruit. We took the honourable 4th place in the "Company-Friendly Bank" ranking. We also distinguished ourselves with the biggest move up, compared to last year. We are ahead of competitors who have been perceived as "banks for entrepreneurs" for years.



### Bank Millennium with the title of "Climate Aware Company 2022"

Bank Millennium was awarded the title of "Climate Awareness Company 2022" as part of the Climate Awareness Survey of Companies conducted on the basis of the reports for 2021. The Bank received 8.17 points and thus was ranked 7th out of 152 companies listed on the Warsaw Stock Exchange. The Corporate Climate Awareness Survey is a joint project of the Reporting Standards Foundation, the Association of Stock Exchange Issuers and Bureau Veritas, conducted in substantive cooperation with MATERIALITY.

## 1.8. DEFINING THE CONTENT OF THE REPORT - DIALOGUE WITH STAKEHOLDERS

[GRI 2-29, 3-1, 3-2] 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 business, environmental, employee and social areas. 31 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.

### BUSINESS AREA

- Role of ESG issues, including responsible financing, in the bank's business strategy,
- Bank's tax policy,
- Availability of the Bank's products and services, in particular to the digitally excluded individuals, the disabled and seniors,
- Accurate and transparent information for the bank's clients, ethical marketing and sales,
- Innovation and development of new technologies by the bank,
- The bank's confidentiality in its customer relations; measures to prevent the loss of customer data,
- Security arrangements for funds entrusted to the bank,
- Activities undertaken by the bank to prevent corruption.

### ENVIRONMENTAL AREA

- The bank's climate impact and the risks and opportunities for its business related to climate change,
- The bank's energy consumption and ways to reduce it,
- Environmental education activities undertaken by the bank,
- The bank's impact on biological diversity,
- The bank's water consumption and ways to reduce it,
- Greenhouse gas emissions related to the bank's activities and ways to reduce them,
- Raw materials and commodities used by the bank,
- Minimization of the bank's waste and recycling.



#### EMPLOYEE AREA

- Conditions of employment at the bank (benefits, parental leaves, employee turnover),
- Informing and consulting bank employees,
- Employee health and safety,
- Training and support for employee development,
- Diversity and equal opportunity in access to positions in the bank; equal pay for men and women,
- Mitigation of potential discrimination cases by the bank,
- Ensuring freedom to associate and conduct collective disputes for the bank's employees,
- Wages of entry-level employees of the bank (in relation to the minimum wage).

#### SOCIAL AREA

- Activities undertaken by the bank to support the citizens of Ukraine,
- The bank's relations with and impact on local communities,
- Social projects of the Bank Millennium Group and the Bank Millennium Foundation,
- Volunteering organized by the bank and initiatives of its employees,
- Sponsorship and charitable activities of the bank,
- Consideration of ESG factors in the bank's selection of suppliers,
- Financial and in-kind support provided by the bank to political parties and politicians.

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 12 December 2022 to 23 December 2022. In total, 131 persons took part in this research.

The study of expectations of external stakeholders was also conducted in the form of an anonymous online questionnaire. The request to take part in the process was sent to the male and female representatives of the following groups of stakeholders:

- Vendors / business partners
- Media
- Clients
- Cultural institutions
- Institutional investors
- Business organizations
- Public institutions
- Auditors
- Universities / students
- International organizations
- NGOs
- Industrial organizations

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 survey was carried out on from 14 December to 9 January 2023. Responses were received from a total of 14 individuals.

## Significant reporting topics

The significant reporting topics presented below were selected by taking into consideration the results of the processes described above. 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, the consumption of raw materials and commodities, water consumption and greenhouse gas emissions as well as activities to support the citizens of Ukraine.

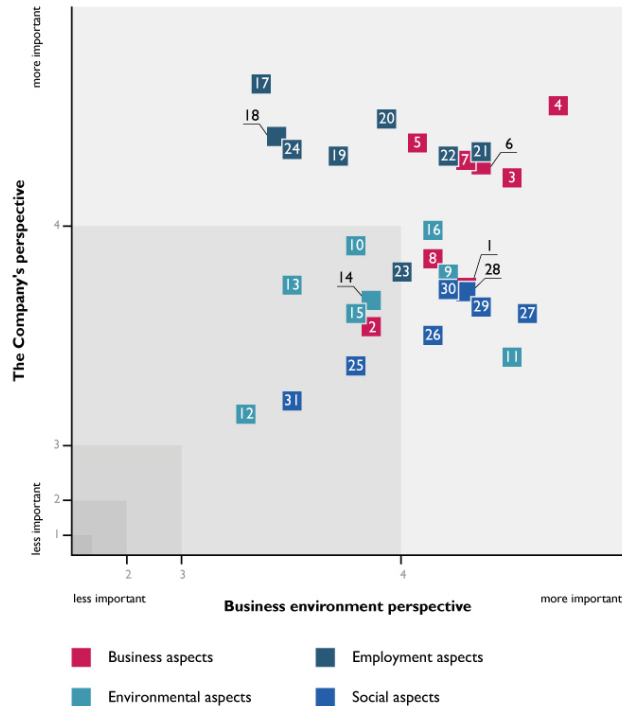
Topics relevant to external stakeholders:

- Accurate and transparent information for the bank's clients, ethical marketing and sales,
- Social projects of the Bank Millennium Group and the Bank Millennium Foundation,
- Availability of the Bank's products and services, in particular to the digitally excluded individuals, the disabled and seniors,
- Environmental education activities undertaken by the bank,
- The bank's confidentiality in its customer relations; measures to prevent the loss of customer data,
- Diversity and equal opportunity in access to positions in the bank; equal pay for men and women,
- Sponsorship and charitable activities of the bank,

Topics relevant from the Bank's perspective:

- Conditions of employment at the bank (benefits, parental leaves, employee turnover),
- Accurate and transparent information for the bank's clients, ethical marketing and sales,
- Training and support for employee development,
- Informing and consulting bank employees,
- Innovation and development of new technologies by the bank,
- Wages of entry-level employees of the bank (in relation to the minimum wage).
- Diversity and equal opportunity in access to positions in the bank; equal pay for men and women,
- Mitigation of potential discrimination cases by the bank,
- Employee health and safety,
- Security arrangements for funds entrusted to the bank.

## Map of material topics



- 1 The role of ESG factors, including responsible financing, in the bank's business strategy
- 2 Bank's tax policy
- 3 Availability of the bank's products and services, in particular for digitally excluded people, people with disabilities and seniors
- 4 Reliable and transparent information to the bank's customers, ethical marketing and sales
- 5 Innovation and development of new technologies by the bank
- 6 Maintaining confidentiality by the bank in relations with customers; actions to prevent the loss of customer data
- 7 Solutions for the security of funds entrusted to the bank
- 8 Activities undertaken by the bank to prevent corruption
- 9 The bank's impact on the climate as well as the risks and opportunities for its business related to climate change
- 10 Energy bank consumption and ways to reduce it
- 11 Activities undertaken by the bank in the field of environmental education
- 12 The bank's impact on biodiversity
- 13 The bank's water consumption and ways to reduce it
- 14 Greenhouse gas emissions related to the bank's operations and ways to reduce them
- 15 Raw materials and materials used by the bank
- 16 Minimizing the amount of waste produced by the bank and recycling
- 17 Terms and conditions of employment at the bank (benefits, parental leaves, employee turnover)
- 18 Informing and consulting of the bank employees
- 19 Health and safety of the bank employees
- 20 Training and supporting the development of the bank employees
- 21 Diversity and equal opportunities in access to positions at the bank; equal pay for men and women
- 22 Reducing potential cases of discrimination by the bank
- 23 Guaranteeing the right of the bank employees to associate and conduct collective disputes
- 24 Remuneration of the lowest-level bank employees (in relation to the minimum wage)
- 25 The bank's activities related to the support of citizens of Ukraine
- 26 The bank's relations with local communities and impact on them
- 27 Social programs of the Bank Millennium Group and the Bank Millennium Foundation
- 28 Volunteering organized by the bank and initiatives of its employees
- 29 Sponsoring and charity activities of the bank
- 30 Taking into account ESG factors in the process of selecting suppliers by the bank
- 31 Financial and material support provided by the bank to political parties and politicians



**Significant topics (the report includes a description of the approach to managing these topics, as well as the resulting data):**

- 3 Availability of the Bank's products and services, in particular to the digitally excluded individuals, the disabled and seniors
- 4 Accurate and transparent information for the bank's clients, ethical marketing and sales
- 5 Innovation and development of new technologies by the bank
- 6 The bank's confidentiality in its customer relations; measures to prevent the loss of customer data
- 7 Security arrangements for funds entrusted to the bank
- 11 Environmental education activities undertaken by the bank
- 17 Conditions of employment at the bank (benefits, parental leaves, employee turnover)
- 18 Informing and consulting bank employees
- 19 Employee health and safety
- 20 Training and support for employee development
- 21 Diversity and equal opportunity in access to positions in the bank; equal pay for men and women
- 22 Mitigation of potential discrimination cases by the bank
- 27 Social projects of the Bank Millennium Group and the Bank Millennium Foundation
- 29 Sponsorship and charitable activities of the bank

**Other aspects (concise information in the report):**

- 1 Role of ESG issues, including responsible financing, in the bank's business strategy
- 2 Bank's tax policy
- 8 Activities undertaken by the bank to prevent corruption
- 9 The bank's climate impact and the risks and opportunities for its business related to climate change
- 10 The bank's energy consumption and ways to reduce it
- 12 The bank's impact on biological diversity
- 13 The bank's water consumption and ways to reduce it
- 14 Greenhouse gas emissions related to the bank's activities and ways to reduce them
- 15 Raw materials and commodities used by the bank
- 16 Minimization of the bank's waste and recycling
- 23 Ensuring freedom to associate and conduct collective disputes for the bank's employees
- 24 Wages of entry-level employees of the bank (in relation to the minimum wage)
- 25 Activities undertaken by the bank to support the citizens of Ukraine
- 26 The bank's relations with and impact on local communities
- 28 Volunteering organized by the bank and initiatives of its employees
- 30 Consideration of ESG factors in the bank's selection of suppliers
- 31 Financial and in-kind support provided by the bank to political parties and politicians

**[GRI 3-2]** Compared to the report for 2022, the following issues have been added to the list of material topics:

- Activities undertaken by the bank in the field of environmental education
- Informing and consulting bank employees
- Sponsoring and charity activities of the bank

Compared to the 2021 report, the following topics were not included in the list:

- The raw materials and materials used by the company and their recycling and reuse, minimizing the generation of waste
- Compliance with laws and regulations (including the use of products and services)
- Company water intake and consumption, water reuse, information on discharged sewage

- Risks and business development opportunities resulting from climate change
- Greenhouse gas emissions and ways to reduce them
- Environmental Policy on Financing
- Evaluation of suppliers in terms of meeting environmental criteria
- Respect for human rights, training for employees on human rights
- Assessing suppliers in terms of employment practices, social issues and respect for human rights
- Ethical approach and dialogue with clients
- Transparency of information about products and services
- Including ESG issues in the bank's business strategy
- Activities undertaken by the company to eliminate cases of corruption
- Tax theme management, paying taxes
- Pro-ecological products and responsible financing
- Development of electronic banking channels and mobile application
- Financial results (revenues, costs)

The set of significant topics has changed compared to the previous reporting period as a result of research into the internal perspective and expectations of external stakeholders.

**[GRI 2-29]** Effective and valuable relationships with stakeholders are a priority for the Bank, that is why the Bank both examines their expectations as to reporting issues related to sustainable development that interest them, and provides them with feedback on how the information obtained from them translates into the actual content of the report.



## 2. ENVIRONMENT

### 2.1. ENVIRONMENTAL IMPACT MANAGEMENT

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, 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.

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

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.

Climate and environmental goals were incorporated in the Group's new strategy for 2022-2024 as well as in the "ESG Strategy of the Bank Millennium Group for 2022-2024" adopted in 2022, which builds

on and specifies in greater detail the environmental, social and governance goals presented in the Strategy for 2022-2024 “Millennium 2024: People Inspire Us”.

In the “Environmental Protection” pillar, we have set strategic goals in the following areas:

- Striving for climate neutrality
- Reduction of resource consumption
- Product offering supporting sustainability
- Responsible lending policy
- Partnership with organizations
- Educational activities

The climate protection goals adopted by the Group include, among others, a reduction of its own greenhouse gas emissions by 50% in 2022 compared to 2020, achievement of climate neutrality in terms of its own emissions (by 2027) and full climate neutrality (by 2050). Its strategic objectives also include active support for decarbonization efforts of the Bank’s clients and granting PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank and 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, exposures financing the coal mining are close to zero and exposures financing industries directly related to mining are insignificant (at the end of 2022, the Bank Millennium Group’s exposure to coal mines, industries directly related to mining and coal power plants was 1% of the corporate portfolio and 0.3% of the Group’s entire portfolio (including both on- and off-balance sheet exposures).

In addition, the Bank Millennium Group’s exposure to crude oil and natural gas mining, service activities supporting this mining, and production and processing of crude oil and natural gas mining products constitutes 0.3% of the corporate portfolio and less than 0.1% of the entire portfolio of Bank Millennium Group (including both on- and off-balance sheet exposures).

The Group implemented “**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**

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. 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 the "Responsible Financing Principles". The Bank Millennium Group has incorporated environmental and social risks in the client assessment, lending and project financing processes, taking into account not only the risks related to the business sectors in which the clients operate, but also their approach to environmental, social and corporate governance issues. In this context, the Bank Millennium Group recognizes that there are certain sectors of activity or projects, which do not correspond to the Group's commitment to protect the environment, promote sustainable development, combat climate change, preserve biodiversity and minimize social risks. Accordingly, the "Responsible Financing Principles" implemented in the Group present both exemptions and restrictions that must be considered when making decisions to provide financing.

At the same time, ESG factors are included in the credit risk management process. The Bank has adopted a sector policy, which ESG (transformation, physical and social) risks are taken into account in the assessment of the individual industries. 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. Also, ESG risk aspects have been implemented into the "Credit Principles and Guidelines".

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, projects financed by the Bank and credit products for corporate clients were also subject to these requirements.

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 behavior and expectations of retail and corporate clients towards products and services, also in the banking sector. The changing needs of customers, who increasingly expect environmentally friendly products, the increasing importance of ESG factors in supply chains



and, finally, the need to implement many projects related to the transition to a low-carbon economy are the most significant factors supporting the view that the demand for “green” finance will grow.

## 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 2022, the Bank’s flagship investment project was the optimization of the property portfolio and modernization of the Gdańsk Head Office buildings. The project was implemented in compliance with the prudent management concept, including assumptions such as optimization of space, efficient and environmentally friendly materials, thermo-modernization of the building in line with the guidelines of the energy audit, as well as the Bank’s first own installation of photovoltaic panels. These and other environmental measures are described in detail later in this chapter.

### 2.2.1. REDUCTION OF RESOURCE CONSUMPTION

#### Reduction of material consumption [GRI 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 business partner collecting ICT equipment, electrical equipment and data carriers acts in accordance with the provisions of the Waste Electrical and Electronic Equipment Act. Waste collected from Bank

Millennium in 2022, excluding communal waste and paper, was recycled in 78% using the R12 recycling method. The R12 method entails selection, disassembly, processing and production of appropriate fractions, which are then sent for R4 recycling and metal recovery to authorized entities. Some devices are diagnosed and sent for reuse in Grade 1 recycling. Paper waste is fully recycled.

In its operations, the Bank complies with environmental protection regulations, i.e. the Act on Waste of 14 December 2012, as amended, Journal of Laws 2022, Item 669 of the consolidated version of 3 March 2022. Following amendments to the Waste Act, in 2020 the Bank was listed on the Waste Database Register (BDO).

In 2022, we recorded a lower consumption of paper, even though the number of clients increased significantly year over year. The Bank permanently limits the consumption of paper through further digitization and optimization of processes. A marketing campaign encouraging clients to switch to electronic statements resulted in a significant decrease in the number of bank statements sent to clients. Every new client is encouraged to switch to electronic statements.

The slight increase in the consumption of envelopes was due to the dispatch of additional mailing to clients with information on the change of interest rates, renewal of debit and credit cards and increased interest of clients with the card for the 360° account.

Millennium Leasing Sp. z o.o. also supports the paperless idea by actively promoting the eInvoice service available to clients in the eBOK portal in place of sending hard copy invoices. Currently over 70% of all invoices are sent in electronic form via the portal. This signifies growth of 16.7% compared to the corresponding period of the previous year. eInvoice is convenient and fast from the client's perspective and, at the same time, more friendly for the environment. Clients can additionally order SMS notifications of invoices issued that have to be paid.

The provision of water purifiers for head office employees and water dispensers in the branches has further reduced plastic consumption. In 2022, water purifiers have been installed in 80% of our Corporate facilities. 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. In the course of reconstruction of the Head Office in Gdańsk and partial relocation to the new location, all employees of the Gdańsk office were equipped with china mugs. In the Bank's branches disposable plastic water cups for clients have been fully replaced with environmentally friendly BIO paper cups. 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. A small number of ex-EB branches still requires additional security measures for cash, i.e. plastic safety envelopes, since multisafes are not attached to the floor in these branches. The hand sanitizers introduced during the Covid-19 pandemic have remained with us permanently. The hand sanitizer containers and diffusers are made of plastic. A small number of field units is still supplied with water in plastic bottles, however these are ECO RPET bottles.



Type of materials	[GRI 301-1] Material consumption [kg] *	Bank 2022	Bank 2021	Bank 2020	Bank 2022/2021 [% change]	Reasons for change
Renewable materials	Paper and paper rolls for operational needs	240,355	250,141	354,994	-3.91%	Transition to mobile authorization also for operations ordered in branches.
	Envelopes	76,321	75,055	116,064	1.69%	1. Cards sent by post: - debit and credit card renewals - cards for new clients (more than 7% increase in clients) - higher production of 360 degree cards 2. Higher volume of additional correspondence to clients in connection with interest rate changes. However in the area of statements sent to clients, there was a decrease by approx. 6%
	Cardboard	26,705	n/d	n/d	n/d	New item from 2022 - Welcome Pack folders and cardboard boxes for relocation
Total use of renewable materials [kg]		343,381	325,196	471,058	5.59%	
Non-renewable materials	Plastics	14,063***	16,073	40,911**	-12.5%	1. Plastic stir sticks and non-reusable cups have been replaced with biodegradable paper cups and wooden stirrers. 2. Decrease in purchase of secure envelopes

					- a decrease in the number of branches requiring security measures for cash (no multi-safe permanently attached to the floor). 3. Reduction of the purchase of water in plastic bottles by 5%.
Consumable materials for printing devices	54	0	1	n/d	Toners for the Bank's own devices: Field Collection. Purchase of supplies for multifunctional devices is the responsibility of a third-party company.
Batteries	822	794	760	3.5%	Batteries required, among others, for: - automatic hand sanitizer dispensers, - remote controls for alarms, electronic locks - for A/C remote controls.
Total consumption of non-renewable materials [kg]	14,939	16,867	41,672	-11.43%	
Total consumption of renewable and non-renewable materials [kg]	358,320	342,063	512,730	4.75%	

\* Without data on the use of recycled materials in the composition of purchased products

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

\*\*\* Including stretch film, bubble wrap and packaging tape with an "M", that is 367 kg

Type of materials	[GRI 301-1] Material consumption [kg] *	Group 2022	Group 2021	Group 2020	Group 2022/2021 [% change]
Renewable materials	Paper and paper rolls for operational needs	247,534	259,608	364,592	-4.65%
	Envelopes	76,670	76,014	117,541	0.86%
	Cardboard	26,705	0	0	n/d
Total use of renewable materials [kg]		350,909	335,622	482,133	4.6%
Non-renewable materials	Plastics	14,550	16,532	41,371**	-12%
	Consumable materials for printing devices	54	0	1	n/d
	Batteries	829	806	785	2.85%
Total consumption of non-renewable materials [kg]		15,433	17,338	42,157	-10.93%
Total consumption of renewable and non-renewable materials [kg]		366,342	352,960	524,290	3.79%

\* Without data on the use of recycled materials in the composition of purchased products

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

Type of materials	[GRI 301-1] Material consumption [kg] *	Other group companies 2022	Other group companies 2021	Other group companies 2020	Other group companies 2022/2021 [% change]
Renewable materials	Paper and paper rolls for operational needs	7,179	9,467	9,598	-24.17%
	Envelopes	349	959	1,477	-63.61%
Total use of renewable materials [kg]		7,528	10,426	11,075	-27.8%
Non-renewable materials	Plastics	487	459	459	6.1%
	Consumable materials for printing devices	0	0	0	n/a
	Batteries	6	11	25	-45.5%
Total consumption of non-renewable materials [kg]		493	470	484	4.89%
Total consumption of renewable and non-renewable materials [kg]		8,021	10,896	11,559	-26.39%

\* Without data on the use of recycled materials in the composition of purchased products

## Municipal waste management and Recycling - reuse

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 clean-up 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 2022 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. The electrical waste and batteries collected in 2022 by employees have been 100% recycled by a specialist company.

<b>[GRI 306-3] Generated waste [kg]</b>	<b>Bank 2022</b>	<b>Bank 2021</b>	<b>Bank 2020</b>
Municipal waste (detailed breakdown on the page 47):	131,179	111,327	n/d
- non-hazardous	131,179	111,327	n/d
- hazardous	0	0	n/d
Generated waste sent for reuse and recycling	366,416	319,462	355,643
- non-hazardous	365,681	319,055	343,534
- hazardous	735	407	12,109
<b>Total waste</b>	<b>497,595</b>	<b>430,790</b>	<b>343,534</b>
- non-hazardous	496,860	430,383	343,534
- hazardous	735	407	12,109

Waste collections from employees [kg]	Group 2022	Group 2021	Group 2020	Group 2022/2021 [% change]	Reasons for change
Electrical waste	232	200	250	16%	Due to the wide availability of collection sites, and lower building occupancy caused by the pandemic.
Collection of batteries	102	150	300	-32%	Due to the wide availability of collection sites, and lower building occupancy caused by the pandemic.
Collection of plastic caps	123	230	n/a	-46.52%	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, Wrocław and Warsaw kept a register of waste in the following categories - metal and plastic, paper and glass, bio and mixed.

Municipal waste [kg] *		
Generated waste	2022	2021
Paper	15,624	10,861
Metal and plastic	3,759	15,434
Glass	1,524	15,600
BIO	1,082	4,212
Mixed	109,190	65,220
<b>Total</b>	<b>131,179</b>	<b>111,327</b>

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

In 2022, the Bank allocated 314 items of assets (equipment and furniture) for reuse in the Bank's branches).

In 2022, the Bank modernized the seat of its head office in Gdańsk. 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, so 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 the sale of the furniture, including chairs, cabinets, desks, containers, tables, chests of drawers, armchairs

and bookcases, through a specialized company. The process of clearing the Gdańsk Head Office facilities was divided into two stages. The first one took place in July and the second one will begin in January 2023. 901 pieces of assets were posted on the sale platform. The campaign was preceded by messages in the Bank's internal channels. Even though the furnishing of the Gdańsk Head Office was old and worn out, the sale commanded great interest. Employees purchased nearly 50% of the equipment slated for liquidation. They also organized equipment sale to raise funds for charity, which was a great success. Ultimately, as much as 80% of the equipment was given a second life. Only 20% was recycled due to being worn out or damaged.

1,799 items of IT and computer hardware were given a second life in 2022. Out of this number 1,145 items were sold and 654 given to charitable institutions.

[306-4] Generated waste sent for reuse and recycling (including hazardous waste listed in a separate table)					
Waste generated [kg]	Bank 2022	Bank 2021	Bank 2020	Bank 2022/ 2021	Reasons for change
ICT equipment and devices *	25,058	52,286	47,903		The decrease is due to: - launch of the "Computer resale to Bank employees" program.
Used-up equipment containing hazardous elements (including freon)**	557	71	5,181	-52%	- donation of computer hardware as part of charity campaigns - a clean-up process related to the EuroBank merger completed at the end of 2021 (hardware replacement)
Paper *	329,040	258,754	272,316	27%	Digitization of documents done within the framework of HQ and branch rebuilding projects. A large number of boxes from the External Archive, for which the storage period expired in 2022, were forwarded for destruction.
Metal waste and, aluminum and cable *	9,467	1,884	9,998	505%	Liquidation of legacy EB multi-safes (more than 100 units) and crossover boards for network devices and servers.
Plastics *	269	51	4,715	427%	Plastic elements from liquidated ITC devices and hardware.
Glass *	6	0	828	100%	Collection of redundant equipment and other items notified by branches.

Furniture *	940	5,494	7,160	-82%	The effect of the sale of furniture from the Gdańsk HQ to the Bank's employees ("Give a second life to furniture")
Lead batteries **	178	336	6,928	-46%	Collection of redundant equipment and other items notified by branches.
Waste printing toner *	662	586	614	13%	Collection of redundant equipment and other items notified by branches.
Cardboard packaging *	239	n/d	n/d	n/d	New type of waste in reporting
Mixed concrete and brick rubble waste, waste from construction sites and renovations *	0	0	0	n/d	Responsibility for waste management related to facility conversions delegated to service providers who report directly to the BDO.
<b>Total [kg]</b>	<b>366,416</b>	<b>319,462</b>	<b>355,643</b>		
<b>Recycled waste [%] ***</b>	<b>97%</b>	<b>97%</b>	<b>96%</b>		

\* waste classified as non-hazardous according to the Waste Code classification set forth in the Act on Waste of 14 December 2012, as amended, Journal of Laws 2022 Item 699

\*\* waste classified as hazardous according to the Waste Code classification set forth in the Act on Waste of 14 December 2012, as amended, Journal of Laws 2022 Item 699

\*\*\* percentage of waste in the table, including paper, is further recycled at processing facilities (non-recyclable waste has been disposed of in a specialized facility)

**HAZARDOUS WASTE according to Waste Code classification according to the Act on Waste of 14 December 2012, as amended, Journal of Laws 2022 Item 699**

Waste generated [kg]	Bank 2022	Bank 2021	Bank 2020
Used-up equipment containing hazardous elements, including freons, HCFC, HFC	557	71	5,181
Lead batteries	178	336	6,928
<b>Total waste</b>	<b>735</b>	<b>407</b>	<b>12,109</b>



## Monitoring energy, water and fuel consumption

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.
- Given the difficulties in the energy market, and emphasizing its commitment to people, the environment and society, Bank Millennium is introducing additional measures to reduce electricity consumption. It has decided to switch off light boards and advertising screens at its head offices and its branches nationwide after office hours. This campaign was promoted widely in the media, including social media (video, articles).
- In order to reduce fuel consumption, Bank Millennium Group has replaced all gasoline cars in its fleet with gasoline-powered hybrid models, while leased cars with diesel engines are replaced with gasoline hybrids. For business travel, low-emission means of transport (rail) are preferred and limits associated with the use of airplane transport are applied.

## Methodology for calculating the annual consumption of utilities

The calculations of annual consumption of utilities are based on data on costs and quantities (in physical units) of consumption of the relevant utility. The method involves a consistent combination of known quantitative data and data calculated on the basis of relevant costs. The costs data, after reduction by the values for which consumption (measured in physical units) is known, are used to determine the consumption of utilities that are not known directly. This part of calculations uses the average prices of the relevant utilities calculated on the basis of a sample invoices for each kind of utility. The consumption is then allocated to Bank Millennium and the BM Group based on the known values associated with the Group's structure.

[GRI 302-1] Energy consumption	Bank 2022	Bank 2021	Bank 2020	Bank 2022/ 2021	Group 2022	Group 2021	Group 2020	Group 2022/ 2021	Reason for change
Electricity purchased [GJ]	72,323	76,979	83,621	-6.05%	80,112	87,265	94,936	-8.2%	1.
Electricity from RES *	100%	68%	n/d	47%	100%	68%	n/d	47%	2.
Heat energy purchased [GJ]	76,147	85,913	102,763	-11.37%	80,174	92,029	115,969	-12.88%	3.
Natural gas [GJ]	6,013	6,435	6,821	-6.56%	6,331	6,921	7,897	-8.52%	4.
Heating oil [GJ]	412	334	240	23.35%	553	423	291	30.73%	5.
Total energy used for heating purposes [GJ]	82,572	92,682	109,824	-10.91%	87,059	99,373	124,157	-12.39%	

Gasoline [GJ] **	20,777	16,302	14,109	27.45%	23,848	19,188	18,070	24.29%
Diesel [GJ] **	3,782	8,037	10,403	-52.94%	4,446	8,868	10,823	-49.86%
LPG [GJ] **	3,117	3,882	3,376	-19.71%	3,117	3,890	3,376	-19.87%
Total energy used for transport purposes [GJ]	27,676	28,221	27,888	-1.93%	31,410	31,946	32,269	-1.68%
Total energy consumption [GJ]	182,571	197,882	221,333	-7.74%	198,581	218,584	251,362	-9.15%

\* The calculation method is described on page 69

\*\* Values in liters are shown in the table below

1. Optimization of the number of branches and own buildings, reduction of the number of head office buildings in Wrocław (the Bank moved from 4 buildings to a single new one in November 2021), optimization of the Gdańsk HQ, introduction of technical equipment optimization, as well as the impact of pandemic and lower occupancy of office buildings.
2. The Bank purchased guarantees of origin for electricity with a zero emission factor (11 GWh Energa and 21 GWh Orlen).
3. The decrease is due to a reduction in the number of branches and the closure of 3 head office buildings in Wrocław, as well as partial closure of the buildings being modernized in Gdańsk.
4. Similarly as for heat energy.
5. The increase is due to the purchase of heating oil as replenishment of the stocks.

Fuel consumption		Bank 2022			Bank 2021			Bank 2020			Bank 2022/2021 [%]		
Fuel	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	
Fuel consumption [liters]	627,440	105,655	113,601	487,974	209,588	151,133	422,327	271,300	131,415	28.58	-49.59	-24.83	

Fuel consumption		Group 2022			Group 2021			Group 2020			Group 2022/2021 [%]		
Fuel		Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG	Gasoline	Diesel	LPG
Fuel consumption [liters]		720,167	124,194	113,601	574,344	231,267	151,415	540,896	282,251	131,415	25.39	-46.3	-24.97

[GRI 303-5] Water consumption*	Bank 2022	Bank 2021	Bank 2020	Bank 2022/ 2021	Group 2022	Group 2021	Group 2020	Group 2022/ 2021	Reason for change
Water [m³]	73,838	66,146	93,391	11.63%	77,676	70,739	101,898	9.81%	Water consumption is closely related to the number of employees in the offices and in 2021 the lower consumption was caused mostly by the pandemic and remote work, temporary shutdowns of branches for service, and a decrease in the number of branches and office buildings. In 2022, a hybrid work model was implemented, which resulted in an increased presence of employees in the office.

\* no water consumption in drought-prone areas (water stressed areas)

The decrease in diesel fuel consumption is due to the fact that the year 2022, as well as 2021, marked the expiry of many 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 considerable recovery in 2022 in business car use, which dropped significantly in 2020 due to the pandemic, as well as the fact that the fleet is replaced with gasoline hybrid cars (hybrids currently represent 100% of gasoline-fueled cars).

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 rail transport (PKP), and coach and bus transport (PKS and BUS). 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 modernization 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 organize meetings and trainings, which translates into less business travel, which would show a much more significant growth than that actually recorded.

Business travel - Bank [km] *	2022	2021	2020	2022/2021
Air **	485,104	302,402	393,922	60.42%
Taxi	15,097	991	1,943	1,423%
Railway **	1 693,785	725,916	1,105,957	133%
Bus	44,843.5	8,649	208,455	418.48%
Private car	42,548	53,248	48,963	-20.1%

\* data for Bank Millennium; the Subsidiaries do not maintain a register of km travelled

\*\* the 2020 data have been updated according to the new methodology applied - see pages 72 - 73 for a description

The number of business trips in 2022 increased in the post-pandemic period, but did not reach the maximum from previous years. Training away from the office, which is mostly done through an e-learning platform, continued to be significantly limited.

The subsidiaries 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"> <li>▪ Popularity of payments using a virtual card, BLIK mobile payments and BLIK contactless payments in a mobile app reduces the need for plastic cards;</li> <li>▪ Temporary card blocking option - a client who suspects to have lost a card may block it for some time until it is found instead of cancelling it; as a result there is no need to issue a new card.</li> <li>▪ There are water treatment purifiers at the Bank's Head Office - no need to purchase bottled water;</li> <li>▪ 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.</li> </ul>
Efficient management of available resources	<ul style="list-style-type: none"> <li>• 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).</li> <li>• Appliances and equipment from closed down or remodeled branches are handed over for use in other outlets. In 2022, the Bank allocated 314 items of assets (equipment and furniture) for reuse in the Bank's branches).</li> </ul>
Zero Waste - the second life of furniture	<ul style="list-style-type: none"> <li>• The Bank organized the sale of the furniture, including chairs, cabinets, desks, containers, tables, chests of drawers, armchairs and bookcases, through a specialized company. In the process of clearing Gdańsk HQ facilities in July 2022, 901 items were posted on the sale platform. The campaign was preceded by messages in the Bank's internal channels. Even though the furnishing of the Gdańsk Head Office was old and worn out, the sale commanded great interest. Employees purchased nearly 50% of the equipment slated for liquidation. They also organized equipment sale to raise funds for charity, which was a great success. As much as 80% of the equipment was given a second life. Only 20% was recycled due to being worn out or damaged.</li> </ul>

## IT Tools

- The IT system supports verification of each purchase order for materials and office equipment in terms of the justification for the purchase and the defined limit, thereby contributing to reduced consumption of resources;

## Recycling - donating operable computers to those in need

- In 2022, the Bank continued its work of donating computer equipment to schools, kindergartens and other educational institutions. Because of the situation across our eastern border, this year we also extended our assistance to Ukrainian citizens and their children. Overall, 639 pieces of equipment have been donated since January 2022, 85 of which were donated directly to Ukraine as part of the Bank's staff initiatives.

## Paper

### Action

### Description

## Restrictions on printing of documents

- 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;
- The automated ATM settlement process does not require related documents 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.
- Millennium Leasing plans to actively promote the eBOK service, including new functionalities (submitting applications, the document module) and access to e-invoices, in online campaigns (including own channels, social media). Handling as many cases as possible online can significantly reduce the amount of paper used and the carbon footprint.

## Opening an account online using a selfie or open banking

- 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. In 2022, the process of opening an account via a selfie was improved and transferred directly to the mobile application.

Action	Description
Buying tickets on the mobile application	<ul style="list-style-type: none"> <li>The Bank's clients may use the application to buy tickets for municipal transport, parking, highways and tickets to Helios cinemas. The tickets are stored within the application and they do not have to be printed out or use any paper tickets.</li> </ul>
Digitization of mortgage loans	<ul style="list-style-type: none"> <li>For more than a decade now, the Bank has been actively improving the mortgage loan application and maintenance process. A client applying for a loan can track the status of the application online, he/she may approve the application by SMS or use e-appraisal, which is an electronic property valuation document. Clients with an active loan may manage their loan remotely via Millenet and attach scans of an insurance policy without a need to deliver hard copy documents.</li> </ul>
Mobile authorization in Bank's outlets	<ul style="list-style-type: none"> <li>The Bank allows some of the transactions ordered in branches to be authorized using mobile authorization. Before the service was implemented, all transactions made at a branch had to be confirmed with a signature on the transaction confirmation printed by a Bank employee. Currently, a client with active mobile authorization will approve some of the transactions in the bank's application. The service continues to be expanded by adding further orders.</li> </ul>
Opening and administering investment products in remote channels	<ul style="list-style-type: none"> <li>Bank Millennium clients can invest their savings using their computer, tablet or phone. Clients can also complete the MiFID questionnaire online. Access to investment products in the Millenet system and via the mobile application reduces the number of documents printed in the Bank's outlets. Clients may conveniently confirm some instructions regarding funds submitted in a branch in the mobile application without having to sign any hard copy documents.</li> </ul>
Electronic circulation of internal documents	<ul style="list-style-type: none"> <li>By introducing IT systems for processing internal documents, the circulation of most paper documents has been eliminated in the Bank;</li> <li>Processing client documentation (e.g. loan applications) is based on electronic copies of documents;</li> </ul>
Actions aimed at reducing the number of printouts for clients	<ul style="list-style-type: none"> <li>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;</li> </ul>

Action	Description
	<ul style="list-style-type: none"> <li>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);</li> <li>Simplification of language in documents for clients, consolidation of documents (several instructions in one document, several agreements in one template);</li> <li>Access to e-government - official applications can be submitted through electronic banking, which reduces the use of paper (applications from programs: Family 500+, Good Start 300+, RKO, subsidy for nursery, logging in to the PUE ZUS platform, setting up the Trusted Profile, Millennium ID);</li> <li>Possibility to pay motorway tolls and buy public transportation and parking tickets through the mobile application;</li> <li>Electronic statements - electronic bank 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;</li> <li>The Bank actively conducts campaigns promoting the use of electronic statements;</li> <li>Electronic application process for products: opening another bank account, cash withdrawals, loan application, setting up a deposit, etc.;</li> <li>Contactless phone payments with the possibility to virtualize plastic cards, BLIK contactless payments, and promoting cashless payments;</li> <li>Purchase of insurance products also in remote channels, where you can conveniently and intuitively purchase insurance fully online without the use of hardcopy documentation;</li> <li>When applying for a mortgage loan, scans of documents can be directly uploaded to the Bank's system by bank employees or they can be retrieved from public records and client's checking and savings account statements generated online. Clients may also deliver some documents, such as a statement from a checking and savings account in the electronic form to the bank's employee.</li> <li>Clients with a mortgage loan can attach scans or photos of their insurance policy through remote channels, without having to provide paper documents;</li> </ul>



Action	Description
	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Online trade finance module - solution for corporate clients facilitating electronic orders and remote correspondence with the Bank;</li> <li>▪ 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;</li> <li>▪ 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;</li> <li>▪ 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);</li> <li>▪ Millennium Leasing Sp. z o.o. provides access to the Electronic Client Service Office on the Millenet platform, where clients can, among others, use electronic invoices (in 2022 the share of clients using this solution increased from 76% to 85%) and the setting of SMS notifications informing about a new invoice issued, upcoming payment date and overdue payment and starting in 2022 they may also submit orders through special leasing forms;</li> <li>▪ 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 2022, the company signed nearly 2,600 contracts this way, which accounted for 18% of the total number of contracts concluded and 33% of the contracts for which such a possibility was provided).</li> </ul>
Product sales via remote channels	<ul style="list-style-type: none"> <li>• Retail clients may apply for credit, savings and insurance products using remote channels.</li> <li>• In 2022, the Bank posted a loan application for non-customers available on its website, as well as an application for a business cash loan through electronic channels;</li> <li>• Since May 2022, the Bank's clients have been able to buy codes for online services and gift cards on the mobile application and in Millenet. Top-up codes are available in the application. The code must be entered on the shop's or service provider's website, with no need to print it out.</li> <li>▪ 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.</li> </ul>

## Share of electronic channels in the sales of key products

Personal accounts	Cash loans	Term deposits
33%	80%	93%

## Increase in the number of clients using online services

	2022	2021	2020	Change 2022/2021
All clients with access to electronic banking	4,029,156	3,489,972	3,230,769	15.4%
Active electronic banking users	2,519,181	2,263,233	2,052,806	+11.3%
Clients who actively use mobile banking	2,240,077	1,920,883	1,658,554	+16.6%
Clients using Mobile Authorization	2,427,184	1,995,707	1,394,169	+21.6%
Clients using online statements	3,054,970	2,807,904	2,643,960	+8.8%
Clients with access to e-administration	1,133,697	1,058,813	664,695	+7.1%
Clients using contactless payments (registered)	1,065,749	811,267	580,720	+31.4%

## Electricity and water

Action	Description
Energy efficient buildings of the Bank's Head Office in Warsaw, Wrocław and Gdańsk	<ul style="list-style-type: none"> <li>▪ The Warsaw Head Office buildings have the BREEAM certificate, the ones in Wrocław were awarded the LEED GOLD certificate, and after the modernization of the Gdańsk Head Office building we have already launched the certification procedure.</li> <li>▪ As part of the investment project executed in Gdańsk at Al. Grunwaldzka 19/23, the areas surrounding the building were recultivated, new vegetation was planted (627 items), and the existing plants were maintained. The existing Green Square with old trees was carefully maintained and benches were installed for the Bank's employees to rest.</li> <li>▪ At the Bank's Head Offices located in Warsaw and Wrocław, smart building management systems (BMS) are installed, which support our efforts to optimize the consumption of utilities.</li> <li>▪ At ul. Grunwaldzka 19 in Gdańsk, the first 25.3kwp photovoltaic system consisting of 69 modules was installed.</li> <li>▪ Our entire head office space is equipped with LED lighting; we <b>replaced nearly 14,000 fixtures</b> (the total in the head office buildings in Gdańsk, Warsaw and Wrocław) using the old fluorescent technology with modern LED lighting, thereby reducing lighting energy consumption by 54%.</li> <li>▪ In the new head offices in Gdańsk and Wrocław, LED lighting was used in the DALI system with motion sensors and light intensity sensors taking into account the supply of daylight. Improving the quality of lighting in offices has had a tremendous impact on employee health, well-being and productivity.</li> </ul>
Reduction of the operating time of technical equipment	<ul style="list-style-type: none"> <li>▪ In 2022, the optimization of the operating time of the installations in the buildings progressed. To this effect, the settings and technical parameters of various devices, for example, operating time of office lighting, operating time of ventilation and air conditioning and temperature settings in individual areas, were changed. These optimizations have helped minimize electricity consumption at the Bank's Head Offices.</li> </ul>
Energy savings in branches	<ul style="list-style-type: none"> <li>▪ Advertising banners with traditional light sources were replaced with energy-efficient LEDs in all branches.</li> <li>▪ Time control of advertising banner lighting using astronomical clocks.</li> <li>▪ We have consistently increased the number of branches with LED lighting. At the end of 2022, 165 branches used LED lighting. LED lighting is standard in all modernized Corporate Centers and was installed in 4 office locations in 2021, and additionally in Krakow in 2022.</li> </ul>

Action	Description
	<ul style="list-style-type: none"> <li>▪ Campaign of reducing the time of on-screen advertising - article in Świat Millennium</li> <li>▪ All facilities have restricted air conditioning operation by installing timers to regulate the running time of air conditioning units.</li> <li>▪ As a result of the changed opening hours of the outlets, the operating time of equipment and lighting in the outlets and own buildings has been reduced.</li> </ul>
Rational management of energy consumption	<ul style="list-style-type: none"> <li>▪ In the Bank's Head Offices, the air conditioning is set at 21 degrees Celsius and ceases to operate after working hours;</li> <li>▪ 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.</li> <li>▪ Virtualization of servers has made it possible to reduce the number of physical hardware in the computer center, which drove down energy consumption for power supply and air conditioning;</li> <li>▪ In 2022, 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 new and modernized office spaces, 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.</li> </ul>
Utility consumption control	<ul style="list-style-type: none"> <li>▪ 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. In 2022, an additional education campaign for network employees was launched regarding social spaces - in all locations that had no lighting and air-conditioning sensors. The campaign encouraged employees to consume electricity rationally.</li> </ul>
Reducing the working time of cleaning companies	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

Action	Description
Optimization of water consumption (branches and head office)	<ul style="list-style-type: none"> <li>▪ In 2020, the Bank installed 173 state-of-the-art perlator taps, special tap attachments that visually increase the flow of water through aeration, in 14 of its buildings. Perlator taps allow to save from 15% to 25% of water.</li> <li>▪ In 2022, aerators were installed in all head office buildings, generating water consumption savings of 15%.</li> <li>▪ 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.</li> </ul>
Infrastructure supporting ESG objectives	<ul style="list-style-type: none"> <li>▪ (Showers, chargers, bicycle parking, green areas - Gdańsk and Warsaw) In order to promote measures reducing CO2 emissions, the Bank encourages employees to ride bicycles instead of using public transport and cars. In each location of the Bank's Head Office, the Bank has built parking spots for cyclists and sanitary facilities.</li> <li>▪ By installing a parcel machine at the Warsaw Head Office, the Bank promotes the reduction of CO2 emissions, because employees no longer have to drive to get parcels. A single parcel machine reduces CO2 emissions by almost 14,000 kg.</li> </ul>

[GRI 302-4]

Energy savings in the Bank's locations

2022\*\*\*

2021

2020

RETAIL OUTLETS (excluding Millennium Mini outlets)

Branches with LED lighting banners	381 100%	417 100%	456 100%
Locations with panels that can be turned on	381 100%	409 98%	409 90%
Energy-saving light sources in branches (LED lighting)	169 44.3%	153 36.5%	117 26%

CORPORATE BANKING OUTLETS\*

Branches with LED lighting banners	5 100%	8 100%	7 100%
Locations with panels turned off	5 100%	8 100%	7 100%
Energy-saving light sources in locations (LED lighting)	4 80%	4 50%	1 14%

BANK MILLENNIUM'S HEAD OFFICES\*\*

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

\* 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.

\*\*\* Starting in Q3 2022, the new rules for turning advertisements on were introduced. The banners are turned on at 3:30 p.m. and turned off when the outlet is closed.

## 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 for the Bank's employees and clients. In 2022, additional electric car chargers were installed on the parking lot at the Warsaw and Gdańsk Head office.

## 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 (market-based)- this objective has been achieved 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 2022 (compared to 2020 and 2021) 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 CO<sub>2</sub>e for Bank Millennium

Scope of GHG emissions	Emission category	Emissions [Mg CO <sub>2</sub> e]			Difference	
		2022	2021	2020	2022/2021	2022/2020
Scope 1	Combustion in mobile sources	1,803	1,832	1,840	-1.6%	-2.0%
	Combustion in stationary sources	363	390	405	-6.9%	-10.4%
Total: Scope 1		2,166	2,222	2,245	-2.5%	-3.6%



	Purchase of heat	7,769	8,291	9,917	-6.3%	-21.7%
Scope 2	Purchase of electricity (location-based)	14,224	14,496	16,820	-1.9%	-15.4%
	Purchase of electricity (market-based)	0	4,677	11,517	-100%	-100%
<b>Total: Scope 2 location-based</b>		<b>21,993</b>	<b>22,786</b>	<b>26,737</b>	<b>-3.5%</b>	<b>-17.7%</b>
<b>Total: Scope 2 market-based</b>		<b>7,769</b>	<b>12,968</b>	<b>21,434</b>	<b>-40.1%</b>	<b>-63.8%</b>
Scope 3	Cat. 1 Purchased products and services*	746	–	–	–	–
	Cat. 2 Capital goods*	424	–	–	–	–
	Cat. 3 Energy and fuel-related emissions (not included in scope 1 and 2) (location-based)	4,209	4,376	3,120	-3.8%	+34.9%
	Cat. 3 Energy and fuel-related emissions (not included in scope 1 and 2) (market-based)	768	1,902	3,120	-59.6%	-75.4%
	Cat. 5 Waste generated in operations*	48	–	–	–	–
	Cat. 6. Business travel	161	91	127	+76.9%	+26.8%
<b>Total: Scope 3 (location-based)</b>		<b>4,370</b>	<b>4,467</b>	<b>3,247</b>	<b>-2.2%</b>	<b>+34.6%</b>

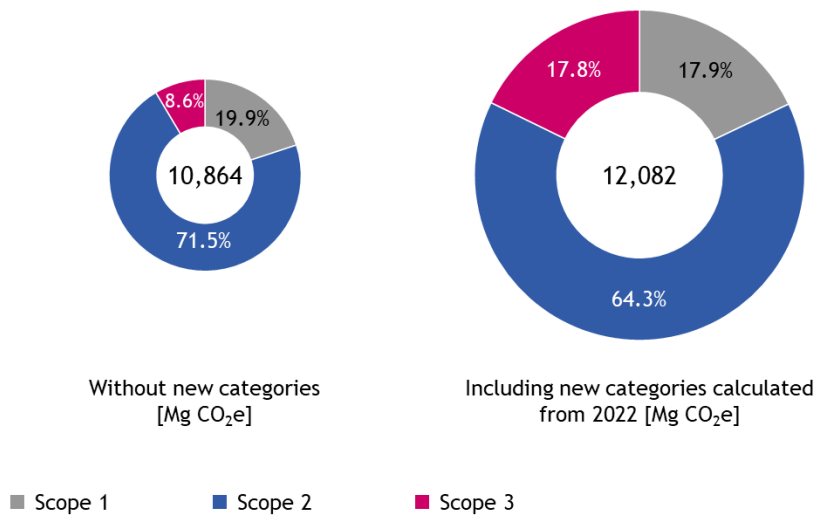
Total: Scope 3 (market-based)	929	1,993	3,247	-53.4%	-71.4%
Total: Scope 3 (location-based)*	5,588	–	–	–	–
Total: Scope 3 (market-based)*	2,147	–	–	–	–
Total: Scope 1, 2 (location-based), 3	28,528	29,476	32,230	-3.2%	-11.5%
Total: Scope 1, 2 (market-based), 3	10,864	17,183	26,927	-36.8%	-59.7%
Total: Scope 1, 2 (location-based), 3*	29,746	–	–	–	–
Total: Scope 1, 2 (market-based), 3*	12,082	–	–	–	–

*\*Categories included in emissions calculations from 2022*

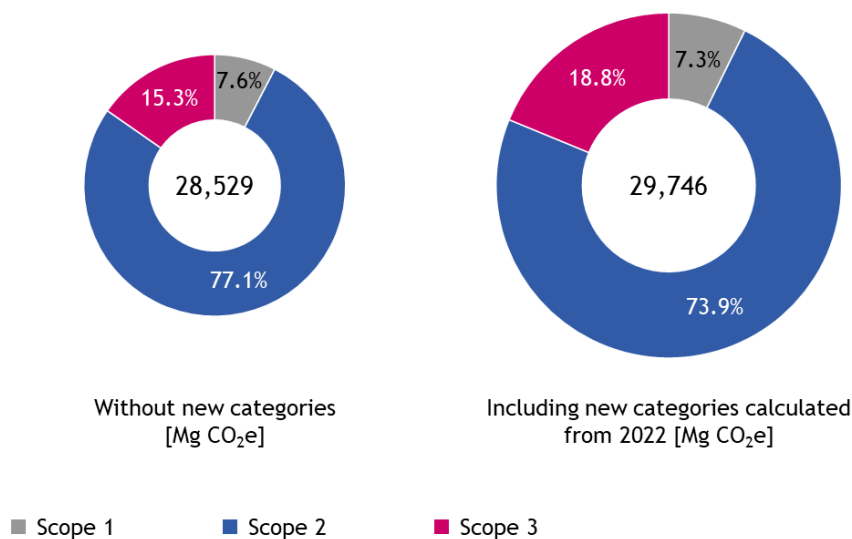
Total (market-based) emissions generated by Bank Millennium in 2022 were equal to 12,082 Mg CO<sub>2</sub>e, when extending the scope of calculations for Scope 3 with new categories: purchased products and services, capital goods and waste generated in operations. These categories were selected based on the conducted materiality analysis and taking into consideration data availability. With the same range of calculations as in the 2020 (base year), emissions for 2022 were 10,864 Mg CO<sub>2</sub>e (market-based) and were 59.7% lower than in 2020.

Scope 1 direct emission generated by Bank Millennium were 2,166 Mg CO<sub>2</sub>e from which 83.2% of total emission came from combustion in mobile sources and 16.8% came from combustion in stationary sources. In 2022, Scope 2 (location-based) indirect emissions were 21,993 Mg CO<sub>2</sub>e, where 65% of them were related to using purchased electricity and 35% purchased heat energy. In 2022, Scope 2 (market-based) indirect emissions were 0 Mg CO<sub>2</sub>e due to the fact that Energy Origin Guarantees covering consumption of 32,504 MWh have been purchased. The 7,769 Mg CO<sub>2</sub>e were emitted with regard to consumption of purchased thermal energy.

### Bank Millennium's carbon footprint in 2022 (market-based)



### Bank Millennium's carbon footprint in 2022 (location-based)



For the first time in 2022, emissions associated with the generation of purchased goods and services, capital goods and the management of waste generated in operations were calculated. In 2022, Scope 3 indirect emission (market-based) accounted for 17.8% of total of Scope 3 emissions, and in the location-based method the share was 18.8%, taking into account the new emission categories (1, 2 and 5).

Within purchased goods and services, emissions related to plastic payment cards and office supplies were included. Emissions related to them were 34.7% of the Scope 3 emissions (relative to the summed result for the market-based method). Within the capital goods category, IT equipment (i.e., laptops, printers, desktop computers, cell phones) was included. GHG emissions in this category amounted to 19.8% of Scope 3 emissions (market-based method). Emissions related to energy and fuels (not included in Scope 1 and 2) accounted for 35.8%, and business travel accounted for 7.5% of Scope 3 emissions (market-based method). Waste generated in operations include paper and cardboard waste,

used IT equipment, metals, batteries, toner cartridges, and plastics, and GHG emissions related to their activities amounted to 2.2% of Scope 3 emissions (market-based).

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

#### Scope 1, 2 and 3 GHG emissions in tonnes CO<sub>2</sub>e for Bank Millennium Group

Scope of GHG emissions	Emission category	Emissions [Mg CO <sub>2</sub> e]			Difference	
		2022	2021	2020	2022/2021	2022/2020
Scope 1	Combustion in mobile sources	2,051	2,076	2,130	-1.2%	-3.7%
	Combustion in stationary sources	390	424	471	-8.0%	-17.2%
<b>Total: Scope 1</b>		2,441	2,500	2,601	-2.4%	-6.2%
Scope 2	Purchase of heat	8,180	8,881	11,191	-7.9%	-26.9%
	Purchase of electricity (location-based)	15,755	16,433	19,096	-4.1%	-17.5%
	Purchase of electricity (market-based)	0	5,302	12,985	-100%	-100%
<b>Total: Scope 2 location-based</b>		23,936	25,313	30,287	-5.4%	-21.0%
<b>Total: Scope 2 market-based</b>		8,180	14,183	24,176	-42.3%	-66.2%
Scope 3	Cat. 1 purchased products and services*	962	—	—	—	—
	Cat. 2 Capital goods*	450	—	—	—	—
	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (location-based)	4,676	4,966	3,565	-5.8%	+31.2%

	Cat. 3 energy and fuel-related emissions (not included in scope 1 and 2) (market-based)	865	2,082	3,565	-58.5%	-75.7%
	Cat. 5 Waste generated during activities*	48	–	–	–	–
	Cat. 6. Business travel	161	91	127	+76.9%	+26.8%
<b>Total: Scope 3 (location-based)</b>		<b>4,837</b>	<b>5,057</b>	<b>3,691</b>	<b>-4.4%</b>	<b>+31.0%</b>
<b>Total: Scope 3 (market-based)</b>		<b>1,026</b>	<b>2,173</b>	<b>3,691</b>	<b>-52.8%</b>	<b>-72.2%</b>
<b>Total: Scope 3 (location-based)*</b>		<b>6,297</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total: Scope 3 (market-based)*</b>		<b>2,486</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total: Scope 1, 2 (location-based), 3</b>		<b>31,214</b>	<b>32,871</b>	<b>36,580</b>	<b>-5.0%</b>	<b>-14.7%</b>
<b>Total: Scope 1, 2 (market-based), 3</b>		<b>11,647</b>	<b>18,856</b>	<b>30,469</b>	<b>-38.2%</b>	<b>-61.8%</b>
<b>Total: Scope 1, 2 (location-based), 3*</b>		<b>32,674</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total: Scope 1, 2 (market-based), 3*</b>		<b>13,107</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* Categories included in emissions calculations from 2022

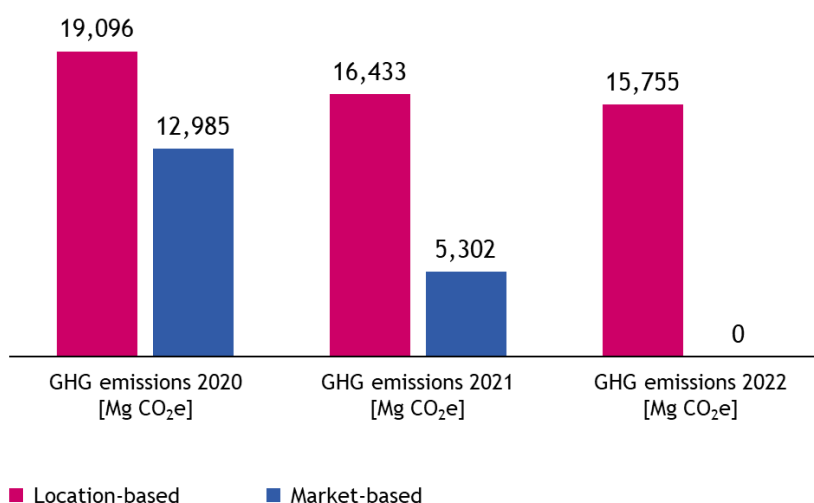
Total (market-based) emissions generated by the Bank Millennium Group in 2022 amounted to 13,107 Mg CO<sub>2</sub>e. In 2022, 73,3% of Bank Millennium Group's total emissions came from indirect Scope 2 (location-based) emissions, where 65.8% of Scope 2 emissions were emitted through the consumption of purchased electricity and 34.2% came from the consumption of purchased heating energy. In 2022, indirect Scope 2 (market-based) emissions accounted for 34.2% of Bank Millennium Group's total emissions, of which 100% emission of that scope were emitted through the consumption of purchased

electricity. In 2022, Scope 1 direct emissions accounted for about 18.6% of Bank Millennium Group's total emissions, where 15.6% came from combustion in mobile sources and 3.0% came from combustion in stationary sources.

In 2022, emissions associated with the generation of purchased goods and services, capital goods and the management of waste generated by activities were calculated for the first time. In 2022, the share of indirect (market-based) Scope 3 emissions was 19.0% of total calculated emissions. In location-based terms, the share was 19.3%.

Within purchased goods and services, emissions related to plastic payment cards and office supplies were included. Emissions related to them were 38.7% of the Scope 3 emissions (market-based). Within the capital goods category, IT equipment (i.e., laptops, printers, desktop computers, cell phones) was included. GHG emissions in this category amounted to 18.1% of Scope 3 emissions (market-based). Emissions related to energy and fuels (not included in Scope 1 and 2) accounted for 34.8%, and business travel accounted for 6.5% of Scope 3 emissions (market-based). Waste generated by operations includes paper and cardboard waste, used IT equipment, metals, batteries, toner cartridges, and plastics, and GHG emissions related to their activities amounted to 1.9% of Scope 3 emissions (market-based method).

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



**[GRI 305-5]** Due to the fact that for electricity purchased directly by the Bank, Guarantees of Energy Origin were purchased in amount of 32,504 MWh, emissions related to purchase of electricity by Bank Millennium were reduced by 100% [14,224 Mg CO<sub>2</sub>e] and by Bank Millennium Group by 100% [15,755 Mg CO<sub>2</sub>e], comparing calculation according to the location-based method (where average emission factor for Poland is used) to the market-based method (where the energy seller is known, the seller-specific emission factor is used).

In the case of calculating the intensity per mPLN of income for both Bank Millennium and the Bank Millennium Group, in order to ensure the higher quality of the presented results, the definition of the used income as "operating income" was clarified. In order to maintain consistency and comparability of emission intensity results per PLN million of operating income, data for 2020 and 2021 were recalculated.

Scope 1, 2 and 3 GHG emissions in tonnes CO<sub>2</sub>e per mPLN of operating income for the Bank Millennium

Scope of GHG emissions	Emission volume/mPLN of operating income [Mg CO <sub>2</sub> e/mPLN]			Difference	
	2022	2021	2020	2022/2021	2022/2020
Scope 1, 2 (market-based)	2.57	4.47	6.92	-42%	-63%
Scope 1, 2, 3 (market-based)	2.81	5.05	7.87	-44%	-64%
Scope 1, 2, 3* (market-based)	3.13	—	—	—	—

\*Categories included in emissions calculations from 2022

Scope 1, 2 and 3 GHG emissions in tonnes CO<sub>2</sub>e per employee for Bank Millennium

Scope of GHG emissions	Emissions volume/employee [Mg CO <sub>2</sub> e/employee]			Difference	
	2022	2021	2020	2022/21	2022/2020
Scope 1, 2 (market-based)	1.51	2.29	3.31	-34.1%	-54.5%
Scope 1, 2, 3 (market-based)	1.65	2.60	3.76	-36.6%	-56.2%
Scope 1, 2, 3* (market-based)	1.83	2.60	3.76	-29.5%	-51.3%

\*Categories included in emissions calculations from 2022



Scope 1, 2 and 3 GHG emissions in tonnes CO<sub>2</sub>e per mPLN of operating income for the Bank Millennium Group

Scope of GHG emissions	Emission volume/mPLN of operating income [Mg CO <sub>2</sub> e/mPLN]			Difference	
	2022	2021	2020	2022/2021	2022/2020
Scope 1, 2 (market-based)	2.65	4.69	7.48	-43%	-65%
Scope 1, 2, 3 (market-based)	2.91	5.30	8.52	-45%	-66%
Scope 1, 2, 3* (market-based)	3.27	—	—	—	—

\* Categories included in emissions calculations from 2022

Scope 1, 2 and 3 GHG emissions in tonnes CO<sub>2</sub>e per employee for Bank Millennium Group

Scope of GHG emissions	Emissions volume/employee [Mg CO <sub>2</sub> e/employee]			Difference	
	2022	2021	2020	2022/21	2022/2020
Scope 1, 2(market-based)	1.42	2.36	3.57	-39.7%	-60.2%
Scope 1, 2, 3 (market-based)	1.55	2.66	4.07	-41.6%	-61.8%
Scope 1, 2, 3* (market-based)	1.88	2.66	4.07	-29.6%	-53.9%

\* Categories included in emissions calculations from 2022

**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 the Bank Millennium Group (GBM), which includes the following subsidiaries: Millennium TFI SA (subsidiary of Millennium Consulting SA); Millennium Leasing sp. z o.o.; Millennium Consulting SA; Millennium Mortgage Bank; Millennium Financial Service sp. zoo; Millennium Goodie sp. zoo; Millennium Service sp. zoo; Millennium Telecommunication Services sp. z o o and Piast Expert sp. z.o.o in liquidation, Lubuskie Fabryki Mebli SA in liquidation, subsidiaries that do not generate emissions. The criterion of operational control was adopted as the organisational boundaries. Bank Millennium has 100% operational control in the listed subsidiaries generating GHG emissions.

The scope of reported emissions in accordance with the GHG Protocol cover:

- direct emissions from scope 1 from the combustion of fuels in own or supervised energy sources: combustion in stationary sources - heating boilers for natural gas and fuel oil and combustion in mobile sources - vehicles used by subsidiaries (LPG , petrol, diesel oil),
- scope 2 indirect emissions from the production of purchased electricity and heat
- other scope 3 indirect emissions related to energy and fuels (not included in scope 1 and 2) and emissions generated during business trips in means of transport that are not owned or controlled by the company (such as planes, trains and taxis). In 2022, emissions from purchased products and services, capital goods and waste generated as part of operations were calculated for the first time.

Calculations of the carbon footprint were made in accordance with the methodology used in previous years, taking into account updated emission factors. Energy calculations were carried out using two required methodological approaches: location-based (using the average emission factor for Poland) and market-based (using emission factors specific to energy sellers). When calculating emissions from business trips, transport-specific factors were used based on the distances travelled. There were no biogenic emissions in the organisation. Overall market-based CO<sub>2</sub> emissions for Bank Millennium amounted to 10,864 Mg CO<sub>2</sub>, 0.21 Mg CH<sub>4</sub> and 0.03 Mg N<sub>2</sub>O and for the Bank Millennium Group: 11,647 Mg CO<sub>2</sub>, 0.24 Mg CH<sub>4</sub> and 0.04 Mg N<sub>2</sub>O taking into account emission from categories (Scope 3, cat. 1,2 and 5) calculated for the first time in 2022.

Comparison was made with the base year 2020 (the first full year after the purchase of Euro Bank) and with 2021 (previous year).

### **Data used for calculation and measurement of emissions 2022**

Consumption of fuels and energy are presented in the tables concerning the GRI 302-1 emission factor. Data on business trips are presented in the subsection "2.2.1. REDUCING THE CONSUMPTION OF RESOURCES".

#### **Input data source for Scope 1**

##### **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.

## Input data sources for Scope 2

### Purchased energy:

**Electricity** - Consumption data came from invoices and was partly estimated based on energy costs. In 2022, data obtained from invoices accounted for 68% of the estimated total energy consumption in Bank Millennium and 65.4% in the Bank Millennium Group.

**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.

## Input data sources for Scope 3

### Purchased goods and services:

**Debit cards** - in order to calculate emissions resulting from the purchase of payment cards, quantitative data obtained from their provider was used.

**Office supplies** - calculations were made for purchased paper materials, envelopes, paper rolls for ATMs, cardboard boxes, folder covers as well as plastic materials, toners and batteries, specified in units of mass.

**Water** - water purchased in plastic containers and drinking water from the water supply network were included.

### Capital goods:

**IT equipment** - emissions were calculated on the basis of quantitative data from invoices for the purchase of individual types of IT equipment.

### Waste generated in operations:

As part of the activity, a variety of wastes are generated, which are described in detail and quantitatively in subchapter "2.2. REDUCING THE IMPACT OF ACTIVITIES ON THE ENVIRONMENT". Emissions have been calculated based on the individual data presented in this section.

### 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 subsidiaries 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 2022

### Emission Factors for Scope 1:

**Fuels** (combustion in mobile and stationary sources), WTT emission factors, business travel - DEFRA 2020, version 1.3 (published 31.07.2020), DEFRA 2021, version 1, CH<sub>4</sub> and N<sub>2</sub>O emissions converted from AR<sub>4</sub> to AR<sub>5</sub> (CH<sub>4</sub> 25 to 28; N<sub>2</sub>O 298 to 265).

## Emission Factors for Scope 2:

**Electricity location-based** - Electricity benchmarks for 2021 published in December 2022 (<https://www.kobize.pl/pl/fileCategory/id/28/wskazniki-emisyjnosci>)

### Electricity market-based

Due to the fact that Guarantees of Origin of Energy were purchased for electricity purchased directly by the Bank in the amount of 32,504 MWh, it reduced emissions related to the purchase of electricity in Bank Millennium by 100% [14,224 t CO<sub>2</sub>e] and the Bank Millennium Group by 100% [ 15,755 tCO<sub>2</sub>e].

**Heat** - URE (Energy Regulatory Office); The report "Heat energy in numbers - 2021" - the latest available document used in the emission calculations.

## Emission Factors for Scope 3:

**WTT** - DEFRA 2022, version 2 (published 08.06.202, CH<sub>4</sub> and N<sub>2</sub>O emissions converted from AR4 to AR5 (CH<sub>4</sub> 25 to 28; N<sub>2</sub>O 298 to 265).

For Cat.1 Purchased products and services and Cat.2.Capital goods, the source of the emission factors was Ecoinvent base 3.9.1. For Cat.3 Energy and fuel-related emissions (not included in Scope 1 and 2) (location-based), Cat. Waste and Cat.6. Business travel, the source of the emission factors was DEFRA 2022, version 2 (published 08.06.2022).

## Decarbonisation of buildings

**[GRI 305-5]** Bank Millennium attaches great importance to researching and reducing the level of emissions of real estate occupied in connection with its operations. In 2022, all electricity purchased by the Bank had certificates confirming its generation from renewable energy sources. The Bank introduces environmentally friendly solutions in its three headquarters (in Warsaw, Wrocław and Gdańsk).

## Two new Head Offices of Bank Millennium in Gdańsk in the spirit of sustainable development

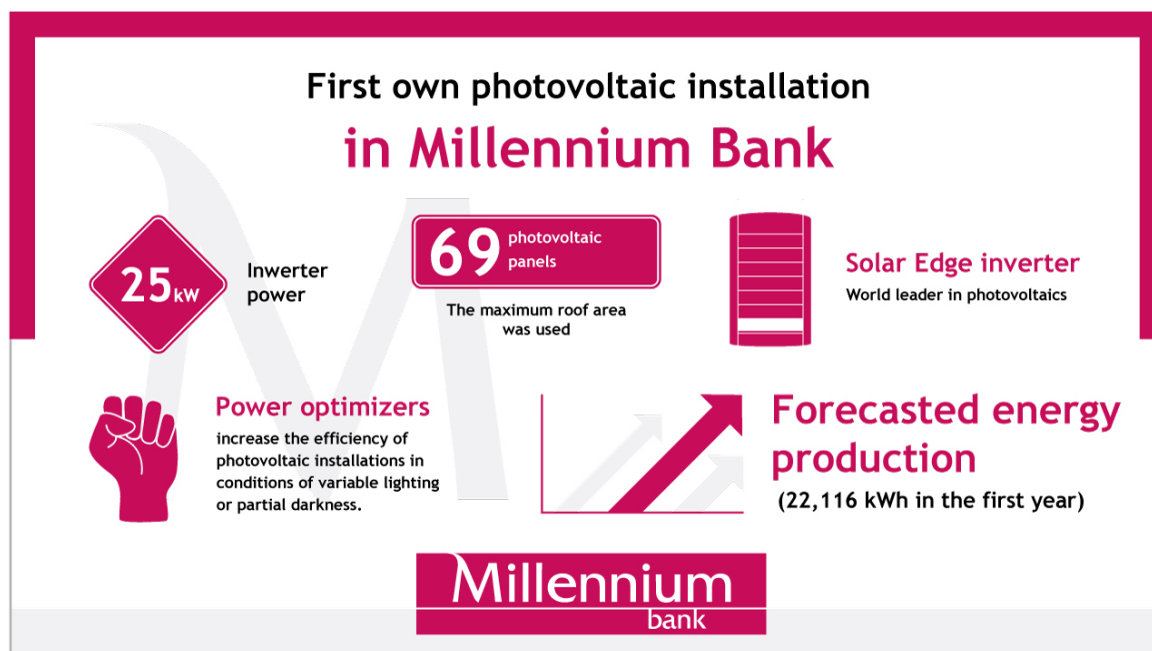
In December 2022, Bank Millennium opened in a completely new release the historical interiors of its buildings in Gdańsk (Targ Drzewny 1 and Grunwaldzka 19/23). The main assumption of the project was the rational use of available resources, including the optimisation of the available real estate portfolio. As part of these activities, the consolidation of four locations into two own buildings was chosen as the most advantageous option for the Bank. This reduced the amount of space used by 55%, from the originally occupied 9,931 m<sup>2</sup> to 4,518 m<sup>2</sup>.

The new headquarters of Bank Millennium are located in a historical location in Gdańsk: at Targ Drzewny and at Grunwaldzka Street. Their interiors are designed in accordance with the latest standards for office space. The new spaces are adapted to work in a hybrid model and correspond to current market trends. At the same time, in the building located at Grunwaldzka Street, customers of all banking segments, including retail, prestigious, corporate and Millennium Leasing, received the most modern Financial Center in Poland, which is also a comfortable meeting place. The new space supports the digitalisation of customers by providing self-service tools on convenient web benches, several Digital Signage screens replacing paper marketing communication, as well as three CDMs available in the 24h zone.

What both buildings have in common is that they use modern, ecological solutions. This project was analysed at every step in terms of compliance with the ESG policy, which was implemented by the

project team in cooperation not only with the architectural office, but also external consultants and suppliers. An important element in the design of both buildings was also guided by the idea of biophilic, thanks to which there are a lot of plants in the new office space, improving both the well-being of employees and air quality. People who are interested in ecological access to the office can count on bicycle racks, showers and bicycle service stations. For electric vehicles, special sockets have been prepared to connect the power supply.

Above all, however, the building located at Grunwaldzka 19/23 has undergone a thorough thermal modernisation, which has a fundamental impact on the energy efficiency of the building. Thermal modernisation in accordance with the latest standards was carried out inter alia as a result of a recommendation resulting from the energy audit of own buildings commissioned by Bank Millennium in 2021. At the same time, the building gained a façade that retains the character of a building from the 1960s. The next step was the installation of a photovoltaic system that could cover over 20% of energy demand at its peak. This is the first system of this type located in the Head Office of Bank Millennium.







Building at Grunwaldzka 19/23

All necessary installations in both buildings have been replaced with new ones and they are analogous for both locations. The air conditioning system is equipped with autonomous control systems that make it possible to provide individual working conditions in different rooms. The ventilation system is equipped with a heat recovery system from the air removed from the building. Only fresh, filtered air is pumped into the building. The DALI intelligent LED lighting control system automatically adjusts the light intensity in the office to the conditions outside, and all rooms are equipped with motion sensors.

In the case of finishing materials, the main selection criterion was to minimise the impact on the environment:

- Wood wool wall cladding is supposed to perform aesthetic and acoustic functions, but their origin has been confirmed, inter alia by the Blue Angel certificate, which is awarded only to environmentally friendly products,
- The furniture was made of wood from FSC certified harvesting, which confirms that the process of obtaining this wood did not have a negative impact on biodiversity and forest structure,
- Floor coverings in office parts are made of 59% recycled materials, and their manufacturer, through pro-ecological activities such as forest plantings, guarantees that their production is completely neutral in terms of CO<sub>2</sub> emissions,
- Mobile furniture and carpets have extended warranty periods, thanks to which they will serve employees for many years, and after the end of their usefulness they can be picked up by manufacturers and recycled again,
- Valves and fittings in social and sanitary rooms are characterised by reduced flow values in order to reduce water consumption,

- All kitchens and coffee points are equipped with water dispensers connected to the water supply network to encourage employees to reduce the purchase of bottled water.

It is also worth emphasising that the liquidated mobile equipment from the buildings was not subject to disposal. It gained a new life thanks to the zero-waste auction organised for bank employees. Anyone could buy any equipment such as desks, chairs or wardrobes via the website.

Thanks to all these activities, in 2022 Bank Millennium began efforts to obtain the LEED certificate at the GOLD level for the Grunwaldzka 19/23 building. Meeting its requirements confirms the economic and environmental benefits and provides better conditions for employees.

The emissions data presented in the chapter "Greenhouse gas emissions" have been calculated by independent third parties.

### 2.2.3. ENVIRONMENTALLY-FRIENDLY PRODUCTS AND RESPONSIBLE FINANCING

Environmental activities cover the entire product portfolio of the Bank Millennium Group. Active measures are also 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

##### Millennium TFI funds

One of the measures implemented as part of the Bank Millennium Group's strategy is the integration of ESG factors in asset selection processes in investment portfolios. Given the rapidly growing trend of European and global investors using sustainability criteria in investment decision-making and taking into account the bank's business strategy, Millennium TFI's product offering was modified. Millennium TFI transformed three Subfunds separated within the Millennium Specialized Open-End Investment Fund in accordance with the requirements of Article 8 of the SFDR<sup>1</sup>. They promote environmental, social and corporate governance aspects (as so-called light green products) by including them in the investment selection criteria and by applying certain investment restrictions. Customers who want to support sustainability with their investment decisions can now find the suitable products in the Millennium TFI range.

The Subfunds that satisfy the ESG criteria are available both in Bank Millennium outlets and, out of concern for the natural environment, through electronic channels, i.e. the Millenet online banking system and the Bank's mobile application. Clients may choose from among three Subfunds designed as funds of funds:

- Plan Spokojny Subfund - which invests mainly in global debt instruments.
- Plan Wyważony Subfund - which balances investments in global debt and equity instruments.
- Plan Aktywny Subfund - which invests mainly in global equity instruments.

In the above Subfunds offer, sustainability (ESG) issues are assessed as a risk to investment value. The issuers whose strategy is built on good ESG practices may be approached as entities with a lower level of investment risk and therefore higher investment appeal. Investment risk is assessed within an

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<sup>1</sup>Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation)



internal ESG Risk Rating system and takes into account ESG ratings published by independent agencies and analysts, issuer reports regarding the ESG principles observed, the type of industry in which the issuer operates and other public information that may serve as a source for the ESG assessment of the issuer.

Each of the above mentioned Subfunds invests at least 30% of assets in other “green” investment funds that meet the criteria of the SFDR. Additional limits have also been introduced to limit the share of funds (instruments) with poor ESG ratings or that are unrated, as well as restrictions for issuers that fail to follow good practices.

#### **WWF Millennium MasterCard Credit Card**

Bank Millennium has extended its strategic partnership with WWF focused on conservation education activities. The partnership continues under the slogan: Take care of the forest! Home for animals, breath for people and protection of climate. As part of our cooperation with WWF, Bank Millennium will provide financial support for the organization’s statutory activities to protect forest ecosystems. The cooperation entails, among others, the issuance of the WWF Millennium Mastercard credit card ([WWF Millennium Mastercard - Credit cards - Bank Millennium](#)) which allows committed customers to support conservation efforts. Bank Millennium donates PLN 50 to the organization for every WWF Millennium Mastercard issued. The card is made of 85% recycled plastic and offers repayment deferred for up to 51 days, attractive currency conversion rates for foreign transactions in any currency and the possibility to make repayments in convenient instalments.

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.

#### **Corporate customers**

In line with its strategy for 2022-24, the Bank Millennium Group will actively support clients in their decarbonization efforts and will provide PLN 2 billion in financing over the next three years to the Bank’s and the Bank Group’s clients for sustainable and transformational projects.

At the same time, 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 the section entitled “Environmental Policy of the Bank Millennium Group”.

The Bank continues to launch new products that help fund environmental projects. Among others, it 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.

In the area of investments to generate energy from renewable sources, the Bank offers the Loan for a PV System. This loan is targeted at companies that plan to use energy generated from renewable sources for their own needs and where any surplus energy can be sold. The product may be used to fund the construction of photovoltaic installations and power plants with the value of up to PLN 20 million, while in the option up to PLN 2 million the financing may be granted without collateral. In the case of larger installations, the product may also be used to finance energy storage and an energy management system. The product addresses the current market needs: it allows companies that consume large amounts of energy in production processes to reduce energy costs and to build their own independent source of electricity.

The Bank actively expands the knowledge of its employees on financing environmentally-friendly projects. It regularly organizes training on how to implement environmentally-friendly investments by utilizing EU funding, or how to implement them within the framework of “green products” available at Bank Millennium, such as EIF financing, which supports the financing of green investments in the area of biodiversity protection, circular economy, prevention of pollution, investments in low-carbon technologies and renewable energy.

**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 panels is a solution targeting commercial undertakings poised to reduce the costs of energy consumption and to modify social awareness when it comes to environmental protection and keen on building their environmentally-friendly image and ensuring economic efficiency of their 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, the Company extended its offer by adding a new product, i.e. heat pumps. In order to continuously develop the MilleSun Program, the Company plans to add energy storage to its offering.

In 2022 Millennium Leasing joined the *Mój Elektryk* program implemented by Bank Ochrony Środowiska, which guarantees co-payments from the National Environmental Protection and Water Management Fund to lease electrical vehicles, and co-payments from the National Environmental Protection and Water Management Fund 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.

In 2023, the Company plans to launch the Preferential Program for financing environmentally friendly assets.

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 Millennium Group is required to disclose, for the period from 1 January 2022 to 31 December 2023, its exposures to Taxonomy-non-eligible economic activity and Taxonomy-eligible economic activity as a percentage of its total assets, as well as the percentage to total assets for exposures to central governments, central banks and supranational issuers, derivatives, trading portfolios and on-demand interbank loans and corporate exposures that are not 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).

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.

The disclosures of exposures of Taxonomy-eligible companies 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.

As at 31 December 2022, the percentage of exposures to Taxonomy-eligible activities in the Bank Group's total assets is 35.37%, of which:

- the percentage of exposures to non-financial entities that are subject to the disclosure obligation is equal to 0.63%
- the percentage of exposures to households secured by residential properties and exposures to households for renovation of buildings is 34.74%.

As at 31 December 2022, exposures to non-financial entities relating to Taxonomy non-eligible activities, expressed as a percentage of the Bank Group's total assets, are 1.72%.

In addition, as at 31 December 2022:

- The on-balance sheet exposure to central governments, central banks and supranational issuers as a percentage of the Bank Group's total assets was 23.93%.
- The percentage of on-balance sheet exposures on account of derivatives in the Bank Group's total assets was 0.43%.
- 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 15.21%.
- The percentage of trading portfolios and on-demand interbank loans in the Bank Group's total assets was 0.33%.

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

The Bank Millennium Group takes steps aimed at developing the portfolio of assets financing Taxonomy-compliant activities. The Group's Strategy for 2022-2024 "People Inspire Us" as well as the ESG Strategy, which develops some of its tenets, contain objectives of actively supporting clients in their decarbonization efforts and granting PLN 2 billion of financing for sustainable and transformational projects for the clients of the Bank's Group over the next 3 years. Our goal is to launch an offering of products that would support sustainability in various business segments (including small and medium-sized enterprises) in the areas of energy efficiency, the use of renewable energy sources and the circular economy, as well as to increase the funding allocated to sustainability

projects through active participation in governmental and EU transformation programs to reduce negative environmental impacts.

### **Taxonomy - reporting principles**

In order to calculate the value of “total assets” to be disclosed 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).

Since there is no national database of entities obliged to prepare non-financial reporting, for the purpose of the disclosures in this report, information on whether clients are subject to the obligation to publish non-financial information was obtained directly from clients (through a survey in the Millenet system), except in individual cases where this information was obtained from clients’ publicly available non-financial reports. A similar method was used, i.e. information was obtained directly from clients (through a survey in the Millenet system) to determine whether their economic activities can be considered Taxonomy-eligible and what percentage of their sales revenue is generated by such activities. This information has been provided by clients on the basis of their non-financial reports. Also in this regard, clients’ publicly available taxonomy disclosures were used in individual cases. The data received regarding the share of Taxonomy-eligible activities referred to the financial year ended in 2021.

## **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, gradually increasing the scope of reported data. The knowledge on this topic is expanded by implementing projects with consulting companies, participating in conferences and expert workshops (organized e.g. by the Polish Association of Listed Companies) and in the work done by the Polish Bank Association. In 2022, further work was carried out to prepare the Group to reporting on sustainability topics in relation to various aspects of reporting required by law and market standards.

Bank Millennium is a member of the Sustainable Financing Committee of the Polish Bank Association and also takes part in the work of working groups of various industry chambers (e.g. the Polish Bank Association, Polish Chamber of Insurance). Millennium Towarzystwo Funduszy Inwestycyjnych is a member of the Chamber of Fund and Asset Management (IZFiA), while the Bank Millennium Brokerage House is a member of the Chamber of Brokerage Houses. The activities undertaken by these organizations are aimed at developing solutions to facilitate the application of incoming regulations and standardize the format of the data used.

**[GRI 2-27]** In 2022 the Bank Millennium Group did not receive information on any case of having violated environmental protection regulations.

## 2.5. ENVIRONMENTAL EDUCATION

[GRI 2-24, 3-3, OWN DISCLOSURE 7]

At the Bank Millennium Group, we are aware how important ecological education is. We are addressing our educational efforts to various audiences, tailoring the content and form of our messaging to their needs. The subject of activities undertaken by the Group in the field of environmental education is included in the "Environmental Policy of the Bank Millennium Group".

Each ecologically conscious and well-trained employee of the Bank Millennium Group is a sort of an ambassador who promotes care for the environment and the notion of the planet as a common good. This is why we attach special importance to employee training. In 2022, we launched online training entitled "ESG - environment", which should systematize and expand employee knowledge on the topics of sustainability and climate change and add practical knowledge of what measures are taken by Bank Millennium and what climate action we can take ourselves. Employees were also introduced to the ESG activities and strategy within the Bank Millennium Group.

In a webinar format accessible to all employees, issues relating to forests, how they function and how we can protect them, were discussed. One such initiative was the lecture organized as part of the second semester of the "Development Fridays" knowledge exchange project for employees.

Corporate banking employees underwent a specialist training introducing them to the topic of ESG regulations. Since these issues are a vital element of the Bank's activities, the agenda of the workshop was very extensive and included topics, extended by a Q&A session, such as new legal requirements for the financial sector, sustainability reporting obligations imposed on the financial sector, new obligations for risk management and corporate governance, and the impact of new sustainability requirements on corporate banking.

Pro-environmental activities include efforts to raise awareness. One example of such activities completed in 2022 were the events organized for the launch of the "Regional Eco-Innovation Potential - Millennium Eco-Index" Report developed in cooperation with substantive partners: the Patent Office of the Republic of Poland, AGH University of Science and Technology in Krakow and the Warsaw School of Economics. Bank Millennium developed the eco-innovation index in order to see how involved Poland's regions are in green transformation, as ecology, conservation of the environment and innovations become increasingly important in voivodship development strategies. The report helped to create a platform for discussing the importance and development of green innovation in Poland and also aimed to encourage cooperation, since, as our study shows, cooperation is conducive to eco-innovation. The study showed that environmental regulations can stimulate innovation and that the implementation of environmental solutions, especially innovative ones, is an investment that pays off in the long run.

The 5th edition of the Family Business Forum, a joint initiative of Forbes magazine and Bank Millennium, was another excellent opportunity to create awareness, this time among business clients. The Family Business Forum is not only a regular event bringing together family businesses, but also a forum for debates and meetings that helps establish new business relationships, gain new partners and identify the best family businesses in respective voivodships. The Forum also owes a strong educational aspect this year to Bank Millennium, since in this edition the Bank's experts shared their ESG knowledge with the companies, presenting the business opportunities that may come out of the implementation of sustainable solutions.

The third and final group of educational activities undertaken by the Bank Millennium Group is training for the youth and students, laying the foundation for a well-educated future society. As a partner of the EcoCraft 2022 Hackathon, Bank Millennium carried out educational activities providing practical knowledge in the area of ESG, which allowed the participants - young gamers - to understand the scale of the risks associated with climate change, and then tested their ability to transfer this knowledge to the world of Minecraft by designing a plug-in to introduce environmentally friendly

elements into the game. The solutions proposed by the winners, which illustrated actions that may affect the environment, both negatively and positively, offer great educational value to players. The final Gala of the EcoCraft 2022 Hackathon project was the final stage of the competition and an opportunity for socially responsible companies to meet the young winners.

Another opportunity to expand students' knowledge was the University of Warsaw Business Conference, organized in May 2022 by the University of Warsaw Real Estate Law Academic Club, the University of Warsaw Economic Strategy Academic Club and the University of Warsaw Finance Student Academic Club. During a debate, the participants discussed whether ESG would indeed become a major strategic trend in the economy in the coming years and whether sustainability topics would be organically incorporated into strategic initiatives and business models in the near future. The panelists also addressed the functioning of ESG units in companies, since this area affects almost every element of an organization, which means that there are many departments involved in sustainability processes and ESG units take a coordinating role. The example of Bank Millennium was used to present that, in such an arrangement, it is important to properly define competences and responsibilities and to set up an effective process for reporting and monitoring of initiatives being implemented.

### **Joining the Green Finance Group of the UN Global Compact Network Poland**

United Nations Global Compact is an initiative bringing together companies working for sustainable development around the world. Bank Millennium has decided to join the Climate Positive Programme, run by the Polish branch of UNGC.

The UN Global Compact Network Poland and the Institute of Responsible Finance in cooperation with the Ministry of Funds and Regional Policy and the Ministry of Finance published the report "Green Finance in Poland 2022" in June this year. It had its premiere during the European Financial Congress in Sopot. The publication contains a commentary by Joao Bras Jorge, Chairman of the Bank Millennium Management Board, on selected aspects of the Group's environmental policy.

The Bank was one of the signatories of the "Business Open Letter for Climate Education", which is the result of the work of the Round Table for Climate Education operating under UNGC initiative. It is an undertaking aimed at expressing the position of the private sector in support of climate education in Poland.

### **Environmental education in cooperation with WWF Polska**

Bank Millennium has been cooperating with WWF Polska for many years. Among other activities, it provides the organization with annual subsidies and grants that allow it to pursue its statutory objectives in the area of natural conservation. The initiative also entails the unique WWF Millennium Mastercard (which is also mentioned in section "2.2.3. Environmentally-friendly products and responsible financing"), which supports forest conservation initiatives. The new design of the card will be premiered in 2023.

The main slogan of the cooperation between Bank Millennium and WWF Polska launched in 2022 is "Forest - home for animals, breath for people and protection of climate." Within this initiative, the bank educates its employees and clients on environmental topics and offers support to various eco initiatives. In July, on Tree Day, the bank issued a special press release devoted to the conservation of forests in Poland and to its involvement in protection of climate and the environment. WWF Polska experts also conducted a special internal webinar for Bank Millennium employees. The lecture, which garnered significant interest, discussed the issues of key importance for the protection of biodiversity in Polish forests. A WWF expert, Przemysław Nawrocki, was a guest of the Millennium Podcast, a regular broadcast devoted to various topics related to the bank's activity. The entire program was devoted to the issue of conservation of forests. The expert explained why forests are indispensable for life on the Earth and how we can protect them. The podcast is available on all main platforms: Google Podcast, Apple Podcast, Spotify and YouTube: <https://spotifyanchor-web.app.link/e/kf1fYzo6hwb>



As part of the activities undertaken by Bank Millennium to promote sustainable development initiatives and cooperation with WWF, a special <https://www.bankmillennium.pl/en/wwf-forests> website was launched. Further in the future, the Bank plans to engage its employees in eco-volunteerism campaigns. In 2023 it will announce the initiatives that will allow committed Bank Millennium employees to propose and carry out projects related to the protection of organisms living in forests.

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, 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.
- **“Let’s turn off our signs” campaign** In September 2022, the Bank announced that in the Fall and Winter after business hours it will turn off its light signs in its branches and offices in Warsaw, Wrocław and Gdańsk. This is how it intends to encourage everyone to save electricity and reduce its consumption given the potential difficulties on the energy market. The campaign is also an expression of the Bank’s continued concern for the environment and the need to manage resources reasonably. This campaign was widely promoted in the media, through articles and with a video. It has been calculated that the electricity saved through this campaign is equivalent to the electricity needs of 62 households.
- **“We save electricity” campaign** - across the entire chain of its outlets, the Bank conducted an educational campaign reminding employees of the small things they can do every day to reduce electricity consumption. We additionally placed stickers reminding them of these actions in all social areas and toilets.



- **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 Gdańsk** to reduce the quantity of waste. At the same time in December 2022 after the grand opening of the head office, the employees who answered correctly to questions about the promotion of the Gdańsk HQ project, received eco-friendly lunch boxes, thermal mugs as well as bags made out of recycled material with the project's logo.
- **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 2022 the **Bank collected 232 kg of electric waste, 102 kg of batteries and 123 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). Employees received the possibility of using another six showers installed in Warsaw and four in Wrocław. More than 100 bicycle racks were also added in the new head office in Wrocław. The Bank installed bicycle racks for 46 bicycles in its own buildings.

### Climate education in Millennium Docs Against Gravity

Millennium Docs Against Gravity is the flagship cultural project supported by the Bank. It is the largest film festival in Poland and a major documentary film festival in the world. Bank Millennium has been the festival's partner for more than ten years and it continues within its framework the audio description project that allows people with disabilities to participate in the festival.

The festival informs viewers of many phenomena transpiring in the contemporary world and educates them through the films shown, meetings with artists and heroes and debates on the important topics presented on the screen. It discusses many important questions, from ecology to climate protection and environmental conservation, through diversity, politics, psychology, human rights, art (also avant garde), pop-culture, to family relations.

The topic of protection of climate and the natural environment, including forests that are critically important in combating global warming, is reflected every year in one of the most important festival sections: "Climate for Change". During the festival we present the most recent documentaries from across the world illustrating the burning problems related to the climate crisis and the measures that are undertaken in this respect.

For many years, driven by its commitment to the planet, Bank Millennium promotes protection of the environment and increased eco-awareness; this is why in 2022, for the purposes of the festival, it prepared an exceptional advertisement, which discusses the values that guide it as an institution. The spot was aired during the 19th edition of the Festival before films in cinemas and online:

<https://www.youtube.com/watch?v=NdID-DR3M-Y>

### 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. Bank 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.

### 3.1. INNOVATIVE SERVICES

[GRI 3-3, OWN DISCLOSURE 4]

Clients are increasingly used to digital solutions, so they expect to be able to do most things through remote channels. The Bank is therefore **betting on the digitalization of its services**, with a strong emphasis on omni-channel solutions, including ones combining electronic and so-called human channels. The mobile application has become a special area of activity since it is acquiring new users from month to month. For many clients, the application is the main contact channel with the bank.

#### Daily life management center in a single application

Over the past several months, the Bank broke several records in the area of mobile banking. It even crossed the mark of 2 million users actively using the mobile application. This is why the Bank's Strategy includes objectives related to building a daily life management center in the application. These activities focus not only on moving the Bank's services into the application, but also on

aggregating many additional services, including personalization-based services and services that go beyond banking.

In 2022, the Bank introduced the new Millennium 360° account, in which benefits are closely linked to the mobile application. Clients with a new account can manage the limit and the currency package for the card in the application. The currency package allows for unlimited transactions in all currencies of the world without the bank's margin for currency conversion. Clients with new accounts in the application may also access special offers in online shops with a shopping refund program.

Online access to the bank's products Access is definitely not enough: clients want something more. This is why, for several years now, Bank Millennium has been adding additional functions (VASs) to its digital channels. We started with a very easy top-up of prepaid phones and an innovative motor insurance buying process, gradually adding more services such as travel insurance with the innovative "Travel Assistance" option, buying tickets for public transport, paying parking fees, automatic motorway payments or even buying cinema tickets directly on the bank's application. In 2022, the option to buy top-up codes for online services and a motorway e-ticket for state-owned sections of toll motorways (as an extension of the Autostrada service already available in the application) as added to the application.

New customers are able to open an account directly in the application via a selfie. The process was launched in 2020 and then expanded through cooperation with an external partner. The year 2022 saw the development of biometric login processes, improvement of the application activation process and a secure and convenient way to recover the PIN directly in the application.

The application has positive user reviews on Google Play, App Store and AppGallery.

### **Excellent UX**

Customer experience is increasingly what determines the advantage of a solution over others. That is why the Bank involves its clients in the development process of designing digital solutions. The solutions that clients use on a daily basis in the mobile application and online banking system are also continuously improved. In electronic channels, the Bank is gradually abandoning its "institutional face" and adapting the fin-tech approach, simplifying not only communication based on the plain language principles, but also shortening processes. The bank has teams specializing in UX and UI design and UX writing specialists. For more than ten years now, the Bank has had a UX Lab, where researchers conduct in-depth analyses, user interviews and test new solutions. Clients are always at the center of new solutions - all projects are inspired by their needs, habits, their language and the world surrounding them.

### **Payment innovations**

Bank Millennium is one of innovation leaders on the Polish market. Our clients can choose from various payment methods without a card or wallet. They can use HCE, Apple Pay, BLIK contactless payments, pay for online purchases with a BLIK code and withdraw cash from an ATM with a code. In 2022, Bank Millennium was the first in the market to launch a pilot of a new deferred payment service: BLIK Później in cooperation with the Polish Payment Standard. Clients who use an Apple Watch can pair their watch with the application and use, among others, a BLIK code or mobile authorization.

### **Open banking**

Bank Millennium has been the most versatile organization on the Polish financial market in terms of implementing open banking solutions. The Bank offers the option of aggregating accounts and ordering transfers from other banks; it also uses open banking in sales and acquisition processes (opening individual and business accounts).

In 2022, the Bank added two new banks to its open banking services. At present, 11 largest Polish banks are available in Finance 360°, the account aggregation service. The clients using this service

received one more convenient option in 2022. The transfer form displayed to a client with aggregated accounts features a list of the most recent transfer recipients, which include recipients of transfers ordered in other banks. When the client selects a recipient from this list, the system automatically completes the transfer form with the recipient's data, even if the transfer was made in an external bank.

The Bank uses open banking in its targeted campaigns to clients and in processes entailing, among other things, creditworthiness analysis. It is also continuously looking for new opportunities afforded by the PSD2 directive.

### **Digital society**

In January 2022 a new MilleUrząd section was added to the application. Currently in this section clients can find applications for benefits such as Family 500+, Good Start 300+, RKO and subsidy for a nursery. The applications are also available in the internet banking system. Starting in December 2022, the Bank's clients have been able to use digital confirmation of identity as part of the Millennium ID service, which operates on the basis of mojID. Through the internet banking platform, clients may use the Trusted Profile and log into the PUE ZUS platform.

### **Support for Ukrainian citizens in electronic channels**

Shortly after the war in Ukraine broke out, a Ukrainian language site was launched on the Bank's portal, containing the most important information for the Bank's current and new clients. Ukrainian-speaking clients can additionally fill out applications for 500+ and 300+ benefits in their language.

Communication to the Bank's clients is generally carried out in Polish and English as standard. However, for the needs of those clients who are not fluent in either of these languages, special campaigns are conducted in Ukrainian. The campaigns address the most important issues, including access to important or helpful options (e.g. applications for family benefits) and the principles of safe use of electronic channels.

At the beginning of the war, the Bank also implemented a special form for charity transfers, Przelew Pomagam. It allows all customers to send funds to selected organizations that assist refugees (currently PAH, Caritas Polska, PCK, Ocalenie Foundation).

### **Offer in electronic channels for clients running a business**

For years Bank Millennium has blended innovation with designing convenient services in order to expand its offering for clients running a business. It gives them tools to support them in building a modern competitive business.

Since 2020, we have allowed clients who have not had a relationship up till now with the Bank to open a company account remotely. At the end of 2022, we launched a completely new process, in which they can open their own business and a company account. The application is simple and transparent, more difficult concepts are properly explained and the client can also receive expert support through a chat with a screen sharing option.

In 2022, the Bank launched a fully remote process of applying for a business cash loan and the possibility to submit an application and receive a credit decision online for loans with a *de minimis* guarantee.

The businesses that wish to accept contactless payments from their customers can use the Millennium POS application. The application turns a smartphone into a terminal for accepting payments and there is no need to order additional devices. This solution is especially convenient for entrepreneurs who travel to their customers.

Clients in this segment can also benefit from split-payment transfers. Such a payment is automatically split into a net amount for the seller and the tax charged on the transaction, which goes into a separate VAT account. Moreover, the entrepreneur who is obliged to check the whitelist whether the service provider is an active VAT taxpayer can do that easily when ordering the transfer.

### **New solutions for Corporate Banking clients**

We focus on the offering of comprehensive solutions based on modern technologies and on the digitalization of business processes. We develop digital channels and electronic document circulation paths.

We develop and integrate products that satisfy the needs of our clients and reinforce their positive experiences.

We support entrepreneurs who were affected by the Covid-19 pandemic and provide aid mechanisms in cooperation with BGK and under the PFR Financial Shield as an instrument of the Anti-Crisis Shield for businesses.

### **Loans**

We have expanded our credit offer for companies with a new product to finance investment projects with support from public funds. The product offers flexible and comprehensive financing of an investment project. One of its benefits is the separation of the portion of financing that is repaid by a subsidy, for which no own contribution is required.

Thanks to the Bank's cooperation with the EIB Group, the Bank's clients received additional support. Starting on 1 September, companies from the SME sector whose transactions qualify for the program can obtain more favorable terms of financing in the form of reduced margins.

We have also updated the process of granting investment loans by shortening the waiting time for a credit decision and reducing the number of documents required.

### **Factoring and trade finance**

After the end of the pilot, we incorporated the accounts receivable financing service into the Bank's standard offer. Accounts receivable financing is offered to those clients who signed trade agreements with their partners that contain a contractual prohibition of assignments.

We also expanded the insured non-recourse factoring offer by adding a new policy from KUKE S.A. that allows us to include in transactions those domestic and international partners, for whom insurance limits were awarded within the new policy signed by the Bank with KUKE S.A.

Clients' show continuing interest in handling electronic orders for granting guarantees and opening letters of credit on the trade finance platform. In 2022, 92% of orders for extending a bank guarantee and opening documentary letters of credit under existing facilities were submitted by clients electronically. 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.

### **Electronic and transaction banking**

Millenet for Corporates has already become something more than just a transactional system - a hub for integrating various services associated with accounting, factoring, leasing and others. In 2020, the Bank implemented a number of projects to expand the options available to entrepreneurs, especially in the area of company and documentation management. At the same time, it launched the Inspiration Zone, which is a space that combines lifestyle elements with expert content, for example related to EU funds.



The Bank's activities have received international recognition. The prestigious Global Finance magazine awarded Bank Millennium the Best Integrated Corporate Bank Site in Central and Eastern Europe for 2022.

We continued to develop our electronic banking channels and implemented further solutions, which make it easier for us to provide financial services to businesses and realize our vision of providing clients with a multi-functional and multi-product platform of contact with the bank.

We carried out even more implementations in the Millenet for Corporates internet banking system:

- We have made available the possibility of automated qualified validation and preservation of electronic signatures and seals submitted by the client, the bank and a third party. These services facilitate ongoing verification and confirmation of the validity of electronic signatures and electronic seals, as well as their long-lasting validity. This creates a guarantee that they have not been modified after signing and that a valid qualified certificate was used at the time of signing, which ensures legal and technical protection of the evidentiary value of the qualified e-signature or seal linked to a specific electronic document. Qualified validation and preservation services complete the entire life cycle of an electronic document, from the moment of placing the e-signature or e-seal to its long-term archiving with full security. In our processes, we use trust services compliant with the eIDAS Regulation. The new services are fully integrated into the workflow of the Millenet for Corporates electronic banking system. We have also added another functionality in the document exchange module: notifications of documents required in the credit process.
- We have improved the efficiency of functions related to the handling of payment cards of clients that have tens of thousands of cards. Millenet currently offers a broad range of functions that enable the handling of payment cards, e.g. searching for individual cards, generating reports, changing limits and settings. Moreover, every type of cards offered to corporate clients can be ordered using a fully-online and automated process.
- We expanded the possibility of ordering prepaid cards in foreign currencies to include GBP, USD, EUR.
- Clients can now use the Millenet system to apply for all cards on offer - debit, charge, prepaid - in an easy, convenient and environmentally friendly way. We have introduced the possibility of managing daily limits for cards in the currency of the account linked to the card without converting to PLN.
- Our debit card account statement service is now available in the MT940 format. Statements in the new format have been launched for all active cards and made available for download via Millenet. An MT940 format statement is now defined automatically for every new card issued. The MT940 format statement can be processed in the client's financial and accounting system, allowing for automatic settlement of expenses made with the linked card.
- We improved the MillenetLink service (a solution that enables direct data exchange between the electronic banking system and the clients' financial and accounting systems) by adding the option of downloading data about prepaid cards. We have also automated the notification system for upcoming expiration of communication certificates, which authenticate the client during transmissions.
- Another client group received the functionality of conditional orders for spot foreign exchange transactions. The new functionality of the online service is a solution addressed to companies that actively manage their foreign currency position. The conditional orders module is now available to all firms using Millennium Forex Trader and entering into foreign exchange transactions based on their account balance. The platform operates 24 hours a day, 5 days a week and allows the following conditional orders to be submitted for FX spot trades: Take Profit, Stop Loss and Call for value dates Today, Tomorrow or SPOT (in two business days). The minimum

order amount is EUR 1,000 or its equivalent in another currency. Firms can place and cancel orders on business days between 8:30 a.m. and 5:00 p.m. for all currency pairs available in the system - the condition is to have a settlement account in the relevant currency. Conditional orders can be placed with an indefinite term of validity or with a time limit specified by the user.

- We have also introduced improvements for factoring clients. Since July, they have been able to access the factoring system immediately after they log into Millenet for Corporates without the need for an additional login. This is another product area - after transaction banking, leasing, trade finance and foreign exchange - available to clients via a single login.
- In order to streamline the operational work of clients making the largest number of transactions in the electronic banking system, we have replaced their tokens free of charge with a newer model with a barcode reader. It reduces the time of logging in and authorizing operations in Millenet for Corporates, while ensuring the highest level of security.
- We allowed clients in the SME and microbusiness segments to apply for the remission of subsidies received under Shield 2.0 via the electronic banking system. This process was completed on 15 January 2022 for SMEs and on 28 February for Microbusinesses. In order to support the public administration in the implementation of aid programs for businesses, we have also decided to make the remission decisions for subsidies under the PFR 2.0 shield available in Millenet for Corporates.
- In Millenet we have introduced a survey that, in accordance with the Non-Financial Reporting Directive 2014/95/EU (NFRD), allows the bank to obtain information from clients on their exposures to eligible and non-eligible business activities. The electronic survey allows the required information to be collected faster and more conveniently - for the bank as well as the clients.
- In cooperation with Millennium Leasing S.A., we have also introduced new functions for handling banking and leasing products in one place, i.e. in Millenet for Corporates. We have provided clients with online applications, through which they can report in a standardized manner on issues related to the servicing of active agreements and the possibility to view the status of an application. Also, Millennium Leasing clients are now able to use a module, previously available to the Bank's clients only, that makes the exchange of electronic documents a breeze.

In July 2022, we adjusted the offer of the housing escrow account to the requirements of the new *Property Developers Act*. An important element of the implementation was the integration with the Insurance Guarantee Fund system, which ensures that information on changes in the accounts is sent to the UFG. Together with the Polish Association of Property Developers and the Polish Bank Association, we organized a webinar for our clients in which we discussed the changes introduced by the new Act to the rules for keeping housing escrow accounts.



### 3.1.1. OFFER DESIGNED TO MEET CLIENTS' NEEDS

[GRI 3-3] Bank Millennium and the Bank's Subsidiaries 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 other solutions are described in section "3.1.3. Supporting clients in running a business".



The Bank's purpose is to provide convenient solutions that really make clients' lives easier and help them achieve their financial targets. This approach is illustrated by **Millennium 360° - a new account offered by the bank since April 2022.**

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

More and more Poles are using online banking on a daily basis. Surveys<sup>2</sup> show that 81% of Poles use mobile banking regularly, while almost half of account holders have not visited a branch for more than six months. For 41% of Poles, convenient online banking is one of the two leading criteria for selecting an account, next to the absence of account fees. That is why, in response to the evolving client expectations, the Bank has launched Millennium 360° - a new free-of-charge account combined with a wide range of personalized services in a mobile super-app.

With the new account, the Bank continues its strategy of developing services inspired by clients, developing the mobile super-app supporting clients in many aspects of their daily lives and implementing hyper-personalization. All elements of the new offering have been created on the basis of extensive research into customer needs and leading trends.

A Millennium360° account is unconditionally free. Moreover, after a simple condition is satisfied (5 payments via a card or BLIK, or 1 payment for people 18-26 years of age), the debit card as well as BLIK contactless payments are also free, and no commission is charged for withdrawals from all ATMs in Poland and abroad. This means that clients who have problems with mobility (older persons or disabled persons) may use ATMs in convenient locations without incurring fees for withdrawals from third party ATMs. Always unconditionally free are domestic transfers in PLN, standing orders and direct debits and BLIK transfers to a phone number.

Clients seem to appreciate the **Very Helpful Package**, offered in conjunction with the 360° Account, under which they can use home repair, medical or IT assistance services. Clients whose finances do not suffice to pay for doctors to make house calls may benefit from them in the event they or their child fall ill. 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 3 months after opening the account.

**Currency services** are an important new element of the account - it features a currency limit, under which the client can pay in any currency without being charged the bank's margin for currency conversion up to PLN 1,000, at an attractive rate of the payment organization. The Currency Package, which the client can conveniently switch on in the mobile application at a price of PLN 9.90 per week,

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<sup>2</sup> "Millennium 360° Refresh" survey conducted by GfK Polonia for Bank Millennium in September 2021 on a sample representative for the entire adult population of Poland, n= 1210 respondents, using the CAWI technique.

includes unlimited currency transactions at an attractive rate of the payment organization, without the bank's additional margin for currency conversion.

The Bank continues to develop its online services, launching services that support daily needs of the clients. It combines the goodie purchasing platform with electronic banking, proposing the **Shopping Cashback** service, with a personalized presentation of offers of shops, a higher level of cashback for Millennium 360° clients and presentation of the cashback amount in the electronic banking system.

With younger clients in mind the Bank's offer also contains the **360° Junior Account** for clients who have not yet turned 18. As it is endeavoring 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. 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 3-3, FS14] According to "Social Impact Principles" of Bank Millennium Group our direct involvement in the implementation of the Sustainable Development Goals of the United Nations, is reflected in the strategic activities of the Bank Millennium Group, focused on finding innovative and integrating (preventing exclusion) products and distribution channels, and in the approach to customer service. Our goal is to provide products and services that promote counteracting social exclusion, including providing support to a part of society with fewer opportunities to use digital banking solutions, as well as to promote access to financial products.

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, the client can buy municipal transport tickets, pay for a parking place or drive on a motorway without the need to stop at the gates. The electronic banking system also allows clients to use digital identity and engage in remote contact with Polish government offices. 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. Bank Millennium is one of the first companies to begin adapting its website to the needs of people with disabilities. In recent years, for its efforts to ensure its website is accessible to people with disabilities, Bank Millennium has been honored with numerous awards. It received the "Wrocław without Barriers" certificate in the "Corporate Social Responsibility" category of the Bartłomiej Skrzyński memorial survey, among others for improvements facilitating the use of digital banking.
- **The websites and all client communications are written in simple language that is easily understandable for the user** and may be read by automated text readers. The content is created in accordance with the plain language principles and the plain language index (PLI) is monitored on an ongoing basis. For digital contents, the standard PLI is at 60%

- **Users of suitable devices can log into the mobile app with a fingerprint or a face scan.** Biometric login was improved in 2022. Our mobile application 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 also serve as a valuable guide to daily banking. Since 2018, clients can use the assistance of Milla 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. In 2021, Milla received improved speech recognition and intent understanding modules and now it can interpret customer queries even better. The Bank continues working on developing the competencies of its bot, with the goal of reaching the standards set by market-leading voice assistants such as Siri and Alexa.
- **Digital identity and building a digital society.** In early 2022, the Bank added the MilleUrząd tab to the menu of its mobile application. It allows the users to access applications for benefits such as Family 500+, Good Start 300+, Family Care Capital (RKO), or subsidy for a nursery. Some of the data is filled in automatically, which significantly improves the form completion process. At the end of 2022, the Bank worked with mojID to launch Millennium ID, an identity confirmation service for the purchase of commercial services. In the future, Millennium ID will also serve as an identity confirmation tool in dealings with public administration.
- **Bank conducts educational activities in the area of cybersecurity.** Communication is targeted to various client groups, including seniors, teenagers, parents of younger children, risk groups selected on the basis of risk profiles created in the Bank. On its website and in electronic channels, the Bank publishes warnings about new methods used by criminals. In addition to educational activities, technical solutions are also being introduced to further protect clients against cybercriminals. In May 2022, the bank implemented an anti-vishing solution that allows clients to confirm details of a bank employee who is calling them through a push notification in the bank's application.
- **Clients taking their first steps in the digital banking area** have been able to use the [www.bankmillennium.pl/pierwszykrokonline](http://www.bankmillennium.pl/pierwszykrokonline) website since 2020. In 2022, the website was enhanced with material in the Ukrainian language.
- **After the war in Ukraine broke out,** a Ukrainian language site was launched on the Bank's portal containing key information about how to open an account and about the rules for using the bank's services. Ukrainian-speaking clients can additionally fill out applications for 500+ and 300+ benefits in their language and receive communication on important matters, e.g. cybersecurity, in Ukrainian.
- **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 182 own branches (roughly 48%) and all franchise outlets 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	2022	2021	2020	2019	2018
Number of outlets	406	440	477	602**	361
<b>[OWN DISCLOSURE 1]</b> % of outlets accessible to persons with disabilities	70%	70%	67%	63%**	72%
<b>[OWN DISCLOSURE 2]</b> Number of franchise outlets*	229	215	225	not applicable	not applicable
% of franchise outlets accessible to persons with disabilities	40%	40%	39%	not applicable	not applicable
Number of ATMs	509	480	479	498	487
<b>[OWN DISCLOSURE 3]</b> % 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	2022	2021	Change
Total number of points of access to financial services (total number of own outlets, franchise outlets and sales islands in shopping centres)	635	655	-3%
Number of points of access to financial services in low-populated * or economically disadvantaged areas **	205	217	-5%
Percentage of the number of access points in low-populated or economically disadvantaged areas	32%	33%	-1 pp.

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

\*\* The voivodeships 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. SUPPORTING CLIENTS IN RUNNING A BUSINESS

The Group continues to take part in programs to support clients using public assistance.

#### **Guarantee programs from Bank Gospodarstwa Krajowego**

Bank Millennium continues to offer financing in the form of: loans, guarantee and letter of credit facility and reverse factoring, secured by guarantees from Bank Gospodarstwa Krajowego (BGK). Clients could take advantage of guarantees extended under two guarantee programs:

- Biznesmax - available to micro, small and medium-sized enterprises under two types of state aid: regional aid or de minimis aid.
- de minimis dedicated to businesses from the SME segment,
- the Liquidity Guarantee Fund addressed to micro, small, medium-sized enterprises and large corporates,
- the Liquidity Guarantee Fund for reverse factoring addressed to SMEs and large corporates.

Companies were able to take advantage of Liquidity Guarantees up until 30 June 2022.

Starting in July 2022, we introduced the possibility of securing loans and reverse factoring with a crisis guarantee under a new program dedicated to medium-sized and large companies. The maximum amount of a guarantee is PLN 200 million. The maximum term of a guarantee is: 39 months for loans to finance current activities, 72 months for investment loans and 27 months for reverse factoring. A guarantee can be applied to financing in PLN and in a foreign currency.

Other guarantee programs implemented in cooperation with BGK were continued on the so-called "Covid terms" until 31 December 2022:

- Biznesmax guarantees are extended free of charge to support investment and liquidity needs of businesses, allowing them to obtain a co-payment to the loan interest. The guarantee may cover revolving loans (including overdrafts) and non-renewable non-investment loans granted to provide liquidity. In addition to innovative entities, the guarantee is also available to eco-efficient companies that have implemented "green" solutions.
- In the case of the de minimis guarantee program, no commission is charged for the first year of the guarantee term and 80% of protection was maintained; the term of the guarantee was extended to 75 months for working capital loans and up to 120 months for investment loans, while the guarantee amount was increased from PLN 3.5 million to the equivalent of EUR 1.5 million.

The application process is conducted through digital channels and using a qualified signature.

#### **Millennium Leasing support for SMEs thanks to BGK guarantees**

The company continued to actively offer leasing agreements secured with a Bank Gospodarstwa Krajowego guarantee. The offer is targeted at SME sector clients leasing low-emission vehicles, especially those that are less marketable.

In 2022, Millennium Leasing had in its disposal a guarantee facility of PLN 400 million under the portfolio agreement with BGK. This facility was prepared in cooperation with the European Investment Fund from the Pan-European Guarantee Fund to support and protect entrepreneurs from the effects of the COVID-19 pandemic.



### 3.1.4. TOP QUALITY CUSTOMER SERVICE

The customer service quality is one of Bank Millennium's fundamental values. The quickly changing surroundings 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 2022 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.

Bank Millennium does its utmost to ensure that the client's transition to the world of electronic services is a positive experience and creates a justified conviction that the choice was right and beneficial. The Bank pays a great deal of attention to properly educating clients and employees not only about the opportunities afforded by electronic tools. We also focus on the risks that users may encounter in the digital world. We want both clients and employees to be well prepared for the new challenges beyond digitalization. Bank Millennium is implementing projects focused on the customer perspective in the area of security.

Another factor 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 continues its efforts to enhance client satisfaction also in terms of the transparency of communication and simplifying the language used.

We strive to make plain language a standard in Bank Millennium. Our work focuses not only on new texts, but also on post-sales communication with the existing clients. We are gradually simplifying additional documents such as letters or certificates.

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, 93% 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 2022 was 50. Satisfaction and loyalty of corporate clients is stable: NPS was 46 (vs. 49 in 2021).

The quality-focused actions undertaken by Bank Millennium have garnered appreciation in one of the most prestigious customer service rankings - the Newsweek study. Bank Millennium took first place in the remote module and second place in the Traditional Banking category. It was ranked in the Top 3 of the ranking "Bank most appreciated by clients" carried out by ARC Rynek i Opinia.



### 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.

**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.

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
- digitalization and self-service through ATMs/CDMs (support for the process of transforming into branches with automatic cash handling).

**Client Call Scripts** 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.

Bank Millennium has taken measures, which make it easier for Ukrainian citizens to establish relations with the bank quickly and to use banking products conveniently. We have simplified account opening procedures and prepared materials and communication in Ukrainian.

### 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 2022 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 surveys Bank Millennium	2022	2021	2020	2019	2018
Number of surveys conducted	31	56	47	25	27
Number of Mystery Shopping visits	3,890	3,854	3,059	2,768	3,500

Satisfaction and the level of recommendations among retail clients remained very high, with an NPS score in 2022 of 50 and 93% satisfied clients.

Bank Millennium	2022	2021	2020	2019	2018	2017	2016
NPS ratio *	50	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 - NPS remains stable at 46 (compared to 49 in 2021).

Millennium Leasing cooperates with Bank Millennium to monitor helpline calls on an ongoing basis, in terms of the volume of calls, quality of service and identifying the reasons why clients call. A permanent element of the monitoring is a survey, in which clients are able to share their feelings or remarks directly after their call with a helpline consultant. The information collected and analyzed is used to continuously improve the quality of customer service on the helpline. The key measures illustrating progress in this respect include: FCR, evaluation of the quality of the helpline operations and evaluation of the quality of the consultant's assistance. At the same time, regular analyses are carried out to find out the reasons why customers contact the helpline, and customer calls are listened to. The goal is to develop solutions that will permanently eliminate the root cause of the problem and the reason why clients to call the helpline with a particular topic. Listening to clients' voices has allowed us to reduce the number of incoming calls by 37% over the year.

### 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.** 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. **[2-29] All of the questions raised by clients are analyzed.** The conclusions drawn from analyzing complaints and client suggestions are taken into consideration when streamlining products and services. In 2022, under the program for eliminating the causes of VOC (Voice of Customer) complaints, 186 initiatives were launched, out of which:

- 95 were implemented,
- 17 were rejected after analysis,
- 45 were closed with a remark that similar initiatives were implemented (36 cases) or rejected in previous years.

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

- Robotization was used to handle recurring operational tasks. Several robots are active in this process. Their activity is monitored and developed on an ongoing basis. In 2022, a robot was implemented to support the registration of client letters received by mail.
- In 2022, the Bank sub-contracted the process of archiving incoming complaint letters to an external company handling incoming mail. This way, it eliminated the task of receiving original letters from law firms, reviewing and segregating them in boxes and then archiving them in an external archive.
- The Bank continued to pursue monthly client satisfaction monitoring in respect of the complaints handling process. The survey results were analyzed. Conclusions from the analysis were used as guidance for taking action to improve customer 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 prompts for branch and Contact Centre employees were still 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 avoid notifications erroneously recorded as complaints. The complaints form was additionally expanded to include a section (a so-called quiz), which indicates specific information and documents that the employee must accept from the customer. This allows us to reduce the client's waiting time for the case to be resolved.
- In 2022, the Bank started cooperating with the Mortgage Bank in the area of complaints handling.

- In 2022, the complaints handling process for corporate clients was merged with the retail process - the handling of corporate client cases was transferred to the MilleResolver2 application.
- In 2022 the “Direction towards Quality” project continued. 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 2022, further training on the principles of plain language and empathy in client problem-solving situations was conducted for employees of 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 2022, the Bank developed the tool for creating and editing responses to complaints. They were entered on an ongoing basis into the response template database which every employee can use. This database is constantly being developed to include new content, which is vetted by plain language consultants.
- In 2022, the Bank implemented an improvement to the complaints handling application (waiting room for cashless transactions that have not yet been cleared) to enable automatic handling of some of the complaints. This will reduce the number of cases forwarded to employees.
- 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.

<b>Client satisfaction with the complaints handling process in the Bank</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Clients satisfied and very satisfied with the complaint process	80%	82%	79%	This research was not conducted *

\* on account of the operational merger with Euro Bank

Complaints filed *	2022	2021	2020	2019
Number of complaints filed	103,147	100,873	113,182**	91,682**
Number and % of complaints handled in favor of customers	74,338 (72%)	75,403 (74%)	86,619 (76%)	65,488 (71%)

\* 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 client numbers. 2021 data as of 10 January 2022

**Group subsidiaries manage complaints on their own.** Millennium Leasing has in place the procedure for submitting and reviewing complaints submitted by the clients. Complaints are registered in a dedicated Complaints Handling System (SOR), which enables the monitoring of time limits and reporting in order to improve quality review of these processes. In 2022, Millennium Leasing radically reduced the complaints handling time with a view to improving customer satisfaction also in the instances where they are forced to report their concerns in this form.

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 register of participants and executes transactions pertaining to units.

### 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 TLS 1.2 protocol. Bank Millennium employs the GeoTrust True BusinessID EV TLS 1.2 certificate issued by trusted certification authority 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 SA (OU=DBE), issued by COPE SZAFIR - Kwalifikowany

### **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. In 2022, the activation process was improved.

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 using biometric data if a device supports that option (thumb print). Biometric login was redesigned in 2022. The change was transparent from the clients' point of view but it allowed for a more restrictive approach to security issues.

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.

### Additional security against vishing

In 2022, the Bank provided clients with an additional mechanism to protect them against a very popular criminal scenario, in which a fraudster impersonates a bank employee. The security measure allows the details of the consultant calling the client to be verified. At the client's request, the consultant is able to send a push notification through the bank's application, in which the Bank confirms the personal details of the employee and the exact time of contact. This way, the client gains assurance that they are talking to a genuine Bank employee and not a criminal wanting to obtain their data through deception.

## 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 receives information about a new criminal action or a new method of fraud, it immediately publishes warnings to clients in its portal, in special campaigns and on social media. 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 fraud attempts using electronic channels remains high since 2020, so the Bank continues the educational activities commenced during the Covid-19 pandemic. Clients have continuous access to information and video materials on the bank's website and in a special tab in the mobile application. In 2022, as part of the "Spr@wdzam" campaign, Bank Millennium opened a special page with quizzes on its portal, where clients can test their knowledge of security issues and learn new information (<https://www.bankmillennium.pl/sprawdzam>). The quizzes were supplemented with video clips imitating a game show format. The films were also published on the bank's channel on YouTube. The campaign is actively promoted on social media, in internal communication and in campaigns addressed to clients.

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.

The campaigns are regularly updated and directed to various audience groups, including seniors, teenagers, parents of younger children, and also to groups selected on the basis of risk profiles created in the Bank. 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.

Security issues are also discussed in other contexts, e.g. when establishing a relationship with a new client, or when submitting an electronic cash loan application.

Clients may also call a special helpline manned by a team of consultants trained in cybersecurity.



In 2022, the Bank Millennium Foundation also strengthened its educational activities addressed to children and parents. It created a series of video materials with the participation of children and a commentary by an expert from the Bank. The films are posted on YouTube.

## **OTHER EDUCATIONAL ACTIVITIES TARGETING CLIENTS**

Bank Millennium supports clients through its educational activities and the distribution of information regarding important changes affecting how business is done.

### **Corporate Banking clients**

We support clients through educational activities, which may affect how they conduct their business activity and what methods of work they use, in particular through webinars delivered by ourselves or in cooperation with external partners.

In 2022, we held webinars addressed to corporate financial departments devoted to:

- outlook for the Polish economy in 2022,
- cybersecurity,
- preparing the company to participate in calls for the financing of investments: available forms of financing and good practices to prepare the company for future calls, effective preparation of the grant application, correct settlement of investments with EU funding,
- changes resulting from the new Act on Property Developers.

The Bank organized the webinars on its own or in cooperation with external experts and partners.

More than 70% of registered participants then attend events dedicated to our corporate clients. During the meetings, the number of participants remains close to the maximum for the entire length of the webinar and the participants are very active during Q&A sessions. These observations testify to the great interest and high quality of the meetings we offer to the bank's clients and prospective clients.

### **Cooperation with ICAN Institute**

We have been engaged in a long-lasting cooperation with the CFO Club of the ICAN Institute. The CFO Club is a development and networking initiative that brings together CFOs of companies operating in Poland. The CFO Club offers access to current knowledge and serves as a platform for sharing experiences and networking. In 2022, in addition to webinars with experts and practitioners from leading companies representing various sectors of the economy, physical meetings were also reinstated. The topics covered during the meetings included the greatest challenges faced lately by CFOs and those responsible for finance in a company: modern financial and team management methods, data management, changes in the legal environment, automation and digital transformation. The webinars and meetings were very popular with entrepreneurs.

Together with ICAN Research, we prepared the report entitled "Investments in difficult times" published in early October. The goal of the survey was to assess investment sentiments among medium-sized and large companies and to learn about the reasons and motivations behind these investment plans. The report is available to Club members and has been published, among others, on the CFO Club website.

### **Collaboration with Forbes Magazine - Family Business Forum**

As part of the 5th edition of the Family Business Forum - a joint initiative of Forbes Magazine and Bank Millennium - a series of 9 meetings with entrepreneurs was held across Poland. It is a regular annual event bringing together family businesses. Bank Millennium has been the Strategic Partner of the Forbes Family Business Forum since 2018.

### **Inspiration Zone in the Millenet for Corporates transaction system**

In the Millenet for Corporates transaction system we opened the Inspiration Zone for clients - a new section where we will publish useful information and educational materials. Clients will find there, among others, articles on subsidy programs, weekly market and macroeconomic analyses, information on tax changes, practical advice on cybersecurity and invitations to educational webinars.

### **Client satisfaction surveys**

In the third quarter, we conducted our annual client satisfaction survey in the corporate banking area. In the survey, which lasted for several weeks, corporate banking clients answered questions regarding their assessment of products and service quality. As many as 95% of our customers are very or rather satisfied with their relationship with their relationship manager. The high evaluation of our consultants is noteworthy, since as many as 99% of our clients are very satisfied or rather satisfied with their work.

### **Individual clients**

In 2022, the Bank continued its regular monthly meetings with clients, which took the form of webinars. The audience included mainly clients of the Prestige and Private segments, as well as a selected group of clients from the Retail segment. The topics of the meetings were very diverse, which translated into a significant increase in the number of participants - the number of people registered for online events tripled compared to 2021.

In addition to meetings devoted to investment topics (market, current events, macroeconomic forecasts), the attendees had the opportunity to meet a number of special guests: experts in real estate, communication, personal growth, as well as inspiring and internationally recognized entrepreneurs. The high ratings and positive comments from the participants confirm the appeal and the great value of such meetings for the Bank's clients.

Two dedicated webinars were held in March 2022 in response to the events in Ukraine.

## 3.2. RESPONSIBLE ADVERTISING AND SALES

### 3.2.1. RELIABLE MARKETING COMMUNICATION

[GRI 3-3, 417-1] 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.

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.

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.

[GRI 417-3] In 2022, there were no recorded cases of Bank Millennium and Group entities failing to comply with regulations governing marketing communications.

### 3.2.2. TRANSPARENT INFORMATION ABOUT PRODUCTS AND SERVICES

[GRI 3-3] 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 2-27] In 2022 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 2-27] In 2022 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.

### 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.

**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 2-27]** In 2022 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 mortgage loan application will receive full information about the product and the associated risks from an employee at each stage of the process. In 2022 the Bank delivered 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 2,500 mortgage experts were trained in the brokerage network in 2022. The webinar's training sessions aimed, among other things, to promote innovative solutions supporting clients both relating to processes and products. In 2022, 487 employees of Bank Millennium branches underwent specialist training on mortgage products on different levels of sophistication in preparations for the "Mortgage Certification".

**[GRI 2-27]** In 2022 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 foreign currency loans are described in chapter 3.2.4. "Settlements and other solutions for foreign currency loan borrowers".

### 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 2-27]** In 2022 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, the Insurance Distribution Act and the guidelines set forth in Recommendation U 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 2-27] In 2022 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 3-3, 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.

#### 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 FX mortgage loans (in particular those indexed to or denominated in CHF). The solutions offered to clients are customized to their needs and are aimed at, among others, making it easier for borrowers who repay a CHF loan to convert the loan currency (i.e. change the repayment currency to Polish zloty) or repay the loan on favorable terms. The Bank makes efforts to limit the formalities associated with these orders to the necessary minimum and to make sure that the offer is suitable for the client's current circumstances.

The negotiation process is addressed to all clients with outstanding loan agreements in CHF. Its scope includes the clients who are litigating and those who are not. This division allows the Bank to apply the procedures and tools that are adequate to the client's actual situation. Special attention is given to clients in difficult financial circumstances (clients with significant amount of past due payments). Each group of clients receives an offer tailored to their individual situation and needs, while the terms and conditions offered to the last group (customers with significant ) sometimes being more favorable due to the specific situation of the borrowers (illness, long-term unemployment/difficult financial situation, death of one of the borrowers, divorce).

Bank Millennium is one of the first banks to have made it possible for foreign currency loan borrowers to enter into settlements on a significant scale. In 2020-2022, as a result of this process, the number of outstanding mortgage loans in CHF decreased by 17,754 (out of which in 2022 alone the number of settlements was 7,943). In the coming months, the Bank will continue its activities aimed at reducing the foreign currency loan portfolio.

One must also remember that since 5 May 2020, orders given by clients with mortgage loans indexed to or denominated in Swiss francs (including repayment of loan instalments), 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 level of loan instalments paid by clients (replaced by the NBP average exchange rate in 2020)
- (3) At a client's request, extension of the repayment term or temporary suspension of loan instalment repayment so that the instalment 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 instalments 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 instalments (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 instalment. The funds are paid for a period no longer than 36 months in the amount corresponding to the loan instalment 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 instalments with no interest. A portion of the amount may be forgiven, provided that repayments are made on a timely basis.

As at 31 December 2022, the Bank had 16,008 loan agreements and additionally 1,272 loan agreements from the former Euro Bank that were the subject matter of currently pending individual lawsuits (these figures do not include collection cases) relating to indexation clauses in FX mortgage loans submitted to courts (78% of the loan agreements before first instance courts and 22% of the loan agreements before second instance courts).

The Bank is a party to a class action lawsuit initiated in 2014 seeking to establish the Bank's liability for unjust enrichment in connection with the concluded foreign currency mortgage loan agreements. 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 17% of the loan agreements in this class action have been the subject of an arrangement (pertaining to conversion to PLN or early repayment) between the Bank and the borrower through the aforementioned settlement process.

In a final judgement of 26 October 2022, the Appellate Court in Warsaw dismissed the Bank's appeal against the decision of the UOKiK President of 20 September 2020, No. DOZIK - 13/2020, declaring unfairness of the contractual provisions defining the rules of currency exchange and, among other things, imposing a fine of PLN 10,464,213 on the Bank. By decision of 21 November 2022, the court suspended the execution of the judgement until the completion of the cassation proceedings.

[GRI 206-1] The report on court cases, including proceedings concerning competition-restricting cases, can be found in the chapter titled “Court cases” in the Annual Financial Statement of the Capital Group of Bank Millennium S.A. for the period of 12 months ended December 31, 2022.

## 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. In 2022 Bank Millennium received a number of awards:

### **Ranked 2nd in the Best Employers Poland 2022 ranking in the “Banks and financial services” category**

Bank Millennium came second again in the ranking of best employers in the banking and financial sector and 44th overall among all the companies included in the Best Employers Poland 2022 ranking. The ranking of 300 companies operating in Poland that conduct successful HR operations has been compiled by Forbes Poland and Statista.

### **Golden CSR Leaf**

Bank Millennium’s sustainability efforts and the fact that they have been integrated in its business strategy have once again been recognized with the Golden CSR Leaf awarded by the Polityka weekly. It is awarded to companies that implement the highest standards of social responsibility - they have ethics management systems in place, they engage socially, take action in response to the needs of their customers and employees and minimize their environmental footprint.

### **Millennium with the title of “European Diversity Leader 2023” awarded by Financial Times**

In 2022, we were once again placed among the European employers that support and promote diversity. In a ranking compiled by the Financial Times and Statista, Bank Millennium was named “European Diversity Leader 2023”. The companies recognized in the ranking were selected on the basis of recommendations of their employees. The Financial Times and Statista ranking is based on the results of an independent survey conducted among more than 100 thousand employees of institutions and companies from 16 European countries.

### **Bank Millennium with the Sound Employer 2022 title**

In 2022, Bank Millennium received the Sound Employer of the Year award. This award is given to the companies that are guided by their commitment to safety, good working conditions and employee development. In 2022, the awards were awarded for the 20th time and it was the 9th award in the row for Bank Millennium. The national Sound Employer of the Year program is an HR research project, which distinguishes the best employers in terms of their personnel policy and employee solutions.

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 2022 Bank Millennium was also honored with the title of Reliable Employer for the ninth 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 for safety, good working conditions and development of 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 2022 the headcount in the Bank Millennium Group was 6,987 people. Most of the employed workers were women (66%), and the average age of employees was 38. The total monthly employee turnover rate remained flat at 4% in comparison to 2021.

#### [GRI 2-7] Number of employees in 2022 \*

	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	549	1,510	319	2,378	989	3,075	545	4,609	6,987
Bank Millennium	535	1,409	281	2,225	959	2,914	503	4,376	6,601

\* Employment status as of 31.12.2022

#### [GRI 2-7] Employees by type of employment in 2022 \*

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Full-time	2,315	4,476	6,791	2,207	4,314	6,521
Part-time	63	133	196	18	62	80
Mandate agreement	70	80	150	56	62	118
Employment agreement	2,378	4,609	6,987	2,225	4,376	6,601
For an indefinite term	1,921	3,787	5,708	1,781	3,569	5,350
For a definite term	457	822	1,279	444	807	1,251

\* Employment status as of 31.12.2022

**[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)	324 (59%)	254 (17%)	39 (12%)	617 (26%)	569 (58%)	408 (13%)	29 (5%)	1,006 (22%)	1,623 (23%)
Bank Millennium (percentage in a given age category)	315 (59%)	226 (16%)	37 (13%)	578 (26%)	559 (58%)	377 (13%)	28 (6%)	964 (22%)	1,542 (23%)

*\*Number of persons hired during the year 2022*

**[GRI 401-1] Departures - number of employees**

	Men			Total men	Women			Total women	Grand total
	<30 yrs	30-50 yrs	>50 yrs		<30 yrs	30-50 yrs	>50 yrs		
Bank Millennium Group (percentage in a given age category)	230 (42%)	293 (19%)	57 (18%)	580 (24%)	392 (40%)	684 (22%)	76 (14%)	1,152 (25%)	1,732 (25%)
Bank Millennium (percentage in a given age category)	224 (42%)	252 (18%)	27 (10%)	503 (27%)	384 (40%)	630 (22%)	59 (12%)	1,073 (25%)	1,576 (24%)

*\* The number of persons who left the organization during the year 2022.*

**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%	3%	4%	8%	3%	2%	4%	4%
Bank Millennium	8%	3%	2%	4%	8%	3%	1%	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 (in persons)

**Employees hired locally \***

	Bank Millennium Group			Bank Millennium		
	Men	Women	Total	Men	Women	Total
Number (and percentage) of employees	2,354 (99.0%)	4,581 (99.4%)	6,935 (99.3%)	2,202 (99.0%)	4,352 (99.5%)	6,554 (99.3%)
Number (and percentage) of Management Board Members and senior managers	58 (89.2%)	29 (100%)	87 (92.6%)	47 (87%)	24 (100%)	71 (91.0%)

\* Polish citizens working in Poland (employment status as of 31.12.2022)

**[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	0	0	7	7	0	0	0	0	7
Senior management	0	24	34	58	0	15	14	29	87
Management	8	270	68	346	8	317	82	407	753
Sales personnel	399	555	48	1,002	838	1,827	219	2,884	3,886
Technicians	105	579	145	829	72	711	216	999	1,828
Other employees	37	82	17	136	71	205	14	290	426
Total	549	1,510	319	2,378	989	3,075	545	4,609	6,987

\* Employment status in persons as of 31.12.2022

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	0	0	7	7	0	0	0	0	7
Senior management	0	22	25	47	0	12	12	24	71
Management	8	252	63	323	8	290	70	368	691
Sales personnel	398	544	42	984	835	1,804	214	2,853	3,837
Technicians	95	525	129	749	61	640	195	896	1,645
Other employees	34	66	15	115	55	168	12	235	350
Total	535	1,409	281	2,225	959	2,914	503	4,376	6,601

\* Employment status in persons as of 31.12.2022

#### [GRI 405-1] Employees by gender

Bank Millennium Group *	Men	%	Women	%	Total	%
Management Board	7	100%	0	0.0%	7	100%
Senior management	58	66.7%	29	33.3%	87	100%
Management	346	45.9%	407	54.1%	753	100%
Sales personnel	1,002	25.8%	2,884	74.2%	3,886	100%
Technicians	829	45.4%	999	54.6%	1,828	100%
Other employees	136	31.9%	290	68.1%	426	100%
Total	2,378	34.0%	4,609	66.0%	6,987	100%

\* Employment status in persons as of 31.12.2022

Bank Millennium *	Men	%	Women	%	Total	%
Management Board	7	100.0%	0	0.0%	7	100%
Senior management	47	66.2%	24	33.8%	71	100%
Management	323	46.7%	368	53.3%	691	100%
Sales personnel	984	25.6%	2,853	74.4%	3,837	100%
Technicians	749	45.5%	896	54.5%	1,645	100%
Other employees	115	32.9%	235	67.1%	350	100%
Total	2,225	33.7%	4,376	66.3%	6,601	100%

\* Employment status in persons as of 31.12.2022



**[GRI 405-1] Employees by age**

<b>Bank Millennium Group *</b>	<b>&lt;30 yrs</b>	<b>%</b>	<b>30-50 yrs</b>	<b>%</b>	<b>&gt;50 yrs</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Management Board	0	0.0%	0	0.0%	7	100.0%	7	100.0%
Senior management	0	0.0%	39	44.8%	48	55.2%	87	100.0%
Management	16	2.1%	587	78.0%	150	19.9%	753	100.0%
Sales personnel	1,237	31.8%	2,382	61.3%	267	6.9%	3,886	100.0%
Technicians	177	9.7%	1,290	70.6%	361	19.7%	1,828	100.0%
Other employees	108	25.4%	287	67.4%	31	7.3%	426	100.0%
<b>Total</b>	<b>1,538</b>	<b>22.0%</b>	<b>4,585</b>	<b>65.6%</b>	<b>864</b>	<b>12.4%</b>	<b>6,987</b>	<b>100.0%</b>

\* Employment status in persons as of 31.12.2022

<b>Bank Millennium *</b>	<b>&lt;30 yrs</b>	<b>%</b>	<b>30-50 yrs</b>	<b>%</b>	<b>&gt;50 yrs</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Management Board	0	0.0%	0	0.0%	7	100.0%	7	100.0%
Senior management	0	0.0%	34	47.9%	37	52.1%	71	100.0%
Management	16	2.3%	542	78.4%	133	19.2%	691	100.0%
Sales personnel	1,233	32.1%	2,348	61.2%	256	6.7%	3,837	100.0%
Technicians	156	9.5%	1,165	70.8%	324	19.7%	1,645	100.0%
Other employees	89	25.4%	234	66.9%	27	7.7%	350	100.0%
<b>Total</b>	<b>1,494</b>	<b>22.6%</b>	<b>4,323</b>	<b>65.5%</b>	<b>784</b>	<b>11.9%</b>	<b>6,601</b>	<b>100.0%</b>

\* Employment status in persons as of 31.12.2022

**[GRI 2-8]** As at 31.12.2022, the Bank cooperated with 569 non-employees. This group includes mainly 213 persons who were contractual employees providing highly specialized IT services in development projects of the Bank. The vast majority of the other individuals were 206 individuals working for Millennium Leasing in sales network as external partners.

## 3.4. WORKING CONDITIONS

### 3.4.1. HR POLICY

**[GRI 3-3]** 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.

### 3.4.2. COMPENSATION POLICIES

The Bank Millennium Group has in place a uniform **“Compensation Policy for employees of the Bank Millennium 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 material impact on the risk profile (the so-called Risk Takers), there is **“Compensation Policy for Risk Takers in the Bank Millennium Group”**, which specifies detailed rules for granting variable components of compensation and other terms and conditions affecting the decisions on their payment. In addition, Bank Millennium has in place the **“Instruction for identification of employees whose professional activities have material impact on the risk profile (Risk Takers) at the Bank Millennium Group”** which includes guidelines for the annual Risk Takers identification process.

In the **Millennium Towarzystwo Funduszy Inwestycyjnych SA** subsidiary, in accordance with the statutory obligation, a separate compensation policy is in place and the solutions comprised therein are contained in the framework adopted in the **“Compensation Policy of the Bank Millennium 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 individual 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.

#### Process to develop compensation policies and determine remuneration

**[GRI 2-20]** The Bank has in place the **“Compensation Policy for employees in the Bank Millennium Group”**, which was drawn up while taking into account the management and internal control system in place, as well as the **“Compensation Policy for Risk Takers in the Bank Millennium Group”**.

The Bank's Management Board is responsible for the implementation of the Compensation Policies. The Bank's Management Board develops, implements, maintains and ensures the operation of the Compensation Policies that are suitable for the management system and risk strategy and the internal control system in the Bank Millennium Group.

The Bank's Supervisory Board is responsible for the approval and maintenance of the Compensation Policies. Once a year, the Bank's Supervisory Board prepares and presents to the Bank's Shareholder Meeting a report on the assessment of the functioning of Compensation Policies in the Bank Millennium Group.

The implementation of the Compensation Policies in the Bank Millennium Group is subject opinions by the Personnel Committee of the Bank's Supervisory Board. In its report to the Bank's Supervisory Board, the Personnel Committee of the Bank's Supervisory Board presents its conclusions regarding the functioning of the Compensation Policies.

The Bank's Shareholder Meeting is responsible for assessing whether the approved Bank Millennium Group Compensation Policies support growth and security. The Bank's Shareholder Meeting makes the above assessment on the basis of the annual report on the assessment of the functioning of the Compensation Policies in the Bank Millennium Group, which is prepared and presented by the Bank's Supervisory Board.

The Trade Unions active in Bank Millennium provide consultation of any changes that are introduced to the rules governing basic salary and to bonus systems.

The process to determine remuneration is defined in the "Rules and Regulations for Compensating Employees of the Bank Millennium S.A.'s Head Office". These rules and regulations set the terms and conditions of compensation, including the minimum levels of basic salary resulting from the assigned position and pay grade.

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.

The compensation of senior managers is set by the Personnel Committee of the Bank's Management Board and the compensation of the Bank's Management Board Members is determined by the Personnel Committee of the Bank's Supervisory Board.

External consultants are not directly involved in the process to determine compensation levels, however the Bank does analyze data from compensation reports provided by consultants from Korn Ferry and Sedlak&Sedlak.

#### **Policy of variable compensation components**

In the Bank Millennium Group, 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 rules for granting bonuses are defined for individual employee groups in the Rules and regulations of performance assessment and conditions for granting bonuses.

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.

**[GRI 2-19]** The rules for compensating members of the highest governance bodies are set forth in the "Compensation Policy for Bank Millennium S.A. Management Board and Supervisory Board Members". Senior management in the Bank Millennium Group is comprised of employees identified as having material impact on the Group's risk profile, or Risk Takers. They are subject to the provisions of the "Compensation Policy for Risk Takers in the Bank Millennium Group". The policy aims to provide a formal framework for determining the compensation of all the Group's employees from the perspective of corporate governance, institutional safety and the suitability of compensation to the Group's standing, scale of operation and growth potential, by defining fixed and variable compensation elements.

As defined in the Policy, compensation includes all forms of benefits, financial and non-financial payments, provided directly and indirectly to Management Board Members, Supervisory Board Members and Risk Takers in the Bank Millennium Group.

Compensation may consist of fixed and variable components.

Fixed compensation should reflect professional experience and responsibility within the organization, while taking into account:

- the level of education, work experience, professional expertise and skills relevant to the role performed in the organization,
- complexity of tasks and impact on the institution's risk profile, as well as constraints (e.g. social, economic, cultural or other relevant factors),
- scale of operations and level of compensation on similar positions in institutions with a similar profile and scale of operations as the Bank.

Variable compensation is an additional, motivational element of compensation and the ratio of variable compensation to fixed compensation should not exceed 100% over a year. In justified cases, with the approval of the Bank's Shareholder Meeting, this ratio may be increased, but not above 200%.

In order to prevent conflicts of interest, Supervisory Board Members receive fixed compensation only, paid out in cash. The compensation of Supervisory Board Members is not linked to the Bank's financial and business performance.

The compensation may be differentiated by taking into account the function performed on the Supervisory Board or the work in committees, and it should also be correlated with the involvement in the work of the Supervisory Board and the level of compensation received by members of supervisory bodies of institutions with a similar scope and scale of operations.

Management Board Members and Risk Takers may receive fixed and variable compensation elements. Based on the policy requirements, 50% of the variable compensation is awarded in the form of financial instruments. Additionally, 50% of the bonuses for Management Board Members and 40% of the bonuses for Risk Takers is deferred to be paid out over the following 5 years. If annual variable compensation drops below a certain limit, the entire bonus amount may be paid out in cash without engaging the deferral mechanism.

The Bank takes into account the ESG aspect in its assessment of the quality of its Management Staff. The principles of compensation for members of the highest governance bodies are designed in such a way as to avoid creating any stimuli that could incline people to engage in activities and take decisions that pose a threat to the Bank's long-term welfare and transcend the acceptable risk profile, to undertake actions at odds with the best interests of the Group's clients and investors and to introduce risks to sustainable development in the activity of Group companies. Additionally, the compensation principles are designed to uphold neutrality in reference to gender.

No external consultants were involved in the process to determine compensation for members of governance bodies.

[GRI 2-20] In 2022, the Shareholder Meeting accepted the “Report on compensation of Bank Millennium Management Board and Supervisory Board Members for 2021”.

#### Annual compensation ratio

[GRI 2-21] The ratio of the 2022 annual total compensation of the highest paid individual in the organization to the median annual total annual compensation of all employees (excluding the highest paid individual) equals to 37.79.

The ratio of the percentage increase in the total annual compensation for 2022 of the highest paid individual in the organization to the median percentage increase in the total annual compensation for all employees (excluding the highest paid individual) is 0.29.

For the purposes of calculating the above ratios, it was assumed that the total remuneration includes the base salary, benefits and variable remuneration paid by Bank Millennium in 2022, and it does not include expat related expenses and locked-up financial instruments.

### 3.4.3. SIGNIFICANT RISKS RELATED TO THE EMPLOYEE AREA

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 3-3] 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 human rights, including respecting diversity in the Bank's Group are also governed by the "Code of Ethics", "Diversity Principles", 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, covering also human rights topics. 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 2022***	Bank 2021**	Bank 2020*	Group 2022***	Group 2021**	Group 2020*
Number and % of managers trained on anti-discrimination and mobbing in a given year	169 (18%)	29 (3%)	98 (10%)	182 (18%)	31 (3%)	102 (9%)
Total percentage of trained managers	72.94%	61.45%	61.83%	74.07%	62.08%	63.26%

\* 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.

\*\*\* The data do not include employees of franchised branches. In franchised outlets in 2022, training was completed by 61 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 in the **Yes to Parenting** program.
- 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.



<b>[GRI 405-1]</b> <b>Employees with disabilities</b>	<b>Bank 2022</b>	<b>Bank 2021</b>	<b>Bank 2020</b>	<b>Group 2022</b>	<b>Group 2021</b>	<b>Group 2020</b>
Number and % of employees	65 (0.98%)	67 (1.01%)	66 (0.92%)	66 (0.94%)	69 (0.97%)	68 (0.89%)

- 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 shape 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]** Four notifications pertaining to actions involving mobbing were recorded in 2022. 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.

### 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\***

<b>Bank Millennium Group</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Senior management	0.88	0.86	0.83
Management	0.79	0.75	0.76
Sales personnel	0.94	0.92	0.91
Technicians	0.74	0.72	0.74
Other employees	0.90	0.79	0.79
<b>All employees *</b>	<b>0.87</b>	<b>0.84</b>	<b>0.84</b>

<b>Bank Millennium</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Senior management	0.88	0.87	0.83
Management	0.78	0.74	0.76
Sales personnel	0.94	0.92	0.92
Technicians	0.75	0.73	0.75
Other employees	0.88	0.76	0.77
<b>All employees *</b>	<b>0.87</b>	<b>0.84</b>	<b>0.85</b>

\*Weighted average taking into account the size of the group and the proportion of women in the group. If the usual average values for all employees were used, they would amount to: in the Group - for the year: 2022 - 0.73; 2021- 0.69; 2020 - 0.70, at the Bank: for the year: 2022 - 0.73; 2021- 0.69; 2020 - 0.71. The difference in the level of remuneration results from the method of calculation: within a given category there are positions with different scopes of responsibility and remuneration.

**[GRI 405-2] Ratio of total remuneration of women to men\***

<b>Bank Millennium Group</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Senior management	0.81	0.78	0.81
Management	0.74	0.72	0.71
Sales personnel	0.89	0.85	0.83
Technicians	0.72	0.73	0.74
Other employees	0.88	0.85	0.75
<b>All employees *</b>	<b>0.83</b>	<b>0.80</b>	<b>0.78</b>

<b>Bank Millennium</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Senior management	0.79	0.77	0.81
Management	0.74	0.72	0.71
Sales personnel	0.89	0.85	0.84
Technicians	0.72	0.75	0.75
Other employees	0.87	0.83	0.73
<b>All employees *</b>	<b>0.83</b>	<b>0.81</b>	<b>0.79</b>

\* Weighted average taking into account the size of the group and the proportion of women in the group. If the usual average values for all employees were used, they would amount to: in the Group - for the year: 2022 - 0.67; 2021- 0.66; 2020 - 0.66, at the Bank - for the year: 2022 - 0.67; 2021- 0.66; 2020 - 0.67. The difference in the level of remuneration results from the method of calculation: within a given category there are positions with different scopes of responsibility and remuneration.

The difference in the average salary of women and men 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 (included in the category “Technicians”), where the market, due to a shortage of specialists, dictates significantly higher levels of remuneration. The Bank carefully reviews on an ongoing basis all factors that may affect the differences in employee compensation between women and men.

**[GRI 202-1] Ratios of standard entry level wage by gender compared to local minimum wage in 2022**

<b>Bank Millennium Group *</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
	120%	120%	120%

\* the presented ratio refers to the Bank Millennium Group’s business activity area e.a. Poland

### 3.4.5. FREEDOM OF ASSOCIATION

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. [GRI 402-1] The Bank provides employees with information about changes in the relationship with it as an employer, taking into account the materiality criterion, in advance specified by the provisions of the labor law, i.e. at least 30 days.

[GRI 2-30, 3-3] The Bank has no collective bargaining agreement with employees. The Bank has in place a number of agreements with trade unions, among others regarding the remuneration rules and regulations, social fund and bonus rules and regulations, but they are not in the form of collective bargaining agreements.

[GRI 3-3] The Bank encourages open communication through the “Milleforum” online forum and the World of Millennium website. 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.

### 3.4.6. EMPLOYEE APPRAISAL

[GRI 404-3] In Bank Millennium, 100% of employees (men and women) are subject to periodic performance appraisals (100% of employees actively working in a given period). This process covers all categories of employees (senior management, management, sales, technical and other employees).

Guidelines on the development of employee appraisal rules, in particular with regard to performance appraisal and competency appraisal, are included in the “Instructions for employee appraisal at Bank Millennium S.A”.

The assessment is made according to previously communicated, objective criteria. The assessment includes areas related to business results and employee attitudes that are important from the point of view of the established goals and mission of the organization. Employees are assessed e.g. in terms of cooperation, efficiency, quality and the level of commitment to the implementation of the entrusted tasks, taking into account risk mitigation and the application of the best banking practices. Depending on the group and the tasks performed, employees are assessed on a monthly, quarterly or semi-annual basis.

The appraisal process makes it possible to compare the effects of work between employees, while at the same time fulfilling a motivational and communication function. Employee appraisal is an important element that can be the basis for bonus recommendations, personnel decisions and development activities aimed at raising the level of employees' competences.

### Promotions \*

Bank Millennium Group	Men	Women	Total
Upper management	0%	3%	1%
Management	16%	10%	12%
Sales personnel	59%	54%	55%
Technicians	24%	25%	25%
Other employees	23%	21%	22%
<b>Total</b>	<b>37%</b>	<b>41%</b>	<b>40%</b>

Bank Millennium	Men	Women	Total
Upper management	0%	0%	0%
Management	16%	10%	13%
Sales personnel	60%	54%	55%
Technicians	25%	25%	25%
Other employees	25%	24%	24%
<b>Total</b>	<b>39%</b>	<b>42%</b>	<b>41%</b>

\* % 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 2022 revisited the stable level from prior to the merger and the pandemic.

Internal recruitment - Bank Millennium*	2022	2021	2020	2019	2018
Number of employees	94	158	753	87	95

\* Data for Bank Millennium, without internal recruitment data for subsidiaries

### 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. After the pandemic, the Bank efficiently adapted to the change and today it participates in events organized online, traditionally, or in a mixed format.

The Bank supports young people entering the labor market and engages in the life of the academic community by giving students and graduates the opportunity to develop their competences and interests and highlighting career opportunities within the Bank.

In 2022, the Bank continued its cooperation with renowned universities, including the Warsaw School of Economics and the SWPS University of Social Sciences and Humanities. As a member of the **Club of Partners of the Warsaw School of Economics**, Bank employees take an active part in meetings with the Council of the Warsaw School of Economics' Partners Club during which elements of the university's strategy and the possibilities of educating students on key competences are discussed. The Bank as a teaching partner of the psychology and computer science major at the SWPS University of Social Sciences and Humanities introduces students to practical solutions in the User Experience area. This cooperation allows the Bank to better prepare professionals for work and to attract talent. Through its presence and involvement at universities, the Bank enhances its image and builds brand loyalty among students and graduates.

The Bank's employees regularly and actively participate in academic events such as job fairs, conferences, debates or workshops, where the Bank is presented as a stable and modern organization.

In March, the Bank became a partner of this year's edition of "Economic Bridges", a nationwide project implemented by the SGH Student Government and the Forum of Economic Universities. The project offers students an opportunity to participate in workshops, case studies, inspiring lectures and to meet with business people with an extensive track record. A representative of the Bank's Electronic Banking Department led a practical workshop for a large group of over 80 participants to develop solutions that would support the digitalization of clients aged 65+. The initiative aims at building long-lasting relations between the academic community and the business community.

In spring this year, the Bank started to participate in the Absolvent Talent Days job fair. The fair was organized in four locations in: Krakow, Wrocław, Poznań and Warsaw. It offered an opportunity to tell students directly what work at the bank is like, in what areas they can develop, what the recruitment process consists of and what the benefits of working for our Bank are.

The Bank became a partner of the "Career Days" program at the Faculty of Management at the University of Warsaw. The representatives of the Recruitment and Development Team had an opportunity to present summer internship offers at the University. Direct meetings with students made it possible to establish a lot of contacts and to help students with matching their courses of study with the fields of professional specialization at the bank.

As the Bank enjoys sharing its knowledge, it was happy to assume the role of a partner and participant of conferences at which young people could acquire knowledge and find professional inspiration. This year, the bank has participated in:

- the debate on the future of ESG as part of the "University of Warsaw Business Conference" organized by the University of Warsaw Real Estate Law Academic Club, the University of Warsaw Economic Strategy Academic Club and the University of Warsaw Finance Student Academic Club;
- the IT Azure Summit 2022 Conference - dedicated to the Microsoft Azure cloud. The Bank's representative talked about the role of the Feature Store in the process of managing features and its application in the Azure cloud. 538 participants attended the live presentation, which included a large group of students and graduates from a number of various higher-education institutions specializing in technology;
- the Code Europe conference for IT specialist. Our expert talked about the approach to software development as part of the "Effective Development Execution: Minimum Valuable Product" panel discussion.

Practice makes perfect - is the heading under which we launched the new edition of the **internship program** addressed to students and graduates from Warsaw higher-education institutions. During

summer holidays, 23 talented and ambitious program participants underwent internship in such fields as: IT, HR, finance, risks, marketing, project management or e-banking. In addition to receiving attractive salaries and achieving individual development under the guidance of their supervisors, the internship participants were invited to attend training in soft skills and agile methodologies applied at Bank Millennium. Some of these persons were offered employment with the Bank once the internship had been completed.

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 work colleagues. The Program integrates the community and builds a culture of cooperation and mutual appreciation. In 2022, 51 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 at the Intercontinental Hotel in Warsaw with some 120 persons in attendance.

Once a year, the best employees and managers are rewarded with the **President's Prize** for their above average professional achievements. In 2022, they were presented to 12 employees in the head office and the sales network.

### Training

**[GRI 3-3]** 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. The training process is described in the "Instruction for participation in training programs in Bank Millennium".

Every year Bank Millennium employees have an opportunity to participate in internal and external training and in conferences and congresses. 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 sessions.

Number of e-learning training topics	Bank 2022	Bank 2021	Bank 2020	Bank 2019	Group 2022	Group 2021	Group 2020	Group 2019
	2,033*	1,002	495	478	2,038*	1,009	490	483

*\*The increase stems from migrating training sessions from three external platforms to the Bank's internal training platform (Pluralsight, DataCamp, Leanovatica). Approx. 1,500 training course topics come from the platforms purchased by the Bank. The pandemic has also contributed to holding more training sessions online.*

### The most important training sessions held in 2022:

**Preliminary training** for new employees of the Bank Millennium Group - 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 via the intranet under the “World of Millennium”. In September 2022, we initiated a series of lectures related to broadly understood security.

### **Development Fridays**

The program aims at enabling the exchange of knowledge and experience among the Bank's employees. Speakers include specialists who share their knowledge and experience through lectures.

The offer to participate in this program is addressed to all of the Bank's employees. Lectures are held online, while recordings and aids are made available on the training platform and via the intranet under the “World of Millennium”.

### **External training platforms**

Employees have access to the Legimi platform, offering business literature and fiction. The Legimi platform makes it possible to take advantage of an offer of more than 75,000 e-books and audiobooks. The platform is available to employees on mobile devices (tablets, e-book readers, smartphones) and private computers. Books may be read or listened to online or offline and may be used without limitation.

The Bank has initiated training courses on Professional Agile Leadership - Essentials PAL-E and on Professional Scrum Product Owner for IT managers. Additionally, employees working in technology-related fields have gained access to various training courses and novelties on the Pluralsight platform.

### **DataCamp**

In recent years, Bank Millennium has placed a number of new analytical solutions on the market which are based on the Python and R programming languages and open source tools (e.g. Jupiter Notebook, mlflow, Feast). In 2022, analysts could start using the Power BI solution. These are, at present, the most popular languages and tools used to analyze data and to build machine learning solutions and artificial intelligence. The newest and most effective solutions in this field are changing quickly. At the same time, there are still not enough people who know these tools sufficiently to be able to use them freely, or the knowledge that people have needs to be broadened.

The Customer Intelligence Department's employees use the DataCamp training platform to improve their data analysis and machine learning skills and their knowledge of the Python, R or SQL programming languages and the PowerBI tools. The DataCamp e-learning platform makes it possible to learn selected skills with the use video learning aids and through interactive practical exercises. A participant selects the topic of the class on their own and can learn at their own pace. Additionally, a certificate confirming the acquired skills can be obtained after completing a number of selected courses and passing the examination.

### **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.
- “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 Topic - Model for Opening a Relationship with the Bank’s New Client” - a one-day training session held on-site for the managers of retail and franchise outlets on the “On Topic” model. Workshop training held online has delivered knowledge and made it possible to practice the application of the standards described in the model.
- “Train the Trainer” training sessions for regional trainers preparing participants for conducting product and sales training sessions for retail network employees pertaining to credit and investment products.
- 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.
- The process of conferring credit and investment certificates consists of intensive workshops culminating in an examination and the verification of business conditions. The workshops are delivered on-site.
- The process of conferring mortgage certificates consists of training and an examination confirming the acquired knowledge and the fulfilment of business conditions. It has the form of online workshops.
- “Mortgage loans” - this training consists of four parts that constitute the successive parts of the process of introducing employees to the mortgage product and its sales.

### **Training for Corporate Banking relationship managers**

Employees working in the field of corporate banking participated in a number of training courses aimed at upgrading their qualifications and extending their knowledge of changing products and procedures.

The most important training courses concerned the investment loan process, a new module of the system for handling the lending process and changes to the conditions of opening and operating accounts. The recent changes brought also KYC training courses.

Key and, most importantly, periodic events include meetings held within the framework of the Public Aid Pulse initiative, initiated in June. The meetings of experts from the competence center for public aid with sales network relationship managers organized every two weeks focus on a comprehensive overview of the current possibilities of obtaining public aid. Topics discussed support relationship managers in preparing clients for further recruitment and discussion about the available possibilities of investment project financing. Owing to this initiative, relationship managers can have access to the most up-to-date information which can be discussed on an on-going basis in a forum focusing on issues of substance, also on the basis of examples from everyday work.

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.

## 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

**Manager Certification** - a training 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, Motivation and Team Building. 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.

### M#leaders

In 2022, the Bank completed another edition of the M#leaders leadership skills improvement program.

The 4th edition of the program was addressed to persons holding managerial positions in the head office and in the Bank's subsidiaries. Two training paths were prepared for managers:

- **M#LEADERS LEADERSHIP FUNDAMENTALS** - for persons who did not previously work with the program,
- **M#LEADERS LEADERSHIP NEXT LEVEL** - for participants of previous editions who were interested in developing competences at a subsequent level.

The on-site workshops started in April and ended at the beginning of July 2022.

### Leanovatica

Leanovatica.com is a website providing access to the knowledge and experience of the best trainers from Poland and abroad. It is a unique content ensuring development both in business and in private life. It makes it possible for Managers to develop their competences through the use of a streaming service and knowledge from over 57 thematic areas. New series and video courses are launched even a few times a month. This allows managers to build a regular development routine.

## Training for the Affluent Client Banking Department

The 1st stage of the Affluent Client Banking Expert Certification - the program consists of two two-day training sessions delivered in an on-site mode.

The Psychology of Client Decision Making training is delivered by AD Training and its purpose is to improve the effectiveness of sales through developing skills in identifying and adapting the communication style - client typology, handling clients' concerns and doubts and finalizing the sale.

The Financial Markets and Investing training conducted by Alfred Adamiec. The purpose of the training is to broaden and systematize knowledge of financial markets and investing. Issues concerning the money market, debt or equity instruments, the foreign exchange market, the business cycle, investment funds, a portfolio made up of financial instruments and the methods of overcoming difficult situations in a relationship with a Client are discussed during this training.

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

Bank Millennium	Women	Men	Total
Average number of hours per employee	47.5	38.2	44.5
Management Board	-	31.8	31.8
Upper management	27.5	18.3	21.5
Management	44.5	39.4	42.0
Sales personnel	56.7	53.3	55.8
Technicians	18.0	16.3	17.2
Other employees	13.6	13.5	13.6

Bank Millennium Group	Women	Men	Total
Average number of hours per employee	46.4	36.9	43.3
Management Board	-	31.8	31.8
Upper management	27.0	17.4	20.5
Management	42.8	38.4	40.7
Sales personnel	56.7	53.3	55.8
Technicians	16.8	15.3	16.1
Other employees	12.9	12.9	12.9

[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 401-2,3-3] 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. Retired employees and persons on parental and childcare leave also benefit from access to medical care.

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.

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

## Hardship assistance

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

Benefits awarded to Bank employees	2022	2021	2020
Financial assistance (PLN)	695,465	517,320	388,550
Number of employees who received financial assistance	158	122	120

## 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 2022	Bank 2021	Bank 2020	Bank 2019	Group 2022	Group 2021	Group 2020	Group 2019
Number and % of employees who took advantage of the offer	2,932 (44%)	3,120 (47%)	2,840 (45%)	2,915 (49%)	3,034 (43%)	3,267 (46%)	2,982 (44%)	3,067 (48%)

## 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.

## MyBenefit cafeteria platform

**[GRI 403-6]** We have a purchasing platform where online purchases can be made with the Social Fund's resources. 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.

## Special Support Fund for Employees in the event of coronavirus infection

We provided financial support as part of the Special Support Fund for Employees in the event of coronavirus infection created in 2020 until May 2022. Detailed information on this subject is presented in the chapter "3.5.1 MEDICAL CARE I MEASURES REALISED IN CONNECTION WITH THE COVID-19 PANDEMIC".

### 3.4.9. FRIENDLY WORKPLACE

[GRI 3-3] 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 2022	Total 2021	Total 2020
Employees entitled to leave	2	614	616	711	821
Employees who took leave	1	348	349	407	472
Returned to work after leave	1	328	329	364	438
Employed 12 months after returning from leave	0	282	282	330	198
Percentage returning after leave	100%	94%	94%	89%	93%
Percentage of employees retained by the Bank who returned from leave	0%	78%	77%	75%	84%

Bank Millennium	Men	Women	Total 2022	Total 2021	Total 2020
Employees entitled to leave	2	590	592	686	798
Employees who took leave	1	332	333	397	459
Returned to work after leave	1	312	313	355	426
Employed 12 months after returning from leave	0	273	273	318	186
Percentage returning after leave	100%	94%	94%	89%	93%
Percentage of employees retained by the Bank who returned from leave	0%	77%	77%	75%	84%

#### 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.

#### Work in a hybrid mode

The hybrid work mode developed and widely used during the COVID-19 pandemic has been introduced in the Bank Millennium Group. The Bank recommends that employees work 50% of time in the office and 50% on a remote basis, with the organizational unit Managers being authorized to modify these proportions as the needs require in connection with the tasks and projects in progress and the effectiveness achieved by employee teams. The average employees' in-office presence in the fourth

quarter of 2022 was at a level of approximately 45%. Such a solution makes it possible to combine the needs of the employees with the interest of the employer.

#### **Employee volunteerism**

The actions taken by volunteers of the Bank Millennium Group in 2022 are described in section “Socially beneficial activities”.

### **3.4.10. APPOINTMENT, ELECTION AND ASSESSMENT OF GOVERNING BODIES**

[GRI 2-10, 2-18] Supervisory Board Members are appointed for a joint term of office. The Supervisory Board’s term of office is 3 years (the term of office is calculated in full financial years). Supervisory Board Members are elected by the Shareholder Meeting. The Supervisory Board has at least five members. At least half of the Supervisory Board members, including its Chairperson, should hold Polish citizenship. At least two Supervisory Board members should be independent members. The number of the Supervisory Board members is determined by the Shareholder Meeting. Should the membership in the Supervisory Board terminate before the expiry of the term of office, the next Shareholder Meeting fills the vacancy on the Supervisory Board. The Supervisory Board elects its Chairperson, Deputy Chairpersons and Secretary from among its members. The Supervisory Board may establish standing or ad hoc committees of the Supervisory Board. The Supervisory Board’s standing committees are the Audit Committee, the Personnel Committee, the Strategic Committee and the Risk Committee. With respect to the Audit Committee, the Bank’s Articles of Association stipulate that the majority of the members of this committee, including its chairperson, are independent members.

The Supervisory Board determines the number of the Bank’s Management Board members, and appoints and dismisses the President, Vice-Presidents and the Bank’s Management Board members. Management Board Members are appointed for a joint term of office. Management Board Members are appointed for three years (the term of office of the Management Board is calculated in full financial years). The Bank’s Management Board has at least three members, including the President. The Vice President or Vice Presidents may also be appointed to the Management Board. Shareholders and persons other than shareholders may be appointed to the Management Board. At least half of the Management Board members should hold Polish citizenship. The Supervisory Board approves the internal division of powers in the Management Board determined by the Management Board.

Before Management Board members and Supervisory Board members are elected, the Bank assesses their individual and collective suitability for the role with the participation of an external advisor. The assessment is conducted in accordance with the methodology of the Polish Financial Supervision Authority. The assessment of the Management Board is performed by the Supervisory Board. As the election of the Supervisory Board is made by the General Meeting, the assessment of the Supervisory Board is performed by the General Meeting.

The suitability assessment made in the process of electing Management Board members and Supervisory Board members takes into account all available information about the candidates that may affect the election, including competences necessary to manage the company’s impact on economic, environmental and social issues. The Bank also takes into account the diversity of education, professional experience and competence, nationality, gender and age when appointing members of the governing bodies, as well as - in the case of the Supervisory Board members - their independence as defined in general regulations.



The Bank's Management Board is assessed by the Personnel Committee of the Supervisory Board. The Committee assesses the Management Board's actions on the basis of the economic indicators achieved in relation to the objectives, also in the context of competitors' activities and the market situation. The awarding of variable remuneration for Management Board Members for 2021 was based on an assessment. The majority of the Personnel Committee members are independent Supervisory Board Members. A comprehensive assessment of the Management Board is made once a year on the basis of the economic results achieved by the Bank. In addition to the above powers, the Personnel Committee supervises the Management Board's activities as regards the implementation of the HR policies and monitors the Management Board's activities in the HR area. The Personnel Committee positively assessed the activities undertaken by the Management Board. No changes to the composition of the Management Board were proposed.

## 3.5. EMPLOYEE HEALTH AND SAFETY

### 3.5.1. MEDICAL CARE | MEASURES REALISED IN CONNECTION WITH THE COVID-19 PANDEMIC

#### Medical care

[GRI 3-3] The private medical care plan allows all the Group employees equally to have access to basic and specialist medical consultations, detailed diagnostic tests and prevention programs. 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.

In 2022, the Bank decided to enhance healthcare packages for employees starting from 2023. Medical care will cover access to a much greater number of specialist doctors and, additionally, the scope of specialist medical diagnostics will be increased and the number of laboratory procedures will be considerably greater.

[GRI 3-3, GRI 403-6] Since March 2020, the Coordination Team for the COVID-19 Pandemic has been operating at the Bank. At present, its responsibilities include the ongoing monitoring of the health situation in the country and at the Bank and the adaptation of the Bank's actions to the current government guidelines. During the pandemic, the Team was also responsible for:

- 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;
- monitoring of employee behaviours, support for employees and their families.

The performance of the activities was monitored on a regular basis at periodic team meetings and reported at Management Board meetings.

The Bank's Management Board established the Special Support Fund for Employees in the event of coronavirus infection. The Fund was active between April 2020 and May 2022. 164 employees and their immediate family members received a total of approximately PLN 200,000 worth of financial assistance during that period.

### 3.5.2. OHS STANDARDS

[GRI 3-3, 403-1, 403-6] 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. Subsidiaries are bound by the same regulations.

[GRI 403-1, 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. 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. The essence of the adopted solutions is to ensure the Bank's ability to constantly identify threats in all areas of its operations, including those arising from cooperation with other entities, cooperation with subcontractors, and to manage the risks associated with these threats. The implemented "Fault Reporting" system, the main purpose of which is quick and direct liquidation of threats, is to increase the effectiveness related to the identification of threats.

Investigating the causes and circumstances of work-related accidents not only serves the purpose of fulfilling obligations in the field of insurance, but also education and preventing further undesirable events (Post-accident recommendations). All materials developed from reports, post-inspection recommendations or accident documentation are used by the relevant organizational units of the Bank to work on improving security.

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 Bank cooperates with trade union representatives within the framework of the OHS Committee and with Social Labor Inspectors whom it consults about OHS issues and working conditions.

[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).

<b>[GRI 403-9] Occupational health and safety</b>	<b>Bank 2022</b>	<b>Bank 2021</b>	<b>Bank 2020</b>	<b>Bank 2019</b>	<b>Group 2022</b>	<b>Group 2021</b>	<b>Group 2020</b>	<b>Group 2019</b>
Accidents at work *	28	39	34	38	28	40	36	39
Fatal accidents at work *	0	0	0	0	0	0	0	0
Lost days ratio **	0.04%	0.07%	0.07%	0.10%	0.04%	0.07%	0.08%	0.10%
Absence rate ***	7.73%	9.33%	11.85%	7.4%	7.54%	9.00%	11.20%	7.28%
OHS training **** - number and % of participants	1,516	1,181 (18%)	1,099 (17%)	1,408 (24%)	1,677	1,264 (18%)	1,175 (17%)	1,465 (23%)
Branch audits	139	292	197	185	142	306	197	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 2-29] It was adopted in 2022 that the findings made in the process of verifying the list and relevance of the stakeholders of the Bank Millennium Group conducted in 2021 continued to be valid. The stakeholder relevance is illustrated in the chart below.







## 3.7. COMMUNICATION WITH STAKEHOLDERS

[2-29] The stakeholders' expectations and opinions are taken into account when innovations and improvements are made to the Bank's products, services and operations. In 2022, the Bank updated the matrix of important topics as part of a 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
 <p><b>INVESTORS AND MARKET ANALYSTS</b></p>	<ul style="list-style-type: none"> <li>▪ Shareholder Meeting</li> <li>▪ Roadshows and conferences</li> <li>▪ Meetings</li> <li>▪ Stock exchange communication and press releases</li> <li>▪ Dedicated website (reports, presentations etc).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Transparent activity, quick and easy access to information about the Bank, ethical and socially responsible business.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Compliance with corporate governance rules, ensuring transparency, security and ethical character of operations, quick exchange of information through multiple communication channels with shareholders.</li> </ul>
 <p><b>CLIENTS</b></p>	<ul style="list-style-type: none"> <li>▪ Branches, Internet and mobile banking,</li> <li>▪ Intranet, community forum,</li> <li>▪ Hotline</li> <li>▪ Complaints</li> <li>▪ Satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>
 <p><b>EMPLOYEES</b></p>	<ul style="list-style-type: none"> <li>▪ Intranet, Internet, community forum</li> <li>▪ Whistleblowing system</li> <li>▪ Market analyses</li> <li>▪ Employee evaluation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Stability of employment and professional development opportunities, fair salary, friendly working conditions, possibility to engage in social activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

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

### 3.8. SOCIALLY BENEFICIAL ACTIVITIES

[GRI 3-3, 203-1] Social programs are chiefly run by Bank Millennium through the Bank Millennium Foundation. The statutory and strategic goal of the Foundation is to support social activity to build a modern civil society through educational activities, volunteering and promotion of culture. The mission of the foundation "We multiply social capital" refers to supporting projects that engage people to act for the benefit of local communities. The Foundation activates, supports and educates. Social programs pertain to financial education, patronage of culture, academic education and employee volunteerism. In connection with the Russian invasion of Ukraine, however, the social engagement of the Bank and the Bank Millennium Foundation in 2022 focused largely on providing assistance to refugees from Ukraine. The Bank and Foundation supported fifteen or so non-governmental organizations operating at the national and local levels and helping refugees from Ukraine, and undertook a number of initiatives to support refugees by allocating PLN 1 million for the financing of these projects and for support for non-governmental organizations. The Bank Millennium Foundation launched a special edition of the #słuchaMYwspieraMY grant program for Ukrainian citizens in which 140 employee volunteers were involved and as part of which over 8,000 Ukrainian citizens received assistance.

[OWN DISCLOSURE 9]  Donations (D) and sponsorship (S) in PLN	2022 BM Group	2022 BM Group	2021 BM Group	2021 BM Group	2022 Bank	2022 Bank	2021 Bank	2021 Bank
	D	S	D	S	D	S	D	S
Culture		550,509	0	478,101		550,509	0	478,101
Education	448,000	107,137	500,000	0	448,000	102,137	500,000	0
Charitable activities	341,443		275,522	0	341,443		275,522	0
Sports			0	0			0	0
Media			0	0			0	0
Social organizations	840,000	79,057	205,198	0	840,000	79,057	193,580	0
Trade unions			0	0			0	0
Other			50,000	48,484			50,000	45,484
<b>Total</b>	<b>1,629,443</b>	<b>736,703</b>	<b>1,030,720</b>	<b>526,585</b>	<b>1,629,443</b>	<b>731,703</b>	<b>1,019,102</b>	<b>523,585</b>

[GRI 413-1] The commitments of the Bank Millennium Group regarding social involvement are included in the "Policy of Sustainable Development of Bank Millennium S.A.", an integral part of which are published on the Bank's website (<https://www.bankmillennium.pl/en/about-the-bank/esg#zasady-esg>), the following documents:

- Principles of sustainable development
- Social Impact Principles
- Principles of corporate volunteering

The above regulations are applicable to 100% of entities, and thus all operations in the Bank Millennium Group.

The Bank Millennium Group does not provide financial or material support to political parties and politicians.



### 3.8.1. SOLIDARITY WITH UKRAINIAN CITIZENS

[GRI 3-3]

**Solidarity with Ukraine – assistance and facilitation measures introduced by Bank Millennium in solidarity with Eastern Neighbors**

“The war we are witnessing is primarily a human tragedy. We cannot be indifferent to the needs of over two million people from Ukraine seeking refuge and a safe haven in Poland. We are all facing a new challenge, which is the increasing number of refugees who need to be helped in the long term. As a bank and a community of employees, we can and want to be actively involved in helping, responsibly and wisely” – said Joao Bras Jorge, President of the Management Board of Bank Millennium.

**The Bank responded to UN Global Compact’s call** addressed to businesses to support Ukrainian men and women who have been forced to leave the country and have found refuge in Poland.

**In March, the Bank donated PLN 400 thousand** to four organizations providing support and care to refugees from Ukraine. The Polish Red Cross (PCK), Caritas Polska, the Polish Humanitarian Action (PAH) and the “Ocalenie” Foundation received PLN 100 thousand each. The decision to donate the Bank’s funds precisely to these organizations was taken on the basis of proposals made by employees.

**Information about a possibility of making individual donations by transferring funds** into the accounts of PCK, Caritas Polska, PAH and the Ocalenie Foundation has been published on the website in order to provide long-term support to Ukrainian men and women who have come to Poland as a result of wartime hostilities.

**A special type of transfer has been added in the mobile application.** It enables clients to easily transfer funds to support refugees from Ukraine. Money can be transferred to the Polish Red Cross, Caritas Polska, PAH and the Ocalenie Foundation. The account number is provided automatically. The client just enters the amount, confirms the transfer, and the money goes directly into the account of the selected organization. The special transfer will soon be available also in Millenet.

**Facilities for Ukrainian citizens introduced on 27 February 2022:**

- exempting clients of Ukrainian nationality from fees for operating bank accounts, for payment cards and for all ATM withdrawals until further notice;
- waiving commission fees on all international transfers made by individual clients to Ukraine, irrespective of the nationality of the transferor, until further notice;
- ensuring the support of Ukrainian-speaking consultants at the phone number +48 22 598 40 45.

**Simplification of the account opening procedure for Ukrainian citizens** – starting from 5 March 2022, Ukrainian citizens who come to Poland in connection with the ongoing war need their passport only to open an account. They are not required to document their residence or employment in Poland. An account can be opened in Bank Millennium’s own branches throughout Poland. Newly opened accounts are exempt from fees on the same terms as accounts already held with the Bank by Ukrainian citizens. A debit card exempt from monthly fees is issued for the account and all ATM withdrawals are also free of charge.

**Possibility of setting up a Trusted Profile** - In May, the Bank made it possible for Ukrainian citizens who had their Polish resident personal identification (PESEL) number and held selected identity documents to set up a Trusted Profile. Clients can do it online, in the Millenet internet service. A Trusted Profile is available for Ukrainian citizens who have their PESEL number, and use a Ukrainian

foreign passport or a Ukrainian personal identity card issued after 1 January 2016. The Bank has also made it possible for them to apply for the 500+ child benefit (in Polish or in Ukrainian, at the applicant's choice).

**In September, the Bank transferred further PLN 300 thousand for long-term assistance to Ukraine,** donating these funds to the organizations indicated by the municipal offices of Warsaw, Gdańsk and Wrocław (cities in which the bank's head offices are located). The following organizations benefited from the support: the Gdańsk Foundation in Gdańsk; eight organizations indicated by the City Office of Wrocław in Wrocław - the Centre at ul. Gwarna run by St. Brother Albert's Aid Society (Towarzystwo Pomocy im. św. Brata Alberta) Wrocław Branch; the Centre at ul. Św. Antoniego run by the Cardinal Stefan Wyszyński Mutual Aid Society (Stowarzyszenie Pomocy Wzajemnej im. Stefana Kardynała Wyszyńskiego); the Centre at ul. Śrubowa run by the "Pierwszy Krok" Association; the Centre at ul. Grochowa run by the "Homo Sacer" Foundation; the Pancernik Centre at ul. Tramwajowa - Wrocław Integration Centre in cooperation with the Wrocław Social Cooperative; the Sezam Centre at ul. Curie Skłodowskiej run by the Medical Solidarity Foundation; the Ukrainian House at ul. Ofiar Oświęcimskich run by the "Zobacz Mnie" Foundation, the Evangelical Centre for Diakonia and Education Foundation and the Ukrainian House in Warsaw.

**The Bank allocated a total of PLN 1 million in 2022 to subsidize non-governmental organizations providing support and care to refugees from Ukraine.**

**The entire community of the Bank and the Bank Millennium Foundation joined the support measures addressed to refugees from Ukraine** by launching a special edition of the #sluchamywspieraMY (#WElistenWEsupport) grant program to back up employee initiatives to help refugees from Ukraine. As part of the program, employees could convert their social initiatives into reality and help refugees from Ukraine within the local community. What counted when choosing the initiatives was not only an idea, but also the engagement of the volunteers participating in the project, and primarily the long-lasting impact of the effort on the life of a person or their family. 147 volunteers took part in the activities and support was received by 8,252 beneficiaries - Ukrainian children and adults, including those taken care of in social care institutions, people with disabilities, orphans, homeless people, women and senior citizens.

**A special Ukrainian film section was created at this year's edition of the Millennium Docs Against Gravity documentary film festival held under the bank's patronage.** An attempt to get to know the culture and history of Ukraine is a way to demonstrate solidarity with Ukraine and offers an opportunity to become closer to its residents. Examples of films presented as part of the section include: the Cannes award winning "Babi Yar. Context" directed by Siergiej Łoźnica; "The House Made of Splinters" directed by Simon Lereng Wilmont, a Sundance award winner, and "The Treasures of Crimea" directed by Oeke Hoogendijk. Furthermore, documentary projects carried out by Belorussian and Ukrainian filmmakers were presented, together with already completed films. The Bank also supported Ukrainian artists by funding two additional special awards - for the director/directress of the best Ukrainian film and of the best new film project from Eastern Europe. The awards were granted to Oleksiy Radynski for "Infinity According to Florian" and to Tetiana Dorodnitsyna and Andrij Litvinienko for the "Mother of Angels" film project.

**We supported Ukrainian female Paralympic athletes.** For the second time, the Bank funded scholarship for one of female Paralympic athletes in cooperation with Martyna Wojciechowska's Unaweza foundation and the #CorinneRunsForGood project. This year, because of the war in Ukraine, we have also supported sportswomen from this country who want to maintain their physical shape and fight for an Olympic medal in spite of the nightmare of war. - *I believe they will make their dreams come true and the scholarship will help them to prepare fantastically for the Paralympic Games in Paris in 2024* - said Joao Bras Jorge, President of the Management Board.

**We were a patron of the exhibition of the works of Polish photographers entitled “Solidarity”.** “Solidarity” is a collective photography project showing the drama of refugees from war-torn Ukraine and the extraordinary solidarity of Polish people. Artists representing various cities and various approaches to photography were invited to participate in it. The idea was to present an exhibition that would travel to subsequent places in Poland to the widest possible public. The layout and nature of the exhibition made up of fifty photographs shows some universalism of the phenomenon of “being a refugee”, a “fugitive”. An open-air exhibition was presented from September to December 2022 in three locations: Gdańsk Oliwa, Warsaw and Chełm.

### 3.8.2. EDUCATION PROGRAMS OF BANK MILLENNIUM FOUNDATION

[GRI 3-3, FS16] Since 2016, the Bank Millennium Foundation has been running its own financial education program for kindergarten children, called the “Financial ABCs”, as part of which it has organized education workshops in various formats to teach financial knowledge to kids, their parents and pre-school teachers. It has been consistently aiming at reaching the minds of kids and their carers and has been successful in accomplishing this objective. The program is carried out in accordance with an original concept by professional instructors and Bank Millennium volunteers.

The Foundation continued the program in 2022 on an on-site basis and successfully concluded its two successive editions. The Financial ABCs Workshops meet the current needs and respond to changes in children's awareness, which are also due to the important role that the virtual world plays in their lives. The program is addressed to children of pre-school age (4-6 years) and envisages the introduction of kids into the world of finance through play and interesting meetings with a lot of attractions. The workshops are delivered in cooperation with the Verba Foundation.

In August and September 2022, the Foundation conducted nearly 400 workshops in 118 kindergartens throughout Poland as part of the eighth and ninth program editions, reaching almost 10 thousand preschoolers. This year's workshops were aimed at motivating children to be active - kids could use coins and notes specially designed for them - and were held, as always, with the participation of program volunteers and the main character and the key mascot of the program - Sebastian.

In 2022, in addition to the core program of the previous editions, the Foundation focused on some extra areas - knowledge about money was expanded to include other topics, namely cybersecurity, new methods of payment (BLIK), Internet payments and new technologies. The participants of the Financial ABCs classes could acquire knowledge about finance in the form of conversations, through play or with the use of educational aids provided by the Foundation. The Foundation's program enabled children to become acquainted with new technological possibilities which are to be available for them in the adult world, but many of which they can explore today. The objective of the Financial ABCs program and workshops is to teach children and make them actively aware of such issues as finance and security, so that they know from an early age how to efficiently navigate the fast-changing world.

The use of video content in the program was expanded in 2022. The Foundation recorded a series of short videos featuring children and experts - Bank Millennium employees. They also participated in workshops. The films concerned safe financing, saving, and using and knowing banking products. The films were published in the Foundation's external media - including on the Foundation's YouTube channel, the Foundation's Facebook fan page and on the Bank Millennium's profile on the LinkedIn portal.

All of the remaining educational aids used by the Foundation, including anonymized stories of adventures of Sebastian and handbooks with practical guidance on *how to teach children about finance*, are available on the Foundation's YouTube channel.

This year's program has been run under the honorary patronage of the Ministry of Finance, which additionally confirms that the course adopted for the program development is appropriate, the Foundation's statutory objectives are accomplished and the program has an educational value which is appreciated not only by its authors and the Foundation's supporters.

### 3.8.3. CHARITABLE CAMPAIGNS AND EMPLOYEE VOLUNTEERISM

**#stuchaMYwspieraMY - for Ukrainian citizens - commitment to assist those affected by war**

[GRI 3-3, OWN DISCLOSURE 8] 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, internal competitions are held to motivate the bank community to be active, in which grants to be used for the execution of own charitable projects are conferred. Within the Bank Millennium Group, community-focused initiatives are managed by the Bank Millennium Foundation.

In 2022, the Bank Millennium Foundation run another edition of its main employee volunteerism program #stuchaMYwspieraMY.

**#stuchaMYwspieraMY** is a program dedicated to all bank employees who want to help those most in need, verify their needs on their own and propose initiatives to be undertaken as part of the program in order to obtain grants for carrying them out. This makes it possible to provide assistance to beneficiaries - local communities, aid and non-governmental organizations and individuals throughout Poland.

The year 2022 surprised everybody. The Bank Millennium Foundation responded instantly to the armed conflict, the Russian invasion of Ukraine and the inflow of refugees from Ukraine to Poland by launching a **special edition** of the #stuchaMYwspieraMY program dedicated in its entirety to Ukrainian citizens who came to Poland seeking refuge after 24 February 2022. The special edition of the program was run under the name **#stuchaMYwspieraMY for Ukrainian citizens**. The program was run from 1 March to 31 May 2022 and was created for Refugees and their families who entered Poland and found themselves in nursing homes and care centers, were taken care of by the Foundation and private families, as well as by the families of the Millennium Group employees. Ukrainian citizens who had lived in Poland for years were also among bank employees providing assistance and owing to their additional assessment the Foundation could offer help more quickly and effectively.

An initiative for Ukrainian citizens - from idea, proposal and launch through to accounting for the implementation - was on the part of the Leader, a Group employee who engaged colleagues, their family, relatives and friends in their volunteer efforts. When awarding grants to carry out assistance operations, the Bank Millennium Foundation assessed the type and form of assistance, the type of beneficiary and the long-term effect on the refugee's life in Poland.

The purpose of the #stuchaMYwspieraMY program is by no means confined solely to the provision of financial support or basic necessities, although such support was offered as part of initiatives for beneficiaries in the special edition of the program. What was important in that edition was the time of response to the situation which changed from one day to the next and to further groups of refugees arriving at Polish-Ukrainian border crossing points, railway and bus stations or temporary residence facilities or residential rooms or halls arranged by organizations or Polish people. Ad-hoc, temporary assistance was offered instantly, but long-term support, assistance with residence-related issues, vocational activation, finding apartments for Ukrainian citizens and their families and children were

the crucial matters. In addition to the funds provided for or disbursed under the program, also volunteers' genuine commitment, time spent on helping the beneficiaries and own work by the volunteers, as well as bringing community members together on assistance efforts, also played a prominent role (as in the previous edition). The Bank Millennium Foundation implements the idea of volunteerism by aiming at creating a network of Bank Millennium Group volunteers around this idea and around a common response and acting for the benefit of other people.

In 2022, grants were awarded to 33 initiative leaders. 147 volunteers along with their family members and friends took part in these activities. Support was granted to 8,252 beneficiaries - Ukrainian children and adults, including those taken care of in social care institutions, people with disabilities, orphans, homeless people, women, including single mothers, and senior citizens. Every gesture, however large or small, every item shared with the beneficiaries and every effort taken was thought out carefully, because the volunteers of the Bank Millennium Foundation thoroughly scrutinized the stories and circumstances of the people they decided to help, responded quickly and often contributed their own, private funds, complementing in this way the grants received from the Foundation.

### 3.8.4. 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, promoting art in nearly all its manifestations, including music, painting, sculpture, film, theatre, photography, literature and performance. Its supports niche and popular culture. Its assumption is to be a long-term partner. For 17 years, it has been a patron of the Millennium Docs Against Gravity festival, the largest film festival in Poland, for 20 years, it has sponsored the International Festival of Traditional Jazz "Old Jazz Meeting Złota Tarka", and it has also been a long-time sponsor of the Lidzbark Humour and Satire Nights, one of the most important Polish cabaret events. 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" ("Perty 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. It has also sponsored 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 other events.

In 2022, the Bank took the patronage of the exhibition of the works of Polish photographers arranged under the name "Solidarity", showing the drama of refugees from the war-torn Ukraine and the extraordinary solidarity of Polish people towards them. The exhibition was shown in Gdańsk, Warsaw and Chełm.

#### **Millennium Docs Against Gravity Film Festival**

The most important cultural project endorsed by the Bank is the Millennium Docs Against Gravity festival. It is the largest film festival in Poland and a major documentary film festival in the world. Bank Millennium has been the festival's partner already for 17 years and it continues within its framework the audio description project that allows people with disabilities to participate in the festival. The Bank has also funded the festival main award, and in 2022 it also funded two special awards for Ukrainian artists.

In May 2022, the 19th edition of the Millennium Docs Against Gravity festival took place, for the third time in the hybrid formula. 192 films were shown during the festival and their presentation was accompanied by meetings with artists and protagonists and debates on important issues addressed on screen. Like every year, the festival touched on a number of important issues - from ecology, through diversity, politics, psychology, human rights, art, pop-culture, to family relations. The festival was

held in eight cities, including in Łódź and online on the festival's platform for the first time. The 19th edition of the Millennium Docs Against Gravity festival was visited by 138 thousand people.

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 patron - Bank Millennium - want to bring knowledge about the modern world to as many people as possible. 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, but also in smaller centers.

Bank Millennium extends the barrier-free community concept also in the non-banking sphere. In 2022, it continued the audio description project as part of the festival, owing to which selected films were available with audio description and voice-over, making it easier for people with visual impairments to access the world of culture.

As part of patronage of the 19th edition of the Millennium Docs Against Gravity festival, the Bank also supported Ukrainian artists by funding two additional special awards - for the director/directress of the best Ukrainian film and of the best new film project from Eastern Europe. The awards were granted to Oleksiy Radynski for "Infinity According to Florian" and to Tetiana Dorodnitsyna and Andrij Litvinienko for the "Mother of Angels" film project.

### 3.8.5. SUPPORTING EDUCATION

**[GRI 203-1]** A permanent feature of the activities aimed at supporting students and graduates is support for educational activities through the active participation of the Bank employees in workshops, conferences or debates.

In 2022, the Bank continued its cooperation with the Warsaw School of Economics, supporting it in improving the quality of its infrastructure, as well as students and graduates in developing their competencies and interests. An example of long-time cooperation is the coworking center established by Bank Millennium and the Warsaw School of Economics. It is free-of-charge space for meetings, networking, consultations with business theoreticians and practitioners. The coworking center constantly serves students and graduates who have founded or are planning to found their own startup and want to bump their ideas up to business reality. Since 2017, the Bank has been a member of the **Warsaw School of Economics' Partners Club** and closely cooperates with this educational institution 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 WSE's strategy and the possibilities of educating students on key competences are discussed.

This year, the Bank became a teaching partner of the psychology and computer science major at the SWPS University of Social Sciences and Humanities. Bank Millennium experts in collaboration with SWPS professors jointly teach advanced UX research methods to the University's students. During a series of lectures, the Bank will share with them its unique approach to project-based research. Moreover, the students will work on case studies during workshops to be held both at the SWPS University and at the Bank's head office.

In March, the Bank also became a partner of the "Economic Bridges" conference held at the Warsaw School of Economics, during which a Bank representative conducted a workshop for a large group of students. Its objective was to develop solutions aimed at supporting the digitalization of customers aged 65 and above and at the same time building long-lasting relations between the academic community and the business community.

In May, a Bank representative participated in the "University of Warsaw Business Conference" organized by the University of Warsaw Real Estate Law Academic Club, the University of Warsaw



Economic Strategy Academic Club and the University of Warsaw Finance Student Academic Club. During a debate, the participants discussed whether ESG would indeed become a major strategic trend in the economy in the coming years. The Bank's representative also had the opportunity to share his knowledge and experience with the students during the conference.

Bank Millennium was a sponsor of the IT Azure Summit 2022, the largest Polish conference devoted to the Microsoft Azure computing cloud. The Bank's representative talked about the role of the Feature Store in the process of managing features and its application in the Azure cloud. 538 participants attended the live presentation.

In June, Bank Millennium participated in Code Europe, Poland's largest programming conference for IT professionals. Our expert's presentation concerned the concept of minimum valuable product as the optimal method of conduct of the software development process.

As part of the internship program targeted at students and graduates of Warsaw's institutions of higher education, interns were offered the opportunity to develop their knowledge and skills in such fields as IT, HR, finance, risks, marketing, project management and e-banking. They were invited to attend training in soft skills and agile methodologies applied at Bank Millennium.

### 3.8.6. SUPPORTING DIVERSITY

[GRI 3-3]

#### European Diversity Leader

The Bank is a signatory to the Diversity Charter and takes steps to support diversity within the banking community and outside the organization. The Bank was awarded the title of "European Diversity Leader 2023" in a ranking compiled by the Financial Times and Statista. The **"European Diversity Leaders 2023" ranking** is based on the outcomes of an independent survey conducted among more than 100 thousand employees of institutions and companies from 16 European countries. People working for companies employing more than 250 employees from as many as 26 industries were qualified to participate in the survey. The participants evaluated their employer's diversity and inclusiveness practices by filling out a survey questionnaire. Based on the outcomes of the survey, the authors of the ranking distinguished 850 companies which obtained the highest scores.

#### Support for female Paralympic athletes

In 2022, Bank Millennium, in collaboration with the Unaweza Foundation, supported Paralympic athletes as part of the #CorinneRunsForGood campaign, thereby helping them continue their strive for achievements in sports and personal lives. To contribute to the #CorinneRunsForGood campaign, the Bank funded a scholarship for one of 8 Polish and 2 Ukrainian female athletes. In 2022, due to the war in Ukraine, we supported female athletes from this country who, despite the nightmare of war, decided to reach out for their sporting dreams and Paralympic medals. The Bank transferred funds to the Unaweza Foundation to cover the costs of an 18-month scholarship for one of the Ukrainian female Paralympic athletes.

#### Millennium Docs Against Gravity Film Festival

The Millennium Docs Against Gravity Film Festival focuses on the most acute current problems and needs of modern society and encourages people to take action. During the Festival, as many as 192 films were shown, accompanied by meetings with the creators and actors as well as debates around significant topics presented on the screen: environmental damage and protection, politics, psychology, human rights, art (including avant-garde art), pop culture and family relations. Each year, the Festival program includes Ukrainian films, which in 2022, in the context of the ongoing war, took on a new special meaning as an expression of solidarity with the citizens of Ukraine. For more information about the Festival, please refer to section 3.8.4 "Patronage of culture".



In order to enable the broadest possible audience to participate in the Festival, in particular by including blind and visually impaired people, seniors, viewers with dyslexia and intellectual disabilities, selected films and screenings were projected during the festival with subtitles for the deaf and with the option of a verbal description of the visual content over headphones.



## 4. GOVERNANCE

# MANAGEMENT

## 4.1. APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

The Bank operates on the basis of good practices in the ESG (Environmental, Social, Governance) area and complies with the principles of corporate governance. The company is listed in WIG-ESG - the WSE's index of socially responsible companies - and has been reporting on issues relating to running a responsible business for several years.

### Best Practice of GPW Listed Companies 2021

On 29 March 2021 the Supervisory Board of the Warsaw Stock Exchange adopted resolution no. 13/1834/2021, by a virtue of which it adopted "Best Practice for GPW Listed Companies 2021" (hereinafter referred to also as 'Best Practice 2021'), that entered into force on 1 July 2021. On that date they replaced the current version of the Best Practice. However, in 2021 the Bank was obliged to follow both Best Practice (from 1 January to 30) and Best Practice 2021 (from 1 July to 31 December).

The Bank scrupulously analysed the new rules. To this end, dedicated problem-solving workshops were organised to clarify stakeholder concerns, ensuring a proper assessment of compliance and the designation of possible adaptation measures. The result of the above was final compliance with the text of DPSN2021 within the timeframe stipulated by the WSE, which was also confirmed by the relevant report.

Like in previous years, in 2022 the Bank guided by the principle of transparency of its actions in shaping corporate and investor relations, as well as the highest quality of communication with shareholders, the Bank complied with the principles of Best Practice. The confirmation of employing the recommendations contained in Best Practice is the document 'A statement on the company's

compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies' published on the Bank's website.

As regards recommendation IV.R.2 item 2 and 3, regarding ensuring for the shareholders the opportunity to participate in a General Meeting of Shareholders (hereinafter, also 'General Meeting' or 'GM') with the use of real-time two-way electronic communication where shareholders may address a General Meeting of Shareholders from a location other than the General Meeting and exercise, in person or through a plenipotentiary, their voting rights in the course of the General Meeting - in the Bank's opinion - the implementation of this rule during a General Meeting carries technical and legal risks to the correct and efficient conducting of a General Meeting. Avoiding these risks constitutes a bigger value for the shareholders than the implementation of the rule from part IV, Recommendation IV.R.2, item 2 of Best Practice. The Bank, ever since 2008, has been providing real-time online broadcasts of the proceedings of General Meetings, in accordance with the requirement specified in part IV, Recommendation IV.R.2 item 1 of Best Practice. At the same time, the Bank, within implementing Best Practice 2021, provided shareholders with a technical possibility of real-time, two-way communication during the proceedings of General Meeting.

### **Principles of Corporate Governance for Supervised Institutions**

As a financial institution, the Bank since the beginning of 2015 has also been subject to the "Corporate Governance Principles for Supervised Institutions".

The Bank's Management Board and the Supervisory Board took resolutions on the application of the Principles, with the exception of § 16 sect. 1 and § 24 sect. 1, concerning the holding of meetings of the Bank's governing bodies (Management Board and Supervisory Board) in the Polish language.

The knowledge of the English language by members of the Management Board enables full mutual understanding and a proper level of communication during meetings. Moreover, the practically implemented principle of holding meetings of the Supervisory Board both in Polish and in English, with the assurance of essential assistance of an interpreter, also ensures mutual understanding and a proper level of communication.

The General Meeting in its resolution passed on 21 May 2015 expressed a positive opinion regarding the position of the Management Board and Supervisory Board of the Bank about the scope of application of the Principles.

In successive years General Meetings accepted the assessment of employing the Principles and assessment of the manner of carrying out the information duties relating to the employment of Best Practice. The respective General Meeting's resolution on the application of Best Practice 2021 will be adopted at the first planned shareholders' meeting in 2023.

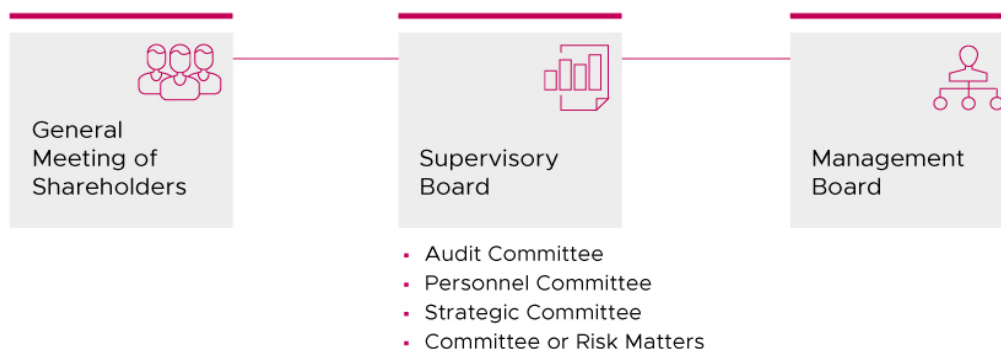
### **Recommendation Z**

As an entity supervised by the KNF, the Bank has also aligned its activities with the internal governance principles described by the KNF in Recommendation Z, the current version of which came into force on 1 January 2022.

The Bank assessed the application of these principles in 2022 and the relevant confirmation was provided to the Bank's Management Board and Supervisory Board

## 4.2. GOVERNANCE STRUCTURE

[GRI 2-9] According to the Articles of Association of Bank Millennium, the Bank's authorities are the General Shareholders' Meeting, the Supervisory Board and the Management Board.



### General Shareholders' Meeting

General Shareholders' Meeting - inter alia considers and approves financial statements and reports on the activities of the Bank and the Bank's Capital Group, adopts resolutions on the distribution of profits or coverage of losses, discharges Members of the Bank's governing bodies from the performance of their duties, elects and dismisses Members of the Supervisory Board and determines their remuneration, adopts resolutions giving opinions on the Supervisory Board's remuneration report.

### Supervisory Board

The Supervisory Board exercises supervision over activity of the Bank, including, as regards operation of risk management and internal control systems. It also determines the number of Members of the Bank's Management Board, appoints and dismisses the Chairman, Deputy Chairmen and other Members of the Bank's Management Board, and determines their remuneration.

The Supervisory Board may set up **standing or ad hoc committees**, comprising Supervisory Board Members for performing specified supervisory tasks. **Standing committees of the Supervisory Board are: Audit Committee, Personnel Committee, Strategic Committee and Committee for Risk Matters.** Most Members of the Audit Committee, including its Chairman, are independent in the meaning of the Act on statutory auditors, audit firms and public supervision. The Supervisory Board consists of **12 Members (9 men and 3 women)**. **Seven** Members of the Supervisory Board, including its Chairman, **are Polish citizens**. **Seven** Members of the Supervisory Board are not connected with a shareholder holding at least 5% of the Bank's shares. The term of office of the Supervisory Board is 3 full financial years.

[GRI 2-9]

**Composition of the Supervisory Board of Bank Millennium**

	<b>Function</b>	<b>Term</b>
Bogusław Kott	Chairman of the Supervisory Board	3-year term; appointment on 24.03.2021
Nuno Manuel da Silva Amado	Deputy Chairman of the Supervisory Board	3-year term; appointment on 24.03.2021
Dariusz Rosati	Deputy Chairman and Secretary of the Supervisory Board	3-year term; appointment on 24.03.2021
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Olga Grygier-Siddons	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Anna Jakubowski	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Grzegorz Jędryś	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Alojzy Nowak	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
José Miguel Bensliman Schorcht da Silva Pessanha	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Miguel Maya Dias Pinheiro	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Beata Stelmach	Member of the Supervisory Board	3-year term; appointment on 24.03.2021
Lingjiang Xu	Member of the Supervisory Board	3-year term; appointment on 24.03.2021

**[GRI 405-1] Supervisory Board of Bank Millennium by gender**

	<b>Men</b>	<b>Women</b>	<b>Total</b>
	9 (75%)	3 (25%)	12 (100%)

**[GRI 405-1] Supervisory Board of Bank Millennium by age group**

	<b>Men</b>	<b>Women</b>	<b>Total</b>
[30-50]	0 (0%)	0 (0%)	0 (0%)
≥50	9 (75%)	3 (25%)	12 (100%)
Total	9 (75%)	3 (25%)	12 (100%)

[GRI 2-9] A description of the competences relevant, inter alia, from the point of view of managing the economic, environmental and social impact of the company, and information on other functions performed by Members of the Bank's Supervisory Board are available, in relation to each of these persons, on the Bank's website:

<https://www.bankmillennium.pl/en/about-the-bank/corporate-bodies-and-governance/supervisory-board>

[GRI 2-11] In 2022, the Chairman of the Supervisory Board did not hold any managerial or supervisory function in the Bank Millennium Group. However, he was Member of the Bank Millennium Foundation Board (hereinafter referred to as Foundation). The founder of the Bank Millennium Foundation is the Bank, while pursuant to its Articles of Association the Foundation does not conduct business activity.

### Management Board

[GRI 2-9] The Bank's Management Board manages the overall activity of the Bank and represents it externally. Based on the fundamental organisational structure approved by the Supervisory Board, the Management Board defines the detailed organigramme of the Bank. The Management Board defines the principles of functioning and organization of work at the Bank as well as the principles of its HR policy. In addition, the competences of the Management Board include, inter alia, preparation and submission to the Supervisory Board and the General Shareholders' Meeting reports and other documents concerning the Bank's operation, convening the General Shareholders' Meeting, establishing internal bank regulations, appointment of committees authorized to constantly monitor specific matters. The Management Board of the Bank consists of **7 Members. Four Members of the Management Board are Polish citizens.** The term of office of the Management Board lasts 3 full financial years.

Composition of the Management Board of Bank Millennium	Function	Term
Joao Nuno Bras Jorge	Chairman of the Management Board	3-year term; appointment on 24.03.2021
Fernando Maria Cardoso Rodrigues Bicho	Deputy Chairman of the Management Board	3-year term; appointment on 24.03.2021
Wojciech Haase	Member of the Management Board	3-year term; appointment on 24.03.2021
Andrzej Gliński	Member of the Management Board	3-year term; appointment on 24.03.2021
Wojciech Rybak	Member of the Management Board	3-year term; appointment on 24.03.2021
António Ferreira Pinto Júnior	Member of the Management Board	3-year term; appointment on 24.03.2021

[GRI 405-1] Management Board of Bank Millennium by gender	Men	Women	Total
	7 (100%)	0 (0%)	7 (100%)

<b>[GRI 405-1] Management Board of Bank Millennium by age group</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>
[30-50]	0 (0%)	0 (0%)	0 (0%)
≥50	7 (100%)	0 (0%)	7 (100%)
Total	7 (100%)	0 (0%)	7 (100%)

**[GRI 2-9]** A description of the competences relevant, inter alia, from the point of view of managing the economic, environmental and social impact of the company and information on other functions performed by Members of the Bank's Management Board are available, in relation to each of these persons, on the Bank's website:

<https://www.bankmillennium.pl/en/about-the-bank/corporate-bodies-and-governance/management-board>

As part of the management structure, the Chairman of the Bank's Management Board is responsible for supervising the area of sustainable development.

**[GRI 2-11]** In 2022, the Chairman of the Management Board of Bank Millennium was the Chairman of the Supervisory Boards of the following subsidiaries of the Bank Millennium Group: Millennium Leasing, Millennium Dom Maklerski (until 3.08.2022 when Millennium Dom Maklerski was incorporated into the legal structure of Bank Millennium) and Millennium Goodie (in each of them Bank Millennium held a 100% share in the capital). Performance of these functions enables to exercise ownership supervision over the activities of the above subsidiaries. These subsidiaries materially supplement the banking services provided by Bank Millennium and make an important component of the Group's financial offer.

Apart from performance of supervisory functions in the above subsidiaries, the Chairman of the Management Board of Bank Millennium was the Deputy Chairman of the Supervisory Board of the Bank Millennium Foundation.

### **Bank's Committees**

The following Committees operate in the Bank:

- Commercial Committee
- Credit Committee
- Risk Committee
- Capital, Assets and Liabilities Committee
- Processes and Operational Risk Committee
- Investments and Costs Committee
- Liabilities at-Risk Committee
- IT Steering Committee
- Personnel Committee
- Validation Committee
- AML Committee
- Product Committee
- Sustainability Committee

Chairman of the Management Board of the Bank is the Chairman of the Sustainability Committee. The Committee comprises all Members of the Bank Management Board as well as representatives of units performing tasks related to sustainable development in the Bank and the Bank's Capital Group. Meetings of the Committee are held not less often than once a quarter. The scope of the Committee's



tasks includes 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 planned activities, assessing the impact of sustainability principles on the Bank's operations, approving and monitoring KPIs and KRIs in the area of sustainable development, providing the Bank's Management Board with periodic information on key aspects related to sustainable development.

#### **Management structure in the Bank's Subsidiaries**

The entire Management Board of Bank Millennium sits on the Supervisory Boards of the following subsidiaries: Millennium Leasing Sp. z o.o. and Millennium Goodie sp. z o.o. In the Supervisory Boards of other Bank Millennium subsidiaries, Members of the Bank's Management Board constitute the majority of the Supervisory Board, with the exception of a new company in the Group's structure - Millennium Financial Services 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 Management Board of Bank Millennium S.A.), the Supervisory Board in accordance with the law consists of independent members.

Pursuant to the Act on covered bonds and mortgage banks, at each mortgage bank, on the request of the supervisory board of such bank, the Polish Financial Supervision Authority appoints a trustee and at least one deputy trustee. On 20 May 2021, the Polish Financial Supervision Authority, at the request 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

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. The ESG area is also included in the Group's new strategy for 2022-2024, adopted by the Management Board and approved by the Supervisory Board, which was announced in December 2021, and in the ESG Strategy adopted by the Management Board and published in 2022. 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 3-3]** 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".

### **Organization of the ESG area management process**

**[GRI 2-12, 2-13]** The President of the Bank's Management Board is responsible for overseeing the pursuit of the sustainable development goals at the highest level.

The Bank's Management Board is responsible for effective management of the sustainable development area in the Bank in respect to environmental, social and corporate governance issues, while the Bank's Supervisory Board oversees this process.

The Management Board is provided with ample information and reports to enable the exercise of control over processes aimed at determining and managing the organization's economic, environmental and social impact, including periodic reports on all key aspects of the Bank's business. To this end, the Management Board's control activities are also carried out by committees established within the Bank's structures. In this process, information obtained from the Bank's stakeholders is also taken into consideration, such as that regarding employee matters or issues arising from complaints or customer service surveys. For instance, the Process and Operational Risk Committee prepares reports on client complaints and actions taken by the Bank on issues identified in the complaint handling process and reports on the quality of the customer service process and studies of client needs. A key role in these endeavors is also played by the Sustainable Development Committee whose activities have been described later in this section.

The Supervisory Board also receives, in some instances through its committees, information on key aspects of the Bank's business, including aspects related to its economic, environmental and social impact. For example, the Audit Committee analyses issues related to the complaint process and actions taken by the Bank in relation to issues identified in this process. Moreover, a 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 reports. 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.

**[GRI 2-17]** Members of the Management Board and Supervisory Board of the Bank and the Bank Millennium subsidiaries are covered by trainings adequate to their roles, knowledge and experience. These trainings are also designed to increase their knowledge, skills and experience related to sustainable development.

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.

A Sustainable Development Department is 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, and distinct areas of activity are assigned to employees holding senior management positions (those reporting directly to the President of the Management Board or members of the Management Board of either the Bank or the pertinent Group companies).

### **Adverse impact mitigation processes**

**[GRI 2-25]** Considering the issue of the adverse impact of the Bank Millennium Group's operations on the environment, we primarily focus on the impact caused by the Group's operating activity, resulting in the consumption of resources and generation of waste or greenhouse gas emissions that are specific to the banking business. In this context, among other initiatives, we have undertaken to take actions aimed at reducing our carbon footprint. These commitments are included in the ESG Strategy for 2022-2024 and cover, among others: reduction by 50% of own greenhouse gas emissions in 2022 compared to 2020, achieving climate neutrality in relation to own emissions (by 2027) and full climate neutrality (by 2050).

Employees of the Group's companies are also encouraged to bring to management's attention other potential areas of the Group's adverse impact, in particular those identified by handling complaints reported by customers. Our commitments in this respect involve the roll-out of targeted actions in response to the issues brought to our attention by these stakeholders.

The Bank has an effective process in place for handling complaints reported by clients. Such reporting may take any form that is convenient to clients: by mail, by phone, via a message sent through the Bank's online system or in person at any branch. A dedicated unit, specifically the Customer Relations Unit, is responsible for handling customer complaints. The staff of this department scrutinize every reported problem and prepare a comprehensive response for the customer. In examining a complaint, the Bank strives to get to the bottom of the issue and propose a solution tailored to the situation of the respective client. Our priority in communication with customers is to convey a comprehensible, transparent and friendly message, which is why we follow the plain language policy.

Moreover, our Customer Relations Unit examines complaints and comments submitted by clients using all available communication channels, including those reported directly to the Bank's Management Board or to the Bank's spokesperson.

The fundamental principle applied to the handling of customer complaints is openness to working out an arrangement with the client, which may, for instance, be applied in mediation proceedings conducted before the Financial Ombudsman or a banking arbitrator.

In each and every instance when the client's claims are rejected, the Bank informs the client about the available paths of appealing against the decision.

The Customer Relations Unit is expected to identify areas that may exert an adverse impact on clients, analyze such information and forward it to the pertinent units within the Bank's or the Group's structures. Moreover, the Customer Relations Unit prepares proposals for changes in the Bank's products, services or processes with a view to reducing the number of complaints or eradicating their causes. We have been pursuing this objective continuously for several years under a program dubbed the Voice of Customer.

The Bank's complaint handling process is subject to a monthly survey designed to monitor the degree of customer satisfaction and contentment with distinct aspects of the complaint process. The survey is conducted in the form of a survey containing open and closed-ended questions. In a regular monthly survey, we ask a randomly selected sample of customers to share their opinions with us. According to the average outcome of the satisfaction survey conducted in 2022, over 80% of our customers are satisfied or very satisfied with the complaint process. We also conduct ad hoc surveys to collect information from customers on selected aspects of the process. For instance, we analyze the satisfaction of those of our customers who report complaints about mortgage loans or we look into the possibility, in collaboration with our customers, of rolling out a new process enabling the submission of complaints via remote channels.

A regular in-depth analysis of the survey results translates directly into changes in the complaint process, such as reducing the time necessary for the handling of complaints or changing the method of communication on various issues. We pay particular attention to the comments of those customers who are very critical of our complaint process, often following up with such customers to find out more specific information.

We also monitor the effectiveness of the complaint process on a quarterly basis by applying dedicated key performance indicators (KPIs) and key risk indicators (KRIs). Whenever significant deviations of such indicators from acceptable levels are identified, we carry out additional analyses and, on an as-needed basis, plan and take pertinent remedial actions.

The Bank also has a process in place that enables each employee to report any behavior they perceived as concerning, especially from the ethical viewpoint. This process is described in more detail in section 4.8.5 "Mechanisms for requesting advice and reporting potential irregularities".

#### **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 2022, the Bank was once again awarded the CSR Gold Leaf, the highest category of distinction in the Polityka weekly ranking. It has also received other significant awards in the area of social responsibility: the Reliable Employer 2022 Award for companies that care about the safety, working conditions and development of their employees, and was awarded the title of "European Diversity Leader 2023" in a ranking compiled by the Financial Times and Statista.

## 4.4. RISK MANAGEMENT

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 distinct risks in the context of credit risk, liquidity and financing risk, market risk, operational risk, business risk and reputational 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

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 defense based on their profound process knowledge. The second line of defense is the level of specialized entities that deal with the organization of management processes and the control of an acceptable level of risk, with special emphasis on the following areas: the activity of the Risk Department, compliance, countering abuse, employee issues, safety and ensuring business continuity, insurance and subcontracting. The third line of defense is the independent internal audit unit.

The Bank's Management Board designs and introduces a risk management system and monitors its operation. The Bank's Supervisory Board oversees the implemented system and assesses its adequacy and effectiveness at least once a year.

## 4.5. ETHICAL STANDARDS AND HUMAN RIGHTS

**[GRI 3-3]** The Bank Millennium Group has a system in place 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 organization 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.** Moreover, the Bank has appointed an Ethics Officer whose responsibilities include safeguarding 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.

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 behavior 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.

<b>Trained on the Code of Ethics*</b>	<b>Bank 2022</b>	<b>Bank 2021</b>	<b>Bank 2020</b>	<b>Group 2022</b>	<b>Group 2021</b>	<b>Group 2020</b>
Managerial staff trained in the year	25	22	20	28	25	25
	1.85%	2.29%	2.80%	1.93%	2.43%	3.30%
Other employees trained in the year	1,320	1,064	751	1,422	1,108	781
	19.20%	18.38%	10.50%	18.98%	18.25%	10.20%
Total percentage of trained managers	94.50%	94.09%	93.49%	94.33%	93.99%	93.46%
Total percentage of trained other employees	94.20%	93.10%	92.92%	94.09%	92.97%	92.76%

*\* Number and % of persons trained on the Code of Ethics in the analyzed group (managerial staff and other employees). The training covers all persons employed in the Bank Millennium Group.*



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.

**Employees have the possibility to report violations of ethical standards** via email or postal mail (also anonymously). Whenever an irregularity is discovered in the business conduct of the Bank's employees (other than Management Board Members), it may be reported by e-mail to a dedicated address or by letter directly to the President of the Bank's Management Board (this channel ensures the anonymity of the reporting individual). As regards the identification of irregularities in the business conduct of the Bank's Management Board Members or Supervisory Board Members, the respective report should be made by letter directly to the Chairperson of the Audit Committee of the Bank's Supervisory Board.

In 2022, there were no reported breaches of the Bank's rules of ethics.

**[GRI 3-3]** 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 2022, the Bank adopted the "Bank Millennium S.A. Sustainability Policy" with the "Human Rights Principles" forming its integral part, as published on the Bank's website at (<https://www.bankmillennium.pl/o-banku/esg#zasady-esg>).

**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 color, 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 behaviors. 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, social and housing assistance, good working conditions and access to health care. The Group's policies and the results of their application are described in the "Employees" section. The Human Rights Principles may be found at <https://www.bankmillennium.pl/o-banku/esg#zasady-esg> and in chapter 1.5 of this Report - „Approach to sustainable development”.

**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 clients **requiring all clients to abide by the principles of environmental protection and respect for 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 labor and all forms of discrimination in employment.**

## 4.6. THE BANK IN THE MARKET ENVIRONMENT

### 4.6.1. RELATIONS WITH THE CAPITAL MARKET

Communicating with the investors' community the Bank assures a high level of transparency and proper access to information for all its recipients. Accurate and up-to-date information is provided in keeping with relevant legal regulations. The list of information published by the Bank, defining the frequency and place of publication, is available on the Bank's website in the Investor Relations section - in section of Information Policy <https://www.bankmillennium.pl/en/about-the-bank/investor-relations/information-policy>.

The investor relations website <https://www.bankmillennium.pl/en/about-the-bank/investor-relations> always provides up-to-date information, including Bank Millennium share prices on the WSE, shareholding structure, details of General Meetings, dividend payment history or credit ratings. There are also current and periodic reports, financial results presentations, Excel sheets 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.

The Bank makes use of diverse communication channels to reach current and potential Shareholders, primarily such channels as:

- Periodic conferences with the Management Board about quarterly results of the Bank's Capital Group (four during 2022),
- Participation in conferences organised for Investors in Poland and abroad (7),
- Face-to-face and group meetings with capital market participants (368 persons),
- Current reports (30) and press releases,
- Dedicated website in the Bank's portal on investor relations,
- Encouraging participation in annual General Meetings of the Bank,
- Day-to-day contacts with market participants (via e-mail or phone).

In keeping with best practice on equal access to information from 2006 the Bank has been assuring unrestricted access to results conferences online with the Management Board (video streaming in Polish and in English) and by phone. A recording of each conference is available on the Bank's website. The Bank also provides video streaming of General Meetings. A recording of the deliberations and the resolutions adopted are also available on the website.

Bank Millennium is covered by 12 analysts representing local and international brokerage houses who publish their reports and recommendations for Bank Millennium shares. The full list can be found on the Bank's website <https://www.bankmillennium.pl/en/about-the-bank/investor-relations/analysts>.

In 2022, brokerage houses issued, to the knowledge of the Bank, 44 recommendations regarding Bank Millennium shares, of which 20 were "Buy", 12 "Hold", 2 "Neutral" and 10 "Sell". As at 31 December 2022, the structure of recommendations (not older than 6 months) was as follows:

Buy	Hold	Sell
4	4	1

## 4.6.2. COOPERATION WITH TRADE ORGANIZATIONS

[GRI 2-28] 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

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.

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 Subsidiaries 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 Subsidiaries 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

[GRI 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 2022, the Bank developed the "Sustainability Guidelines for Suppliers". All potential suppliers are required to sign declarations in which they undertake to comply with the Guidelines. Additionally, in its supplier selection process the Group uses the Sustainability Supplier Questionnaire.

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 2022, the quantity and quality of goods and services supplied was monitored for approx. 1,921 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	Bank 2022	Bank 2021	Bank 2020	Group 2022	Group 2021	Group 2020
Number of suppliers	7,501	6,639	6,679	13,587	13,831	12,592
[GRI 204-1] % of amounts paid to local suppliers*	93%	95%	94%	93%	93%	95%

\* with registered offices in Poland

Invoice payment term	Bank 2022	Bank 2021	Bank 2020	Group 2022	Group 2021	Group 2020
Up to 30 days	74%	75%	67%	82%	83%	77%
31-60 days	23%	21%	26%	15%	14%	18%
Over 60 days	3%	4%	7%	3%	3%	5%

## Millennium TFI's partners

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]** To date, the Company has not committed the suppliers of its leased assets to comply with ethical or environmental standards. In 2023, the Company intends to include a clause confirming compliance with the provisions of the Code of Ethics by suppliers in its contracts with this group of counterparties. 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 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>).

## CORPORATE SAFETY

### 4.8. SAFETY OF CLIENT FUNDS

[GRI 3-3, OWN DISCLOSURE 5] 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

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 subsidiaries 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.

**[OWN DISCLOSURE 6]**

<b>Safety training Bank Millennium Group</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
% of employees trained	91%	90%	91%	91%

## 4.8.2. PROTECTION OF PERSONAL DATA

**[GRI 3-3]** 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 2022**

Number of justified complaints concerning violation of the client's privacy received from external parties and acknowledged by the organization*	69
Completed proceedings conducted by the President of the Office for Personal Data Protection (PUODO)**	0
Total number of identified incidents of leaked, stolen or lost client data***	90
Of which requiring reporting to PUODO	32

\* *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.

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. MECHANISMS FOR REQUESTING ADVICE AND REPORTING POTENTIAL IRREGULARITIES

The Bank Millennium Group's key policies are posted on the Bank's website. Moreover, policies, procedures and instructions are disseminated among employees via the corporate intranet. Employees may obtain advice on the pursuit of the Company's policies and practices of responsible business conduct by referring to the pertinent units, depending on the area in which the advice is sought. For instance, as regards the pursuit of the policy to ensure compliance with supervisory laws and regulations and with internal procedures, the Compliance Department is the competent unit; for the HR policy, the HR Department is the place to go to; for issues related to credit risk, it is the Risk Department. For issues related to responsible business conduct practices, the Compliance Department is the appropriate unit for consultation. Also, a number of solutions have been implemented in the Group, which - through various communication channels, including in helpdesk format - provide employees with access to advice and clarification regarding such issues as the functioning of products, the operation of processes in the Group, or formal and legal aspects.

**[GRI 2-16, 2-26]** The Bank has in place a system for reporting violations understood as non-compliance by its employees with the provisions of applicable laws, internal regulations or market standards. Employees are provided with procedures and tools for anonymous reporting of violations.

This process takes place on the basis of the "Instructions for reporting breaches at Bank Millennium S.A." adopted by the Bank (with respect to potential breaches committed by employees other than the Bank's Management Board Members) and the "Rules for reporting breaches to the Bank Millennium S.A. Supervisory Board (with respect to potential breaches committed by the Bank's Management Board Members). The report can be made by e-mail, by sending a message to the dedicated function box \* VIOLATIONS - a channel that does not ensure the anonymity of the reporting person or by post - by sending a letter marked "in person" to the President of the Bank (if the report concerns the Bank's employees) or the Chairman of the Supervisory Board (if the report concerns Member of the Bank's Management Board) - a channel ensuring the anonymity of the reporting person.

**[GRI 2-16]** Reports submitted as part of the breach notification process described above are reported by the Compliance Department as part of its reporting obligations to the Bank's Management Board, the Audit Committee of the Supervisory Board and the Supervisory Board. Not a single case was reported in 2022.

Moreover, the Bank has appointed an Ethics Officer whose responsibilities include safeguarding 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. Other issues pertaining to the role of the Ethics Officer and the ethics management system are described in section 4.5. "Ethical standards and human rights".

#### 4.8.6. PREVENTING CONFLICTS OF INTERESTS

**[GRI 2-15]** 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.

The Brokerage House of Bank Millennium S.A. has adopted separate regulations in this regard, applicable to the "Procedure for identifying, classifying and assessing the monetary and non-monetary performances accepted and given by the Bank Millennium S.A. Brokerage House in connection with the rendering of brokerage services" and the "Regulations of Personal Transactions of Involved Person in the Bank Millennium S.A. Brokerage House".

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

Management Board and Supervisory Board Members are required to notify the Bank of any existing conflict of interest or its potential occurrence. Apart from the self-assessment mechanism applied by members of the Management Board and the Supervisory Board, the Bank independently conducts its own monitoring and analyses in this area. If, based on such analysis, the Bank identifies a conflict of interest with regard to any member of these bodies, the compliance unit (at its own initiative or on the basis of an alert from another unit) notifies the Supervisory Board Chairperson/President of the Management Board or an independent member of the Supervisory Board/another member of the Management Board. A member of the Management Board or Supervisory Board should refrain from voting on any matters where he or she remains in a conflict of interest or any matters where his or her objectivity or ability to properly perform his or her duties may be impaired.

Stakeholders are kept up to date about any occurring conflicts of interest. The disclosure of information about conflicts of interest is used by the Bank only as a last resort when the Bank is unable to effectively prevent and manage the respective conflict of interest. The Bank discloses information on conflicts of interest when the residual risk of damage to stakeholders persists and when organizational or administrative solutions implemented by the Bank are insufficient to ensure, with due certainty, that the risk of damage does not occur.

#### 4.8.7. ANTI-CORRUPTION

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), verification of counterparty details against the sanction lists used in the Bank, 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.

Corruption-related risks are analyzed for all units of the Bank Millennium Group.

**[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.

In addition, in 2022, training on counteracting corruption was also implemented:

Trained on corruption couteracting *	Bank 2022	Group 2022
Managerial staff trained in the year	1,021 89.88%	1,034 89.99%
Other employees trained in the year	5,331 96.57%	5,350 96.58%

\* Number and % of persons trained on the Code of Ethics. The training covers all persons employed in the Bank Millennium Group. The training was communicated to 100% of the Bank Millennium Group's employees (6,987 as at December 31, 2022). With regard to training in the field of preventing corruption, detailed analyzes of the division of trained persons into categories of employees are not used in the Bank Millennium Group.

Each supplier participating in the tender, by signing a statement, undertakes to comply with the principles contained in the "Code of Ethics of the Bank Millennium Group", including respect for human rights and the principles of the anti-corruption policy. Content of the regulation "Counteracting corruption in Bank Millennium S.A. Rules and guidelines" is communicated and made available to 100% of business partners and to each of the suppliers participating in the tender. The Bank does not organize separate training on corruption for business partners, but the Anti-Corruption Principles are made available to business partners and other stakeholders on the Bank's website.

**[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 2022.

In addition, some subsidiaries have their own anti-corruption regulations. 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

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 2-27]** In 2022, no financial penalties were imposed on the Bank by final judgment for non-compliance with generally applicable laws.

**[GRI 2-27]** The Bank defines as material cases of non-compliance with the laws and regulations those situations where fines or other sanctions have been imposed for non-compliance with the requirements of generally applicable law.

In 2020-2022, the Bank recorded only one case of non-compliance within the above meaning, identified specifically in 2020, resulting in a fine of PLN 10,464,213 (in this case, the Bank has filed a cassation appeal to the Supreme Court). In the said period, the Bank was not involved in any other case of non-compliance resulting in penalties other than fines.

### 4.9.2. INTERNAL AUDIT

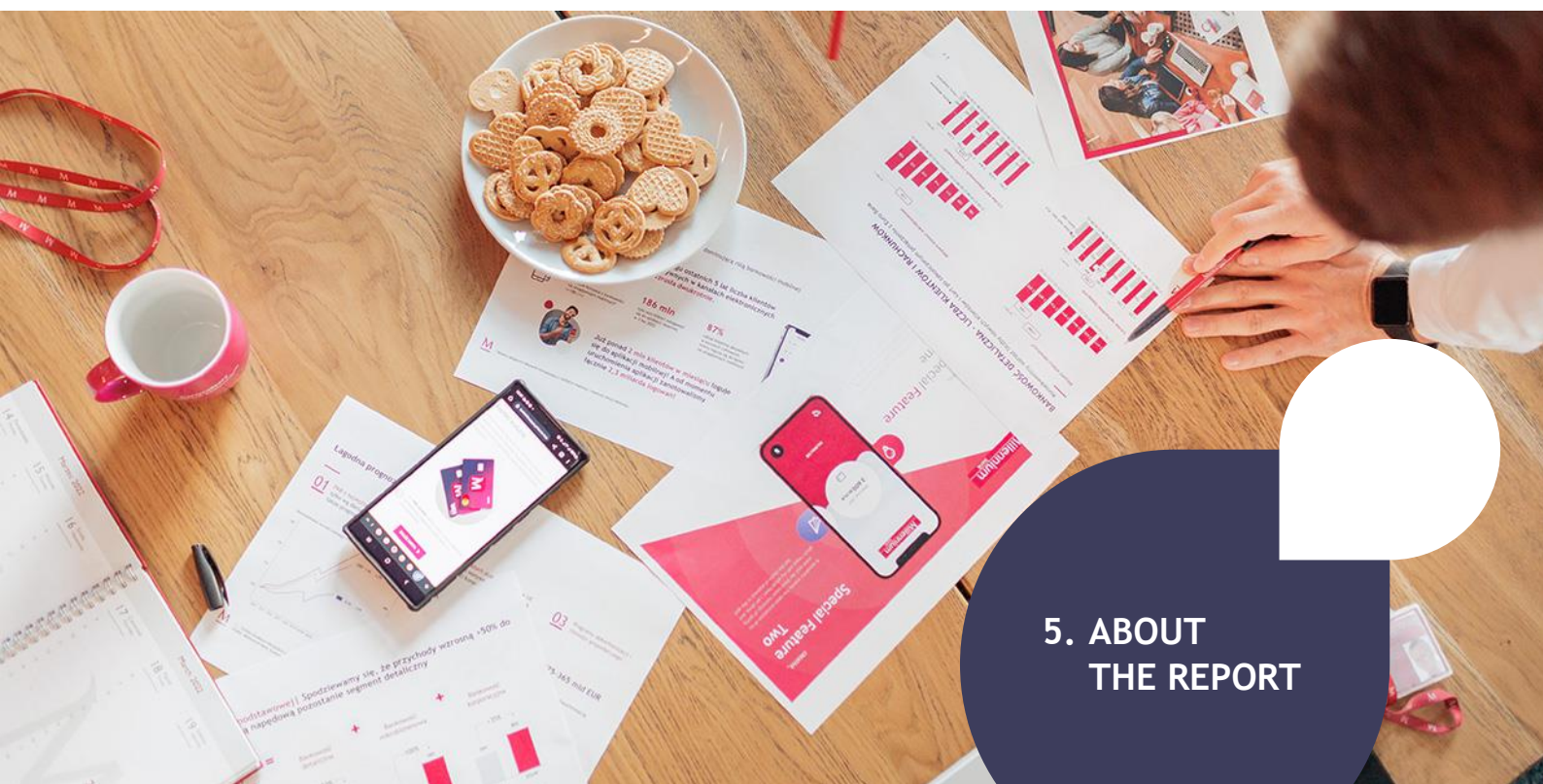
The activity of Internal Audit is regulated by the „Audit charter - the principles pertaining to internal audit activity in Bank Millennium S.A.”. This is scheduled activity based on the annual audit plan. The planning process is based on the evaluation of risks in individual areas and processes of the 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 2022, 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 2-3]** 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 2022 to 31 December 2022 unless stated otherwise. The Report was published on 15 February 2023. This report has been drafted in accordance with the GRI Standards: “Core” application level (the sectoral supplement to financial services was also applied) 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 2-3]** The Bank Millennium Group publishes reports at annual intervals. The most recent report prepared for 2021 was published in February 2022. The Bank published its first corporate social responsibility report for 2006. **[GRI 2-2]** The report describes the operations of the Bank and the Bank Millennium Group’s other major companies (Millennium Leasing, Millennium TFI, Millennium Bank Hipoteczny, Millennium Goodie). The report also includes changes in the structure of the Bank Millennium Group, related to the division of Dom Maklerski, described in chapter 1.1. “Organization Profile”. This change did not affect the data consolidation methodology used. With regard to significant issues, the approach applicable to all subsidiaries covered by reporting is presented. **[GRI 2-6]** The change in the Bank Millennium Group’s structure involving Millennium Dom Maklerski is described in section 1.1. “Profile of the Organization”.

Compared to the last publication for 2021, there were no changes in the scope and coefficient of the report, while due to the change in the scope of the GRI Standards, some information was presented in the further procedure. **[GRI 2-4]** The “Economic performance” section of this report presents data on the adjusted net profit and adjusted ROE for 2021 different from those presented in the ESG Report

for 2021. Differences from the adjusted net profit and adjusted ROE for 2021 presented in the ESG Report for 2021 result from adjustments and verification of items referring to costs related to foreign currency mortgage loans (costs of provisions for legal risk, costs of settlements and legal costs). In addition, in the case of the adjusted ROE, the value of equity was additionally adjusted by the above-mentioned costs.

**[GRI 2-14]** The process of preparation of this report (preparation and/or verification and approval of content) involved both the heads of the respective organizational units of the Bank and the Group and members of the management boards of both the Bank and the Group companies. This process was pursued during meetings devoted to discussing the content of the report and via e-mail.

Furthermore, the said individuals participated in the process of selecting significant reporting topics by participating in the stakeholder opinion survey, as described in detail in section 1.8. “Defining the content of the report - dialogue with stakeholders”, and through working arrangements made as part of the work of the Sustainable Development Committee.

**[GRI 2-5]** The ESG Report of the Bank Millennium Group has been audited in the form of an independent assurance service in respect of selected profile indicators and selected material performance indicators. The assurance service was provided by Deloitte Audyt Sp. z o.o. sp.k., which also serves as a statutory auditor in respect of the financial statements of the Bank and the Bank Millennium Group. The auditor selection process was conducted in compliance with the “Audit firm selection and cooperation policy” and was coordinated by the Sustainable Development Department in cooperation with the Compliance Department, while the selection of the auditor was made by the Bank’s Management Board and then approved by the Audit Committee of the Bank Millennium Supervisory Board.

An audit in the form of an independent assurance engagement provides limited assurance in accordance with the International Standard on Assurance Engagements 3000 (“Revised ISAE 3000”), applicable to assurance engagements other than audits or reviews of historical financial information, as published by the International Auditing and Assurance Standards Board (“IAASB”). Such services do not constitute financial audit activities within the meaning of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. Deloitte Audyt Sp. z o.o. sp. k. is a party unrelated to Bank Millennium S.A.

The report on the provision of an independent assurance service is available on the website of Bank Millennium S.A.

## 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	182	182
Significant risks adversely affecting the issue of combating corruption	24	24
Description of the policy on human rights	21, 22, 125, 167	21, 22, 125, 167
Significant risks adversely affecting the issue of human rights	24	24
Description of the policy on social issues	21, 22, 147	21, 22, 147
Significant risks adversely affecting social issues	24	24
Description of the policy on employee issues	121, 122, 123, 133, 137, 142	121, 122, 123, 133, 137, 142
Significant risks adversely affecting employee issues	24, 125	24, 125
Description of the policy on environmental issues	39	39
Significant risks adversely affecting environmental issues	24, 25, 40	24, 25, 40

## 5.3. GRI STANDARDS CONTENT INDEX

Statement of use: Bank Millennium Group has reported in accordance with the GRI Standards for the period from 1 January 2022 to 31 December 2022.

GRI 1 used: GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE		LOCATI ON	OMISSION			INDEPEND ENT ASSURAN CE
				REQUIREME NT(S) OMITTED	REAS ON	EXPLANA TION	
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	The organization and its reporting practices						
	2-1	Organizational details	7, 8				YES
	2-2	Entities included in the organization's sustainability reporting	185				
	2-3	Reporting period, frequency and contact point	185, 197				
	2-4	Restatements of information	185				
	2-5	External assurance	186				
	Activities and workers						
	2-6	Activities, value chain and other business relationships	7, 8, 9, 185				
	2-7	Employees	116				YES
	2-8	Workers who are not employees	120				
	Governance						
	2-9	Governance structure and composition	158-161				
	2-10	Nomination and selection of the highest governance body	140				
	2-11	Chair of the highest governance body	160, 161				
	2-12	Role of the highest governance body in overseeing the management of impacts	20, 164				YES
	2-13	Delegation of responsibility for managing impacts	164				

	2-14	Role of the highest governance body in sustainability reporting	186				YES
	2-15	Conflicts of interest	180				
	2-16	Communication of critical concerns	179				
	2-17	Collective knowledge of the highest governance body	164				
	2-18	Evaluation of the performance of the highest governance body	140				
	2-19	Remuneration policies	124				
	2-20	Process to determine remuneration	122, 125				
	2-21	Annual total compensation ratio	125				
	<b>Strategy, policies and practices</b>						
	2-22	Statement on sustainable development strategy	5				
	2-23	Policy commitments	21, 24				YES
	2-24	Embedding policy commitments	23, 82				
	2-25	Processes to remediate negative impacts	165				
	2-26	Mechanisms for seeking advice and raising concerns	179				YES
	2-27	Compliance with laws and regulations	81, 109, 111, 112, 183				
	2-28	Membership associations	171				
	<b>Stakeholder engagement</b>						
	2-29	Approach to stakeholder engagement	32, 37, 101, 144				YES
	2-30	Collective bargaining agreements	130				YES
	<b>MATERIAL TOPICS</b>						
	3-1	Process to determine material topics	32				



GRI 3: Material Topics 2021	3-2	List of material topics	32, 36				YES
<b>Employment</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	121, 137, 139				YES
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	117				YES
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	137				YES
	401-3	Parental leave	139				
<b>Labor/Management Relations</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	121, 130				YES
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	130				
<b>Occupational Health and Safety</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	141, 142				YES
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	142				
	403-2	Hazard identification, risk assessment, and incident investigation	142				
	403-3	Occupational health services	142				
	403-4	Worker participation, consultation, and communication on occupational health and safety	142				
	403-5	Worker training on occupational health and safety	142				
	403-6	Promotion of worker health	138, 141, 142				

	403-7	Prevention and mitigation of occupational health and safety impact directly linked by business relationships	142				
	403-9	Work-related injuries	143				
<b>Training and Education</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	133				YES
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	137				
	404-2	Programs for upgrading employee skills and transition assistance programs	137				
	404-3	Percentage of employees receiving regular performance and career development reviews	130				YES
<b>Diversity and Equal Opportunity</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	125, 154				YES
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	118-120, 127, 159, 160, 161				YES
	405-2	Ratio of basic salary and remuneration of women to men	128, 129				YES
<b>Non-discrimination</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	125				YES
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	127				YES
<b>Marketing and Labeling</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	108, 109				YES

GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	108, 110				
	417-3	Indicents of non-compliance concerning marketing communications	108				
<b>Customer Privacy</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	176				YES
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	177				YES
<b>The availability of bank products and services, especially for those digitally excluded, as well as people with physical disabilities and seniors</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	92, 93				YES
Own disclosure	Own disclosure 1	% of branches made accessible for people with physical disabilities	96				
	Own disclosure 2	% of franchises made accessible for people with physical disabilities	96				
	Own disclosure 3	% of ATM's made accessible for people with physical disabilities	96				
<b>Innovation and development through the bank of new/cutting-edge technologies</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	86				YES
Own disclosure	Own disclosure 4	Action taken in the area of innovative services	86				
<b>Solutions in the area of security of funds entrusted to the bank</b>							
GRI 3: Material Topics 2021	3-3	Management of material topics	175				YES
Own disclosure	Own disclosure 5	Safety and security actions	175				
	Own disclosure 6	Safety trainings	176				

Initiatives towards environmental education and awareness taken by the bank							
GRI 3: Material Topics 2021	3-3	Management of material topics	82				YES
Own disclosure	Own disclosure 7	Initiatives towards environmental education and awareness	82				
Social programmes by the Bank Millennium Group and the Bank Millennium Foundation							
GRI 3: Material Topics 2021	3-3	Management of material topics	150, 151				YES
Own disclosure	Own disclosure 8	Volunteer initiatives	151				
The banks sponsorship and charity initiatives							
GRI 3: Material Topics 2021	3-3	Management of material topics	147, 148				YES
Own disclosure	Own disclosure 9	Monetary donations and sponsorship	147				
OTHER DISCLOSURES, NOT ASSIGNED TO MATERIAL TOPICS							
Economic performance							
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	11				
Market Presence							
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	129				YES
Indirect Economic Impacts							
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	147, 153				
Procurement Practices							
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	172				
Anti-corruption							

GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	182				
	205-2	Communication and training about anti-corruption policies and procedures	182				YES
	205-3	Confirmed incidents of corruption and actions taken	182				YES
<b>Anti-competitive Behavior</b>							
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	115				YES
<b>Tax</b>							
GRI 207: Tax 2019	207-1	Approach to tax	174				
	207-2	Tax governance, control, and risk management	174				
	207-3	Stakeholder engagement and management of concerns related to tax	174				
<b>Materials</b>							
GRI 301: Materials 2016	301-1	Materials used by weight or volume	43-45				YES
<b>Energy</b>							
GRI 302: Energy 2016	302-1	Energy consumption within the organization	50				YES
	302-4	Reduction of energy consumption	62				
<b>Water and Effluents</b>							
GRI 303: Water and Effluents 2018	303-5	Water consumption	52				
<b>Biodiversity</b>							
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	41				
<b>Emissions</b>							

GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	63, 67				YES
	305-2	Energy indirect (Scope 2) GHG emissions	63, 67				
	305-3	Other indirect (Scope 3) GHG emissions	63, 67				YES
	305-4	GHG emissions intensity	63, 67				
	305-5	Reduction of GHG emissions	69, 74				
<b>Waste</b>							
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	41				
	306-2	Management of significant waste-related impacts	41				
	306-3	Waste generated	46				YES
	306-4	Waste diverted from disposal	48				
<b>Supplier Environmental Assessment</b>							
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	172				
<b>Local Communities</b>							
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	147				YES
<b>Supplier Social Assessment</b>							
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	172				
<b>Specific standard disclosures for the sector</b>							
Product portfolio	FS5	Interactions with clients/ investees/ business partners regarding environmental and social risks and opportunities	172, 173				
Local communities	FS13	Access points in low-populated or economically disadvantaged areas by type	96				YES

<b>Local communities</b>	<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people	93				YES
<b>Product and service labelling</b>	<b>FS15</b>	Policies for the fair design and sale of financial products and services	112				YES
<b>Product and service labelling</b>	<b>FS16</b>	Initiatives to enhance financial literacy by type of beneficiary	105, 150				



## 5.4. CONTACT DATA

[GRI 2-3] Thank you for reviewing the ESG Report of Bank Millennium and the Bank Millennium Group for 2022. Please send your comments and questions about it to:

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**SIGNED BY:**

Date	First and last name	Position/Function	Signature
15.02.2023	Joao Bras Jorge	Chairman of the Management Board	Signed with a qualified electronic signature
15.02.2023	Fernando Bicho	Vice-Chairman of the Management Board	Signed with a qualified electronic signature
15.02.2023	Wojciech Haase	Management Board Member	Signed with a qualified electronic signature
15.02.2023	Andrzej Gliński	Management Board Member	Signed with a qualified electronic signature
15.02.2023	Wojciech Rybak	Management Board Member	Signed with a qualified electronic signature
15.02.2023	António Ferreira Pinto Júnior	Management Board Member	Signed with a qualified electronic signature
15.02.2023	Jarosław Hermann	Management Board Member	Signed with a qualified electronic signature