

Millennium
bank

ESG 2021

**Key objectives
and activities:
currently underway
and planned**

Warsaw, June 2021



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ESG IN THE BANK MILLENNIUM GROUP

ESG IS AN INTEGRAL PART OF BANK MILLENNIUM GROUP'S BUSINESS STRATEGY

Activities for sustainable development, including protection of the environment, are part of Bank Millennium Group's business strategy and are in line with the climate policy of the parent company - Bank Millennium bcp. They are an important part of our mission, which is to **support our customers in achieving financial success today and in the future and are aligned with our values.**

For Bank Millennium, running a responsible business means **surveying Stakeholder needs and taking them into account** in the planning and implementation of the company's strategy. Corporate social responsibility topics are an integral part of our approach to running the banking business. **ESG (Environmental, Social and Governance) issues were part of Bank Millennium Group's strategy for 2018-2020 and will be included in the new strategy for 2022-2024.** In connection with the pandemic, we consider 2021 as a transition year before the new strategy comes into effect, however the topics of sustainable development and corporate social responsibility continue to be part of our business strategy.

The direction and measures of ESG activities are regularly reviewed, measured and reported in annual non-financial reports of the Bank Millennium Group. We believe that the activities carried out by the Bank Millennium Group will contribute to natural balance and will allow the current and future generations to live in a sustainable world.

OUR VALUES



Trust

We build relationship based on trust



Quality Innovation

Quality and innovation are our passion



Competencies Cooperation

We develop employees and promote cooperation



Ambition

We always aim higher



BANKING IN MILLENNIUM - RESPONSIBLE AND WITHOUT BARRIERS

We are engaged in social and sustainable development activities, focusing on four areas:

Customers

Banking without barriers is our priority. We want all our customers to have convenient access to financial services. This is why we introduced numerous [facilities](#), also for people with impaired vision, hearing and movement: accessible branches, ATMs, the Bank's website and voice customer service.

Employees

We provide an attractive working environment. We are building relationships based on trust, focusing on quality and innovation, helping employees grow and promoting cooperation.

Society

We run the "Financial ABCs" education program for pre-schoolers, because we believe that good financial habits should be formed during childhood. We believe that our employees know the needs of local communities the best. That is why, after the pandemic-related interruption, we are going back to the grant program for the best volunteerism programs proposed by our employees.

Environment

We act in compliance with the [Environmental Policy](#): introducing our own environmental measures, offering environmentally-friendly products and responsible financing and developing environmental education programs.

HIGH STANDARDS OF ESG REPORTING

15 YEARS OF SUSTAINABILITY REPORTING

We have published annual social reports since 2006. They present the key aspects of the Bank's impact on sustainable economic, social and environmental development with regard to the key Stakeholder groups: Clients, Employees, Shareholders, Business Partners, Society and Natural Environment.

Starting in 2011, the scope of information it presents and the report's structure satisfy the criteria set forth in the **GRI standards**. The conformity of our reports with the standard has been confirmed by the Global Reporting Initiative. The report is verified by Deloitte.

Bank Millennium is preparing 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. We will also update the materiality matrix in 2021.

The Bank Millennium Group's ESG report containing a description of the initiatives pursued in 2020 was published on 22 February 2021 as the 15th annual non-financial report issued by the Group.



The financial and ESG report for 2020 is available at:
<https://raportroczny.bankmillennium.pl/2020/en/?mv=1>

ESG IN THE BANK MILLENNIUM GROUP: PARTNERSHIPS, DISTINCTIONS AND RATINGS

Bank Millennium is a signatory of two important international initiatives:

- **Partnership between business and government administration for achieving UN's Sustainable Development Goals** (SDGs). The Bank takes cues from all 17 goals, but gives the highest priority to: Good Health and Well-Being; Quality Education; Gender Equality; Decent Work and Economic Growth; Industry, Innovation and Infrastructure; Climate Action; Partnership For The Goals.
- **Diversity Charter** - a commitment signed by organizations, which take action to create and promote diversity.

Our ESG activities are highly valued by the market:

- Since 2010, Bank Millennium 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 rating issued by the global ratings firm Sustainalytics and by conducting a corporate governance assessment by the Warsaw Stock Exchange.
- In 2021, for the sixth year in the row, Bank Millennium received the **A** rating in the **MSCI ESG** rating system. The rating measures resilience of companies to long-term risks in respect to: protection of the natural environment, corporate social responsibility and corporate governance.



ESG IN THE INVESTMENT ACTIVITY OF MILLENNIUM TFI AND MILLENNIUM DM

In accordance with the SFDR (EU Sustainable Finance Disclosure Regulation), financial market participants and financial advisers are required to specify in their strategies how they integrate sustainability risks in their business, which mean environmental, social or governance events or conditions that, if they occur, might cause a negative material impact on the value of the investment.

Millennium TFI and Millennium Dom Maklerski have posted disclosures on their strategies adopted in the investment decision-making process and the consequences of investment decisions on sustainability factors:

- [Millennium TFI's disclosures](#)
- [Millennium Dom Maklerski's disclosures](#)

Millennium
fundusze inwestycyjne

Millennium
dom maklerski

APPROACH TO RISK IN ESG AREA

The Bank has described following significant risks related to ESG area:

- In the social area, Bank Millennium manages various types of risk, however **the overriding risk for the Bank is the risk related to safety of its customers' 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. Additionally, the Bank is exposed to risk resulting from its cooperation with customers and contractors.
- With regard to **risk related to customer relations**, the Bank examines legal aspects of agreements it has signed, the risk of incorrect design of products and services and the risk of optimum selection of products to suit customers' needs and abilities. The Bank analyzes new legal regulations and opinions expressed by UOKiK (Office of Competition and Consumer Protection) and other authorities and is focused on delivering the best quality of products and services to its clients, as its top positions in various rankings amply attest.
- **Legal risk** related to the uncertainty of the jurisprudence regarding mortgage loans in foreign currency: while the Bank defends its rights in court proceeding, it keeps an open approach towards clients in order to achieve amicable and fair solutions, always taking into consideration the specific situation of each borrower.
- 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 "Diversity Policy" and obligating its employees and business partners to adhere to the Bank Millennium Group's Code of Ethics in which these issues are regulated and by offering the ability to report violations anonymously in these areas.
- The risk of **impact on the natural environment** is associated mainly with the negative impact of the Group on the environment, both through its own operating activity and through projects and investments financed by the Bank. The Group prevents this risk by submitting to legal regulations, monitoring its own environmental impact and implementing environmentally-friendly actions and observing the "Environmental Policy of the Bank Millennium Group" and the project financing rules.
- **Risk related to climate issues** resulting from the exposure to physical risks arising out of the observed climate changes as well as the risk of losses as a result of the adaptation of economic processes towards environmentally-sustainable economy. The Group takes these risks into account in its strategic planning and expands its competence and tools allowing it to manage the risk effectively.
- Another critical risk, to which the Bank is exposed, is the risk of financial loss associated with a failure of the customers to repay liabilities. At the same time, the consequence and the risk at the customer's side may be the loss of credit capacity (unfavorable entries in registers such as BIK), loss of financial balance of a household, deterioration of financial condition of a company and the Bank launching a legal procedure aimed at enforcing repayment.

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MIŁO CIĘ
ZNÓW WIDZIEĆ

DLA NASZEGO WSPÓLNEGO DOBRA



NOŚ MASKĘ



DEZYNFEKUJ
RĘCE

**SUPPORT FOR CLIENTS, EMPLOYEES AND
COMMUNITIES DURING THE PANDEMIC IN 2021**

THE PANDEMIC CONTINUES IN 2021 - WITH THE PRIORITY BEING THE PROTECTION OF HEALTH AND ECONOMY

Examples of actions taken by Bank Millennium during the coronavirus pandemic:

EMPLOYEE SAFETY DURING THE PANDEMIC

The Bank ensures a safe work environment for its employees. During the height of the pandemic, most employees were able to **work remotely**. The Bank has applied a strict **sanitary regime**. In the Bank's branches, protection measures were used in the form of shields and personal protection equipment. During the entire period of the pandemic, an appointed Committee monitors on an ongoing basis the situation in the Bank, the number of illnesses and makes decisions on safety measures and work organization.

In April 2020, the Bank established a **fund in the amount of one million zloty to finance the treatment and rehabilitation of its employees** in connection with COVID-19; the funds are provided on an ongoing basis, upon requests from employees.

The Bank has also organized **COVID-19 vaccinations** for its own employees and employees of the cooperating partnership companies.

SAFE CUSTOMER SERVICE AND CREDIT HOLIDAYS

In 2020 and 2021, we offered a number of new electronic banking solutions supporting the idea of safe banking from home. In response to the increased need to use online services in connection with the pandemic, the Eduportal education portal was created on the Bank's website (available at www.bankmillennium.pl/pierwszykrokonline and directly from the main page in the Support tab) and the "First Step Online" campaign encouraging the use of digital **channels and explaining how to begin using Millenet and the mobile application**.

In 2020 we were one of the first banks in Poland to communicate to our individual and corporate borrowers that they may take **"credit holidays"**. Since the very beginning of the pandemic, we took part in the distribution of public aid programs. We handled corporate and individual clients with the same care and attention, because we are a universal bank.

SUPPORT FOR COMMUNITIES

Under the **#stuchaMYwspieraMY** project, employees of the Bank's own network and franchise outlets across Poland and Contact Center personnel listened carefully to the needs of clients and supported them in difficult times. As a result, more than 130 clients in difficult living or financial situation received much-needed surprises from the Bank.

The Bank Millennium Foundation and Bank Millennium joined the fight against the coronavirus already in April 2020, by donating **PLN 500,000** to the **Institute of Bioorganic Chemistry of the Polish Academy of Sciences**, which developed the first Polish tests for SARS-CoV-2. The tests have entered mass production and the Institute is conducting further research and development of next-generation tests.

Millennium
bank

ecology

3

Forbes 2021

**POLAND'S
CLIMATE
CHAMPIONS**

IN COOPERATION WITH **statista**

ENVIRONMENT AND CLIMATE PROTECTION

ENVIRONMENTALLY-FRIENDLY BANKING

Being aware of its direct and indirect environmental impact, the Bank Millennium Group has adopted three priorities for its activity to minimize its environmental footprint:

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 Bank Millennium Group supports the fulfillment of environmental goals by offering profiled products in all of its business lines.

Environmental education

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



The Bank's climate protection efforts have been recognized publicly. In December 2020 **Bank Millennium was ranked second among Polish companies** in the **Poland's Climate Champions 2021** ranking of the Forbes magazine prepared in cooperation with Statista. It was the best bank in the ranking. The ranking was created by calculating the Compound Annual Reduction Rate (CARR) adjusted for revenues.

In June 2021, **Millennium bcp**, which is Bank Millennium's main shareholder, was named the **Europe's Climate Leader 2021** in the new Financial Times ranking prepared in cooperation with Statista. The Financial Times ranking considered the data for the entire Millennium bcp Group. This means that Bank Millennium's performance in reducing greenhouse gas emissions contributed to winning this prestigious distinction.

ENVIRONMENTALLY-FRIENDLY PRODUCTS AND RESPONSIBLE FINANCING

Pursuant to the industry policies in place and provisions of the “Environmental Policy of the Bank Millennium Group”, the Bank Millennium Group does not finance new:

- coal mines,
- coal-fired power generation projects, except for new projects related to reduction of pollution.

Financing in the energy sector is only possible if:

- it supports exposure to non-carbon energy sources,
- it contributes to energy transition to non-carbon energy sources.

At the same time, for many years now, the Bank Millennium Group has supported financing of environmentally-friendly and energy-efficient projects, including:

- projects associated with replacement of coal-based energy generation with low-emission energy sources and modern energy infrastructure,
- projects associated with renewable energy sources,
- projects reducing emissions of pollutants and supporting energy efficiency, especially in energy-intensive and high-emission industries,
- projects concerning low-emission 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.



WE TAKE A COMPREHENSIVE APPROACH TO ENVIRONMENTAL ACTIVITIES

Environmental activities cover the entire product portfolio in the Bank Millennium Group. We have over 2.1 million digital clients. We conduct intensive activities aimed at reducing the consumption of paper for communication with clients.

In 2021:

- We are taking action to **increase the digital client base** beyond the current age segments - we help them enter the digital banking world.
- **We digitize successive services and processes** related to customer service of individual and corporate clients.
- Our goal is to increase the percentage of digital clients **to over 80% by the end of 2021** and 80% end-to-end sales processes on digital platforms.
- **Maintaining the highest level** of customer digital experience is our priority.

In 2021, we continue our efforts to **reduce the consumption of paper** through proactive monitoring of production and distribution of bank statements, encouraging clients in all business lines to use electronic statements and digitizing incoming and outgoing correspondence.



Wybierz liść, a nie list

Przejdź na wyciąg online i pomóż nam oszczędzić nawet kilkadziesiąt drzew miesięcznie



Otwórz się na naturę

Przejdź na wyciąg online i pomóż nam oszczędzić nawet kilkadziesiąt drzew miesięcznie

PRODUCTS PURSUING SOCIAL AND ENVIRONMENTAL GOALS

Bank Millennium and the Bank's Companies have in their offers products and services making it possible to improve the clients' living conditions, facilitating finance management and saving, supporting the development of innovativeness and environment protection. A few examples of such solutions are presented below.

[WWF Millennium Mastercard credit card](#) (APR 8.86%) is offered as part of the Bank's long-term cooperation with the WWF Poland Foundation, an organization protecting the most exceptional ecosystems and habitats in Poland and across the world. Bank Millennium donates a portion of each cashless transaction concluded by a client to WWF Poland; in the first year of use also half of the monthly card fee. The card has been made from recycled plastic.

The [360° Account](#) offering is universal and designed to address the needs of various client groups, irrespective of their age and income. Since May this year, children aged 7 to 12 may use a mobile application and a payment card for the [360° Account Junior](#) designed for the youngest users. These valuable modern tools introduce children in the world of finance and teach them how to use technology safely.

Bank Millennium's offer also includes [investment funds pursuing the social and environmental goal](#) and the Bank continues its efforts to develop the investing offering in this respect.



PRODUCTS PURSUING SOCIAL AND ENVIRONMENTAL GOALS

Millennium Leasing continues its involvement in the **financing of energy-efficient investment projects**. For this purpose, it uses programs organized by EBRD (European Bank for Reconstruction and Development). In 2021 the company, as in 2020, is particularly developing **MilleSun - a program for financing photovoltaic installations**.

The Bank also offers the **Biznesmax guarantee program** provided 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. Among others, clients may use the “environmental path” supporting the potential of innovative companies, which implement or plan to implement environmentally-friendly projects.

Loan for Technological Innovations is granted in cooperation with BGK under the Smart Growth Operational Programme, Sub-Measure 3.2.2. The program supports innovative investment projects implemented by companies from the SME sector, allowing them to obtain a non-refundable subsidy in the form of a “technology bonus”, which is used for partial repayment of the loan. The bonus amount may reach up to 70% of expenditures for micro and small businesses and up to 60% for medium-sized enterprises. The loan is to be used for the implementation of a new own or purchased technology and to launch the production of new or significantly improved products, processes or services. The positive impact on various aspects of the natural environment and implementation of the sustainable development principle are important factors in the application review process.

In 2021, we plan to **support clients even more actively in using EU funds, which will be mostly made available for digital and green projects**. For this purpose, we develop a competence center as sales support for the chain, improve the qualifications of advisors and adjust internal processes.



CLIMATE-RELATED RISKS

The strategy of comprehensive risk management covers all material risks affecting the stability of the Bank's business model. The importance of risks related to climate change in the catalog of risks affecting economic stability has been rising in recent years. Based on the approach to classification of climate-related risk proposed by the European Central Bank in the document entitled "Guide on climate-related and environmental risks", the Bank distinguishes the following types of risk:

- physical risk refers to the financial losses incurred as a result of changes in climate. Events resulting from physical risks include: more frequent occurrence of extreme weather phenomena, such as floods, droughts, hurricanes; environmental degradation, in particular pollution of air, water and soil; loss of biodiversity; deforestation.
- transition risk refers to financial losses suffered directly or indirectly as a result of aligning economic processes towards environmentally sustainable economy.

In order to optimally integrate climate risks into the risk management strategy, Bank Millennium is revising its approach to strategy development, in particular by:

- Working to identify key risks related to climate issues that affect or will affect the stability of the business model adopted by the Bank's clients and the Bank itself through the development of likely scenarios and ascertainment of their impact on the financial situation in the respective sectors of the economy in the short, medium and long run.
- Modeling the process of developing the Bank's strategy in a direction enabling the optimal management of identified climate risks and the effective use of business opportunities created by the evolving business and regulatory environment.



RISKS RELATED TO CLIMATE ISSUES - FURTHER STEPS

Among the consequences of the integration of risks related to climate issues into the Bank's strategy will be the development of the risk management strategy.

The Bank will implement changes enabling an effective management of risks related to climate issues, including the identification, monitoring, quantification and limitation of risks. The process aimed at implementing changes to the risk management strategy will include:

- Defining the proper organizational structure, including by identifying the roles and responsibilities of distinct units while maintaining an approach based on three lines of defense, defining key competencies and planning and conducting training programs.
- Developing methodologies enabling the integration of risks related to climate issues into a comprehensive client risk assessment structure, broadening the extent of collected data and encompassing key features determining exposure to climate-related risks in portfolio segmentation and profiling.
- Extending the definition of risk appetite to include climate risk exposure indicators and define acceptable levels of these indicators along with reporting and escalation paths.
- Expanding methodologies for conducting stress tests in consideration of the links between climate scenarios and their expected impact on the stability of the Bank's capital position, and making use of test results in portfolio structure optimization processes.



ENVIRONMENTALLY-FRIENDLY WORK - REDUCTION OF OWN EMISSIONS

Taking action aimed at reducing CO₂ emissions is a key component of Bank Millennium's endeavors in the ESG area. Since 2011 the Bank has been monitoring and publishing data on its carbon dioxide emissions. Year after year, the volume of such emissions keeps decreasing. In 2021, we are focusing on selecting a seller of 100% green energy for 2022 (i.e. obtaining guarantees of origin, certifying that 100% of the electricity purchased came from renewable sources of energy). In 2020 and 2021, some of the energy purchased by the Bank is generated from low-emission sources, which has been confirmed by the seller, also with a guarantee of the purchase of energy from low-emission sources and the achievement of a reduction in CO₂ emissions by 11,279 tons in 2020.

We ceaselessly strive to reduce carbon dioxide emissions. 2021 is the first full year during which we will consume the full savings generated by the modernization of LED lighting in the Bank's head office, thereby reducing our carbon footprint by 500 tons annually.

Moreover, in 2021:

- We are opening an **environmentally friendly branch of our Bank in Gdańsk**, the design of which has incorporated substitute solutions and materials obtained from recycling - this will help us measure the extent of our reduced carbon footprint generated as a result of the execution of this investment project.
- We will **reduce greenhouse gas/CO₂ emissions** by diminishing our electricity consumption by another 10-15% through numerous environmentally friendly projects we intend to execute, including by adjusting the operation of various devices (including time clocks) to the occupation of our office buildings and the consolidation of our network of branches or reconstruction of branches while utilizing environmentally friendly solutions, including LED lighting.
- The Bank's Wrocław head office will be relocated a **new office building**. We have selected a LEED GOLD-certified building for its new headquarters. The certificate is a guarantee of the highest standard, comfortable workplace conditions, energy efficiency and environmentally friendly solutions.
- In 2021, the Bank sold, on the Commodity Exchange, **white certificates** confirming energy savings of 31 toe.
- We are planning an **energy audit** of the Bank's buildings.



**Target: 100%
green energy
in 2022**

WE SUPPORT AND PROMOTE AN ENVIRONMENTALLY FRIENDLY STYLE OF LIVING AND WORKING

In 2021, we are continuing our environmental campaigns targeted at Bank Millennium Group employees:

- “Choose stairs” - choose stairs instead of an elevator; “Come to work by bike” - promoting a healthy lifestyle and commuting by bicycle; “Back to office and drink water” - we intend to provide office building employees with reusable glass water bottles to encourage their use of water dispensers.
- As part of our internal training program for employees, we plan to deliver lectures on various sustainable development issues.
- Continued digitization of our internal document workflow.

Sorting and reducing the amount of waste:

- This year, we will provide all Bank locations with new waste bins enabling the sorting of all waste fractions.
- We organize e-waste collections from our employees, we have placed containers for collecting plastic caps in all our head offices to raise funds for charitable organizations.

Reducing the quantity of plastic materials:

Within the framework of its procurement management process, the Bank actively reviews reported demand for all office supplies. As a result, only the minimum **necessary quantity of plastics** is provided to the head offices and branches.

We monitor and optimize water consumption.

Means of transport:

Car fleet - approx. 70% of the car fleet consists of hybrid vehicles, all new/replaced cars are hybrid vehicles.

We are launching charging stations for electric cars and scooters at the Bank’s Head Office in Warsaw. At the Bank’s Head Office in Warsaw, a charging point for electric scooters and electric bicycles has been operating since May.

Polish Green Record

Bank Millennium has joined the environmental campaign #ZielonyRekord aimed at breaking the Polish Green Record. In five of our buildings, we have planted new greenery and trees, and placed new office plants in our upgraded office spaces.





CORPORATE SOCIAL RESPONSIBILITY

RESPONSIBLE EMPLOYER

Bank Millennium creates a friendly work environment for people 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.

NO DISCRIMINATION

Bank Millennium prohibits any, direct or indirect, discriminatory practices against another employee, in particular related to gender, age, race, religion, nationality, ethnic origin, disability, political beliefs, trade union membership or sexual orientation (§ 7 of the Work Rules and Regulations and Section 5 of the Code)

ANTI-MOBING PROCEDURE

The Bank has in place and enforces an anti-mobbing procedure aimed at rapid identification and resolution of problems related to suspected mobbing incidents.

ETHICS OFFICER

The Bank has appointed an Ethics Officer and promotes, through dedicated training programs, the principles of ethics applied by the Bank.

PROMOTION OF VALUES

Among the Bank's values are: building relationships based on trust, appreciating employees and encouraging cooperation. In order to promote its values, the Bank annually organizes the IMPAKT employee awards program within the framework of which employees themselves select winners in the Bank's distinct value categories.

"YES TO PARENTING" PROGRAM

For many years, the Bank has been recognizing the special circumstances of those of its employees who are parents in their personal lives by running the Yes to Parenting program. Under the program, an intranet site devoted to the rights of employees with children is maintained. Over a number of years, meetings, trips and events devoted to children and their parents have been held. In 2020, a significant amount was disbursed from the Social Benefits Fund for educational needs of children and youths.

COOPERATION WITH THE WARSAW SCHOOL OF ECONOMICS

The Bank acts as a partner for the Warsaw School of Economics. As part of this cooperation, the first co-working center for the development of startups at the Warsaw School of Economics was established. Since its launch, the center has attracted a number of talented young people.

MILLENNIUM CAMPUS

Bank Millennium operates the Millennium Campus program. Its objective is to inspire and develop employees in the area of modern technologies, market development and marketing trends as well as encourage their personal development and well-being. Under the program, lectures on stress reduction techniques, organization of remote work, COVID prevention, etc., have been delivered.

ACCESS TO BENEFITS

Benefits such as medical care, group insurance and social support are offered to all employees, also part-time employees. The Bank encourages employees to take their holiday leaves. Disabled people may take advantage of office infrastructure that is fully aligned to their capabilities.

SUPPORTING DIVERSITY

DIVERSITY POLICY

In 2017, the Bank's Management Board adopted the Diversity Policy. Its purpose is to develop knowledge and build awareness among employees in the areas of ethics and respect for diversity. The Policy also seeks to ensure equality in access to salaries, positions and benefits and in recruitment and professional development processes.

DIVERSITY CHARTER

In 2017, the Bank signed the Diversity Charter that has been in force ever since.

PARTICIPATION OF WOMEN AND MEN IN MANAGEMENT

In Bank Millennium, 67.6% of employees are women. Women also hold 59.5% of managerial jobs in the Bank and account for 29.9% of top management (management board + directors). The share of women in managing sales units is 67.9%. In turn, a very small percentage of women work in technology-related areas - only 25.8%. This fact significantly affects the differences in the employee compensation structure between women and men.

COMPENSATION FOR WOMEN AND MEN

Average remuneration of women is 33,4% lower than the average remuneration of men (value calculated as the percentage difference between the average monthly salary - including bonuses, awards and other allowances - for men and women for the last year). However, this number does not take into account the differences in competence, geographic location, scope of responsibility or the employment structure of women and men in distinct positions in various areas of the Bank's operations. It should be emphasized that the last factor in particular is of major significance for the shaping of the average employee compensation. Most women are hired in the sales network, while men work chiefly in high technology areas, where the market, due to a shortage of specialists, dictates significantly higher levels of remuneration. The Bank carefully reviews on an ongoing basis all factors that may affect the differences in employee compensation between women and men.



MARKET AWARDS AND PLANS FOR THE FUTURE

AMONG THE BEST EMPLOYERS ACCORDING TO FORBES

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.

RELIABLE EMPLOYER

For a number of consecutive years, Bank Millennium has been among the laureates of the Reliable Employer award.



ACTIVITIES IN PROGRESS AND PLANNED FOR 2021

FOLLOW-UP OF EARLIER ACTIVITIES

Bank Millennium is following up on the activities and projects launched earlier, while ensuring stable working conditions conducive to growth and development.

PROMOTION OF DIVERSITY ISSUES

- Organization of training programs on diversity
- Holding of the Diversity Day
- Intranet articles demonstrating the benefits of diversity

IN-DEPTH ANALYSIS OF COMPENSATION OF WOMEN AND MEN WITHIN THE ORGANIZATION

- Multi-variable analysis of differences in the average compensation of men and women
- Periodic reporting of the outcomes of analyses to the Management Board
- Proposed actions aimed at evening out unjustified differences in employee compensation

CLIENTS - BARRIER-FREE BANKING - DIGITAL SERVICES

Among the objectives pursued by the Bank as a socially responsible company is to eliminate barriers to access to financial and non-financial services for senior citizens and people with disabilities.

Bank Millennium's website, the Millenet internet banking system and the Bank Millennium mobile app are **continuously 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 may use the website using a keyboard only (the mouse is not necessary for website navigation). Moreover, the site has a text magnification feature and is designed for high-contrast reading. Users of smartphones with fingerprint readers may log in to our mobile app with a fingerprint. In the same manner, they may also validate online card transactions using 3D-Secure. Also, owners of iPhone X or newer models may log in using the Face ID facial recognition feature. The mobile app is adapted to the needs of blind and visually impaired individuals by ensuring compatibility with access-enhancing services such as Google TalkBack (Android) or VoiceOver (iOS), which enable the presentation of information using speech. Bank Millennium was among the first companies to adjust its website to the needs of people with disabilities.

A major objective of the Bank is to **counteract digital exclusion also in the domain of non-financial services**. By increasing access to mobile solutions, including e-administration, the purchase of transportation tickets, payment for parking in city centers or motorway tolls, the Bank provides access to banking and non-banking services at any place and time.



ELIMINATING PHYSICAL BARRIERS

All own ATMs and approx. 70% of branches in Bank Millennium's own network are adapted to the needs of people with disabilities. While rebuilding or upgrading its branches, **the Bank makes efforts to eliminate architectural barriers**. Seated customer service stands (relationship management service) with wheelchair access are available in all branches of the Bank (50% of seated teller desks). Clients using the Bank's hotline may use the voice command function instead of pressing the number keys.



Bank Millennium extends the concept of a barrier-free community also to its other initiatives. In 2020, for the second consecutive year, during the Millennium Docs Against Gravity documentary festival, of which Bank Millennium is the main sponsor, selected films were available with audio description and voice-over, making it easier for people with visual impairments to access the world of culture. **Also in 2021, selected films presented at the Millennium Docs Against Gravity festival will be available with audio description and voice-over.**



EDUCATION ON SAFE ONLINE BANKING

Recently, the number of cases in which bank clients have fallen victim to various types of fraud and scammers has been on the rise. The problem affects clients of the whole sector in Poland and globally. In most cases, such situations result from the clients' failure to apply **basic security rules**, such as, for instance, refusing to provide login details or payment card details to suspicious individuals or on suspicious websites, or refraining from downloading apps from unknown sources. Clients are increasingly falling victim to crimes involving social engineering techniques. Because in each such case, client awareness is of key significance, banks, including Bank Millennium, in collaboration with the Polish Bank Association and independently, conduct **intense educational campaigns targeted at their clients**, constantly reminding them about online risks and the need to comply with security rules.

We regularly publish security warnings and recommendations. Whenever we obtain information about a newly developed method of fraud, we **promptly send out warnings to our clients via various communication channels**. In such warnings, we describe the method of operation applied by criminals and educate our clients on how to avoid the threat. We react to every signal that may be an attempt to fraudulently obtain information or funds from our clients. We are continuously in touch with law enforcement authorities - the police and prosecution offices, and we declare in each and every case our complete readiness to cooperate with them so that the criminals who have stolen the money are brought to justice as quickly as possible.



SOLUTIONS FOR FOREIGN CURRENCY MORTGAGE BORROWERS

The Bank currently serves over 2.6 million active retail customers, while the number of active contracts regarding foreign currency mortgage loans is approx. 54 thousands (without the former Euro Bank).

Litigations related to the FX mortgage loans have significantly increased in recent years. The Bank respects the customers freedom regarding seeking court decisions, but at the same time needs to highlight its openness to find amicable and fair solutions to each borrower. In particular, the Bank believes that a solution for the issues raised by some FX mortgage borrowers should not put them in a better position than those that took a loan in polish zloty at the same time. The openness of the Bank is demonstrated by its proposals to find settlements in court or out of the court.

Individual arrangements with clients

Bank Millennium conducts individual arrangements with clients regarding loan repayment or currency conversion terms, taking into account the situation and expectations of each client. Bank Millennium always talked to its customers and offered solutions tailored to their needs. In the period 2010-2015, the Bank was very flexible in accepting change of the property used as collateral for the loan, while in 2015-2020, interest of clients was rather on early repayment, so the inquiries concerned the possibility of offering a more favorable exchange rate. From 2020, due to a significant reduction in the WIBOR rate, customers are mainly interested in the possibility of converting the loan into PLN, eliminating the currency risk and maintaining the already low monthly installment. The Bank's proposal is prepared individually for each client and the formalities related to currency conversion or loan repayment are kept to a minimum. We assess the interest of customers as significant.

Settlements according to the average NBP exchange rate

Bank Millennium allows the borrower to repay the loan directly in CHF and from May 2020 the bank uses the average exchange rate of the National Bank of Poland in the settlements of Swiss franc loans.

Six pack

Since January 2015, when the Swiss franc exchange rate increased rapidly, Bank Millennium has been offering special solutions, the so-called "Six pack", including among others:

- Taking into account the negative Libor rate when calculating the interest rate on housing loans.
- At the client's request, extension of the repayment period or temporary suspension of the loan installment repayment, so that its level is not higher or is slightly higher than before the rate was released. These applications could only be submitted by borrowers residing in the real estate to be credited.
- Resignation from demanding new collateral and loan insurance for borrowers who repay loan installments on time.
- Making the rules of mortgage loan restructuring more flexible for clients residing in the real estate being credited.

Borrowers Support Fund

Bank Millennium customers, borrowers in Swiss francs and zlotys and are in a difficult financial situation may apply for support from the Borrowers Support Fund established and supplied with the amount of PLN 600 million by banks, including Bank Millennium in 2015. Pursuant to the Act on support for borrowers who took out a housing loan and are in a difficult financial situation, adopted in 2019, and entered into force on 1 January 2020, the criteria for applying for support have been changed, which is to increase the availability of the Fund.

The proposal of the Chairman of the Polish Financial Supervision Authority

Bank Millennium conducts customer opinion surveys and participates in analytical work on the proposal of the Chairman of the Polish Financial Supervision Authority to offer customers the option of converting foreign currency mortgage loans into PLN as if the loans were in PLN from the date they were granted, with a simultaneous retrospective change of the formula for calculating interest at WIBOR plus a historical margin for such loans from the date of granting the loan. Decision on implementation has not yet been taken.

SOCIETY - FINANCIAL EDUCATION, SUPPORT FOR CULTURAL INITIATIVES, VOLUNTEERING

Financial ABCs

This proprietary financial education program for preschool children launched by the Bank Millennium Foundation in 2016 has been crafted and is delivered by Bank employees in collaboration with a non-governmental organization.

- Under the “Financial ABCs”, the Foundation has prepared a series of animated videos about the adventures of Mr. Sebastian, aiming to support parents in the home education of preschoolers during the pandemic.
- The Foundation has also created an **e-guide for parents on “How to teach finance to children”** and **a series of video interviews with a psychologist** on topics related to the specificity of financial education for preschoolers.
- Parents often use the **“Financial ABCs” in online form** to talk to their children about the world of finance and teach them thrift and saving habits from an early age.



Support for cultural initiatives

Bank Millennium is a 360° patron of culture as it promotes art in nearly all its manifestations. Since 2006, the Bank has been involved a partner, and since 2016, as the title sponsor of the largest documentary film festival in Europe, Millennium Docs Against Gravity. During the festival, films are presented that familiarize a broad audience with significant issues related to social and environmental issues as well as other topics.



Millantrop program

The Foundation runs a program called Millantrop under which grants are awarded in a contest format for the Bank Millennium Group employees to conduct social campaigns.



ACTIVITIES IN PROGRESS AND PLANNED FOR 2021

- Follow-up of the promotion of educational materials for preschoolers and their parents.
- Resumption of the organization of workshops in preschools in the fourth quarter of this year.
- Acting as the titular patron for the 18th Millennium Docs Against Gravity festival.
- Resumption of the employee program - a grant program under which employees organize events in their local communities.

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5

CORPORATE GOVERNANCE

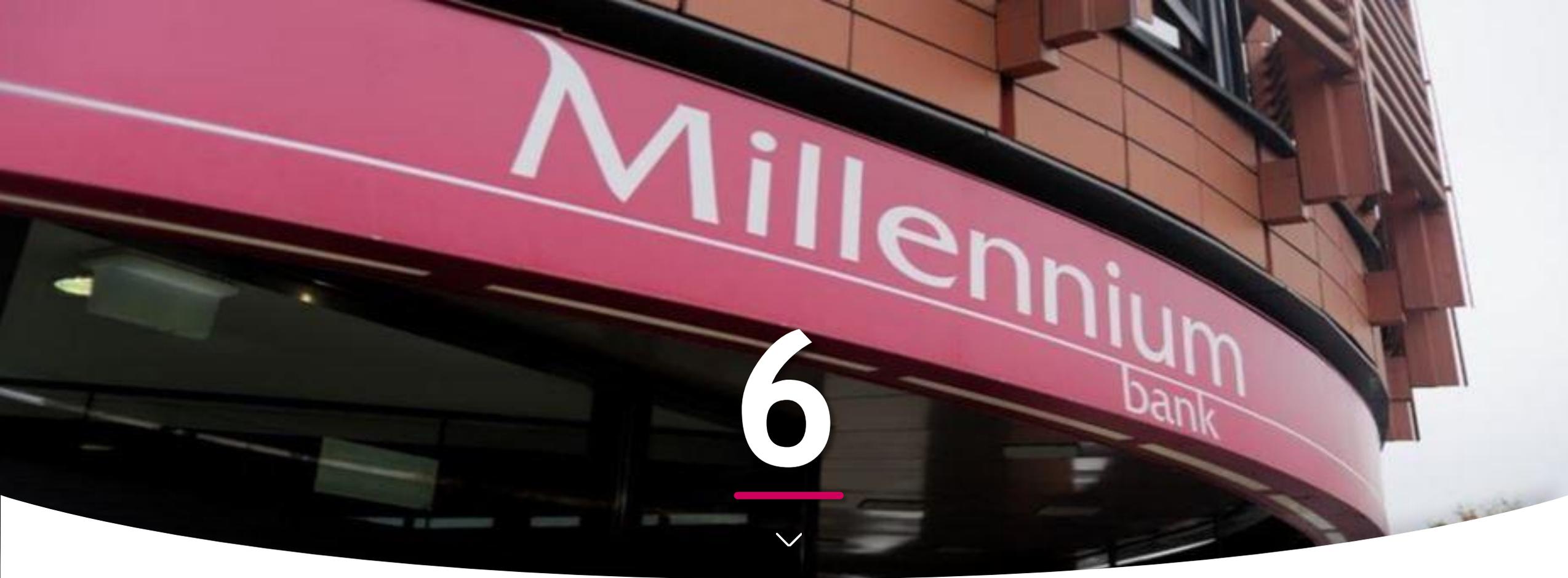
REGULAR TRAINING PROGRAMS AND OTHER ACTIVITIES PLANNED FOR 2021

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

- **Code of Ethics** - lays down our ethical principles. The Compliance Department is responsible for articulating the principles of the Code, communicating and promoting ethical values and evaluating the adherence to the principles of ethics.
- **Institution of the 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.
- **System for inspecting compliance with the rules of ethics** - encompasses periodical inspections and one-off inspections carried out at the initiative of the Ethics Officer.

In 2021:

- We intend to **intensify employee training** in the broadly construed area of compliance of the Bank's operations with the applicable laws, internal regulations and market standards.
- **We have unified the rules for counteracting corruption** in a separate internal regulation.
- Work is underway to **implement Recommendation Z** issued by the Polish Financial Supervision Authority regarding the principles of internal governance in banks.
- The Bank is in the process of reviewing and implementing the recommendations laid down in the updated set of corporate governance rules entitled **"Best Practices for WSE Listed Companies 2021"**



RECOGNITION FOR OUR ACTIVITIES

WE ARE RECOGNIZED FOR OUR ESG ACTIVITIES

- In this year's edition of the **Institution of the Year** ranking by Moje Bankowanie, the activities of the Bank Millennium Foundation were recognized in the Corporate Social Responsibility category.
- The Millennium Docs Against Gravity documentary film festival, supported for 15 years by Bank Millennium, along with last year's Docs Against Isolation event were awarded by Internet users in this year's edition of the **Golden Banker** competition, having been ranked second in the "**Socially Sensitive Bank**" category.
- As many as 27 activities completed by Bank Millennium for the benefit of society and the natural environment have been recognized in the "Responsible Business in Poland" reports published by the Responsible Business Forum. Among the activities completed in 2020, the following ones were distinguished: transfer of funds for the first Polish COVID-19 test, creation of a support fund for employees suffering from COVID-19, #zostanwdomu (#stayathome) and online financial education for preschoolers and their parents.
- In May 2021, Bank Millennium was awarded with the **Culture Atlas** title for the 6th time by the Kraków Festival Office for its patronage over the Sacrum Profanum festival.
- In June 2021, like in 2020, we were awarded the **Golden CSR Leaf** by the Polityka weekly journal.

