

ESG strategy of Bank Millennium Group for 2022- 2024

The ESG strategy develops and specifies the environmental, social and corporate governance objectives presented in the Strategy for the years 2022-2024 “Millennium 2024: Inspired by people”.

ESG | Sustainable development issues are an integral part of Bank Millennium Group strategy for 2022-2024

Environmental, social and governance (ESG) aspects have been for years an integral part of Bank Millennium Group business strategy. They have been also included in the new Strategy for 2022 - 2024 "Millennium 2024: Inspired by people", in which we declared i.a. the support of our customers in their road to decarbonisation and ambitious plans to reduce our own CO₂ emissions.

Both the new Strategy for 2022-2024 and the ESG Strategy **attribute significant importance to inspiration from our employees, customers and the community in which the Bank operates.**



ESG strategy develops and specifies environmental, social and corporate governance issues presented in the overall strategy of Bank Millennium Group. The document presents our approach to sustainability issues as well as our ambitions, targets and actions that we will undertake to achieve them.





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Inspired by People

As a Bank that is inspired by people, we want present and future generations to live in a clean environment, supported by sustainable economic activities, where every person we interact with has the prospects to function in a supportive and diverse society.

We want to best respond to and support the needs of all Bank stakeholders. We realize that the needs of each stakeholder groups are diverse, which is why we look at and analyze them from various perspectives and at different levels, including the perspective of the customer, employee or investor.



We offer our clients banking products that meet their individual needs and support them in meeting both their daily operations and strategic challenges. We provide our employees with a work environment full of mutual respect which enables their personal and professional development. With our investors in mind, we strive to achieve the best possible financial results while maintaining high operating standards. We take action on many, often different levels. The element that unites them is people - **people who inspire us to make positive changes.**

We believe that accomplishment of the goals and initiatives presented in this ESG Strategy will allow us to **act for sustainable development for the benefit of present and future generations.**



Sustainable Development Goals | Our activities contribute to the global Sustainable Development Goals (SDGs) set by the UN in Agenda 2030



As a signatory to the UN Sustainable Development Goals, we strive to incorporate these goals into our strategic initiatives and into our decisions and actions.



All of the UN's goals are important to us, but we are focusing on seven in particular that are essential for us:

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



Pillars of Strategy | Our ESG Strategy is based on three pillars that are key to us in terms of impact of our business on the market, environment and people.



We implement our sustainability activities in three areas, which are the pillars of our ESG Strategy:

- Environmental protection
- Social responsibility
- Corporate governance

Our goal is that the initiatives developed and implemented under these pillars will contribute significantly to positive change both now and in the future.



What matters to us is not just reaching our goals, but how we reach them, which is why we pursue our initiatives on three different levels:

- within the way we operate as an organization,
- in our interactions with our customers,
- through our impact on the surroundings (market, environment and people).

The greatest opportunities for change are within our own business model. We also initiate positive ESG changes with our customers, including by providing superior customer service, conducting ethical marketing and sales, making banking and non-banking services (e.g., e-government) easier to use, and continuing to consistently introduce innovative services as well as better accessibility for people with disabilities. At the same time, we are aware of the impact we have on our community; therefore, using our capabilities, we also undertake actions which have a positive impact on the environment and society in general.



Environmental Protection

The Millennium Bank logo is displayed in a modern, sans-serif font. The word "Millennium" is in a larger size, and "bank" is smaller and positioned below it. The logo is set against a white background that is part of a larger architectural structure. This structure features several vertical panels filled with a dense, vibrant green living wall of small plants. The panels are illuminated from within, creating a warm, glowing effect. The overall aesthetic is clean, modern, and environmentally conscious.

Millennium
bank

Environmental protection | We are aware of the need to take pro-environmental actions, therefore we actively engage in initiatives for sustainable development and low-emission economy

 Aiming for climate neutrality

 Reduction of resource consumption

 Offering sustainable products

 Responsible lending policy

 Partnerships with organizations

 Educational activities

Environmental action is essential to force back climate change. As a Bank, we believe that long-term economic growth must coexist with strong environmental action.

Through our actions we want to contribute to improving the condition of our planet and preserve its resources for future generations.



We are committed to sustainable development and a low-emission economy by responsibly developing a long-term product policy that takes into account the processes of climate transition as well as ecological and innovative solutions.

We believe that pro-environmental behavior and everyday choices are equally important, therefore we want to include elements of environmental education in our actions, consistently building environmental awareness among employees, customers and business partners.



Supported SDGs



Environmental protection | We strive to use solutions that are environmentally friendly

Aiming for climate neutrality and ultimately net zero emissions

Planned initiatives

- Striving for climate neutrality in the area of direct and indirect emissions (Scope 1 and 2), with a target of net zero emissions in all three scopes
- Ensuring high energy efficiency in new branches and continuation of modernization work in the existing ones in order to achieve the highest possible energy efficiency

KPIs/measures of success

- Reaching climate neutrality for direct (Scope 1) and indirect (Scope 2) emissions by 2027
- Reaching net zero emissions for direct (Scope 1) and indirect (Scope 2 and 3) emissions in 2050
- Reducing own emissions by 50% in 2022 compared to 2020
- 100% of purchased electricity will come from renewable sources (ensured by certifications)
- Building a car fleet consisting only of low-emission vehicles by 2024

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Environmental protection | We are reducing the use of resources through modifying and streamlining processes

Reduction of resource consumption

Planned initiatives

- Continued efforts to fully eliminate paper documentation in sales and customer service processes and promoting plastic-free payment methods
- Continuation of efforts for a high level of waste recycling, promoting a zero-waste culture

KPIs/measures of success

- Ensuring that core sales and post-sales processes for retail customers can be executed fully digitally, which includes new digital authorization of transactions in branches
- By 2024, reduction of the share of retail customers with paper account statements to <5% of the active customer base
- By 2024, reduction of paper-based document exchange in corporate customer service processes by 50% (compared to the end of 2021)
- Higher number of clients using mobile contactless payments
- Maintaining the high percentage of recycled waste and reused resources

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Environmental protection | We are consistently committed to developing product offers that support the sustainable development and transformation of our customers

Product offering promoting sustainable development

Planned initiatives

- Assisting customers in making the transition to environmentally sustainable operations by offering green products combined with technical support
- Increasing funding for sustainable development projects through active participation in governmental and EU programs aimed at reduction of negative environmental impact
- Expanding the investment offer with products that promote environmental or social aspects

KPIs/measures of success

- Providing PLN 2 billion in financing of sustainable corporate and leasing projects in years 2022-2024
- Introduction of a range of products to support sustainable development in various business segments (including small and medium-sized enterprises) in the area of energy efficiency, renewable energy and the circular economy
- Inclusion of funds that promote environmental or social aspects in the investment advisory service from 2022
- Expanding the Bank's future sources of financing with financing based on a green asset portfolio

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Environmental protection | We responsibly create long-term credit policy, taking into account the processes of climate transformation

Responsible lending policy

Planned initiatives

- Maintaining the policy of not financing new coal mining projects and investments in coal-fired power generation, except from new investments related to pollution reduction.
- Further development of the existing approach used to account for the impact of climate risk on financed entities and projects

KPIs/measures of success

- Consistent minimizing of credit exposures related to coal mining (at the end of 2021, they represented 0.96% of the corporate portfolio and 0.27% of the Group's total portfolio)
- Strengthening and systematizing the inclusion of environmental and social risk elements in sector policies, starting with the 2022 sector policy

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Environmental protection | To provide the greatest sustainability opportunities for our customers, we join forces with other organizations

Partnerships with organizations in developing sustainable financing

Planned initiatives

- Assisting clients in obtaining EU funds and other public programs that finance green transformation
- Further development of cooperation with partners in order to more effectively support clients in achieving their business objectives and green transformation plans

KPIs/measures of success

- Creation of a competence center responsible for supporting clients in raising funds under available public programs
- Reaching 5% market share in investment loans secured with EU and PL funds and related to green financing
- Participation in programs supporting transformation and sustainable development (e.g. conducted by: Bank Gospodarstwa Krajowego, European Investment Bank, National Centre for Research and Development, Polish Agency for Enterprise Development, Polish Development Fund, Centre for EU Transport Programs)



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Environmental protection | We understand the importance of climate change awareness, therefore we are planning educational and informational activities in this regard

Educational activities

Planned initiatives

- Information and educational activities addressed to the Bank's employees and customers in order to build knowledge about sustainable development
- New certification program for corporate banking advisors to support customers in obtaining green finance, as well as in taking advantage of EU programs and achieving sustainable development goals
- Establishment of cooperation with organisations having expertise in the field of pro-environmental solutions in order to carry out joint activities

KPIs/measures of success

- Program of activities building environmental awareness of the Bank's employees on climate change and issues related to the environmental impact of the Bank's operations
- Internal certification of 100% of corporate banking advisors to actively support customers' green investments
- Acquisition of expert partners to support the Bank and its customers in terms of pro-environmental solutions

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Social responsibility



Social responsibility | As a bank that is inspired by people, we want to understand and support in the best way the needs of employees, customers and local communities



Employee development and support



Promoting equality and diversity



Assisting clients in growing their business and finance



Education and security



Banking without barriers



Charity and cultural support

A culture that values diversity and inclusiveness does not create itself. It takes time, attention and thoughtful effort to build it and grow. We believe that every person deserves to be respected and valued, and we place special emphasis on fostering these values within and outside our organization.



As an employer, we support our employees in their development so they can reach their full potential. As a banking service provider, we provide customers with the financial tools to grow their businesses. As a community member, we support initiatives aimed at building social capital. At the same time, we work to remove physical and mental barriers, combat prejudice and stereotypes, provide equal opportunities, and develop partnerships with social impact organizations. We actively respond to the changes around us, therefore we undertake a number of activities to support Ukrainian citizens. We believe that strong communities are the foundation of the economy.



Supported SDGs



Social responsibility | Our employees are the foundation of our business, which is why we strive for their continuous development, equal opportunities, clear career paths and satisfaction

Employee development and support

Planned initiatives

- Strengthening EVP (Employee Value Proposition) by implementing initiatives supporting employee well-being and friendly work environment, establishing a long-term approach to hybrid work and implementing a system for measuring employee satisfaction taking into account the effectiveness of implemented initiatives
- Caring for employee development through the implementation of educational and training programs

KPIs/measures of success

- Implementation of the Bank Millennium strategy on the labor market
- Developing principles governing the hybrid work approach
- Periodic employee satisfaction surveys
- Implementation of a new edition of the MLeaders managerial competence development program
- Implementation of a self-study model and structuring of training programs available to employees

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Social responsibility | We create an organizational culture based on equality, cooperation and respect for diversity, in which every employee will find own place

↗ Promoting equality and diversity

Planned initiatives

- Carrying out activities to reduce the gender pay gap
- Developing an inclusive organisational culture and promoting diversity

KPIs/measures of success

- Monitoring gender pay levels
- Reducing the level of the gender pay gap comparing to 2021 year end base
- Implementing an educational initiative to promote diversity

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Social responsibility | We implement innovative technology solutions that support our customers in their business operations

Assisting clients in growing their business and finances

Planned initiatives

- Supporting clients in the development of their businesses through new services, digitization of processes and implementation of modern security, financial and technological solutions

KPIs/measures of success

- Implementation of a new mobile application for corporate clients and solutions enabling comfortable and fast exchange of banking data with the client's financial and accounting systems (host-to-host)
- Implementation of additional solutions for micro businesses (e.g. mobile SoftPOS terminal) as well as new functionalities of the mobile application (currency exchange, online accounting, etc.) supporting business operations
- Implementation of a solution that enables registering a sole proprietorship in the Bank along with opening a company account with a VAT account

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Social responsibility | We actively support the development of our customers by providing support and sharing ideas

Assisting clients in growing their business and finances

Planned initiatives

- Providing substantive support in the process of managing company's finances and creating space for exchange of experience, good practices, inspiration and knowledge
- Supporting enterprises (including family businesses) through co-organization of events aimed at support in development, integration and cooperation of local companies

KPIs/measures of success

- Development of an EU Competence Hub, to work with customers applying for public programs to support their business ventures
- Creating a new digital communication channel for corporate clients with knowledge and inspiration on business operations
- Conduct a series of webinars to support business development, including security, digitization, EU programs, local support, etc.

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Social responsibility | We enhance the financial management knowledge of all our clients, starting with the youngest

Financial education

Planned initiatives

- Provide financial education to retail clients and promote solutions that support full understanding of complex products
- Support customers in building their skills to navigate in the digital world
- Introduce young people to the world of finance by continuing educational activities and preparing a product offering tailored to their needs. Covering both young customers and their parents with educational activities
- Building financial awareness among the youngest

KPIs/measures of success

- Implementing educational activities aimed at explaining more complex issues concerning the products offered by the Bank, available to the broad audience
- Regular (once a month) webinars for digital ambassadors, i.e. branch employees who support customers in the process of entering the banking digital world
- Increase the number of established banking relationships with 7-12 and 13-18 year olds
- Continuation of "Finansowy Elementarz/ Financial ABC" financial education program for preschoolers

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Social responsibility | We systematically and consistently build awareness of our clients in the area of cyber security

Security education

Planned initiatives

- Continuation of comprehensive cybersecurity education efforts including profiled digital security banking campaigns and outreach on current threats to a broad audience

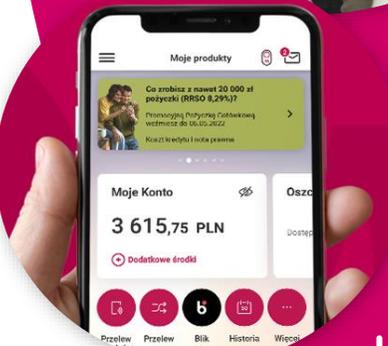
KPIs/measures of success

- Higher rate of outreach to customers in security campaigns
- Providing up-to-date information and alerts on the Bank's website and in the media

Area



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Social responsibility | We strive to ensure that all customers, including people with disabilities, have convenient access to financial services

Banking without barriers

Planned initiatives

- Support of people with special needs in using banking services, including by implementing solutions aimed at ensuring that the Bank's mobile application and website are better tailored to the needs of people with disabilities, as well as those with special needs (e.g. seniors)
- Support customers in navigating the digital world through process improvement and digital banking education activities

KPIs/measures of success

- Increasing the percentage of customers with access to and active use of digital channels, primarily in the 65+ age group
- Adjusting new branches to the needs of people with mobility impairments
- Maintaining the adaptation of 100% of own ATMs to the needs of people with special needs (e.g. visually or hearing impaired)
- Maintaining a dedicated section on the website dedicated to how to start the safe use of digital channels "First step online"

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Social responsibility | We engage our employees in local community activities and actively promote cultural development

♥ Charity and cultural support

Planned initiatives

- Development of employee volunteer programs and grants for community activities
- Continuing our role as a patron of culture, particularly the art of film, and continuing our support in building better access to cultural events for all audiences

KPIs/measures of success

- Maintaining or increasing the number of hours devoted to #słuchaMYwspieraMY volunteer program activities
- Maintaining Bank's long-term patronage over the Millennium Docs Against Gravity film festival
- Continuation of the documentary film audiodescription project as part of the Millennium Docs Against Gravity film festival

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Millennium
19th DOCS
AGAINST
GRAVITY
FILM FESTIVAL

FUNDACJA BANKU
Millennium



Social responsibility | We actively respond to the changes that surround us, therefore we undertake a number of activities to support Ukrainian citizens

Support for Ukrainian citizens harmed by war

Planned initiatives

- Charitable activities aimed at assisting Ukrainian citizens materially and technically
- Counteracting financial exclusion by further developing the offer of products and services aimed at Ukrainian citizens
- Support in functioning as a refugee

KPIs/measures of success

- Cooperation with organizations supporting refugees from Ukraine
- Supporting voluntary activities and financing the initiatives for refugees
- Further development of the offer of products and services aimed at Ukrainian citizens, adapted to their needs and language
- Using digital channels to provide Ukrainian citizens with options to facilitate functioning as refugees (e.g. access to a trusted profile, applications for state aid)

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Corporate governance



Corporate governance | Our goal is to provide effective, innovative and prudent management to ensure the long-term growth of our stakeholders



Sustainable organization



Corporate governance and compliance policies



Reporting and disclosures



Climate risk management



Sustainable supply chain policies



Clear communication

We comply with the highest standards in our operations, including the Corporate Governance Principles for Supervised Institutions and Best Practices for WSE Listed Companies, and we maintain an active dialogue with all stakeholder groups so that we know what matters most to the people who inspire us and use their opinions in shaping the Bank's offering.

We strive to achieve full transparency in our operations, a sustainable value chain and to ensure full compliance with applicable laws and regulations. At the same time, we want to communicate in a way that is understandable to all our stakeholders.



We oversee and coordinate the implementation of sustainable development principles through a dedicated Sustainability Committee and Sustainability Office.



Supported SDGs



Corporate governance | We strive for organizational excellence and regular dialogue with all stakeholder groups

Sustainable organization

Planned initiatives

- Organizing periodic meetings of the Sustainability Committee, where strategic decisions on ESG activities will be monitored and discussed
- Continuous improvement of the organization in the ESG area
- Dialogue with stakeholders, to precisely identify the needs of all entities interested in activities of the Millennium Group

KPIs/measures of success

- Integration of key findings from the Sustainability Committee meetings into implemented sustainability initiatives
- Periodical review and update of internal regulations in areas of Millennium Group operations which have a significant impact on the environment and society
- Regular surveying of expectations of internal and external stakeholders on ESG activities carried out and reported by the Group

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Corporate governance | Our goal is to ensure the highest standards of compliance through education, processes and people engagement

Corporate governance and compliance policies

Planned initiatives

- Ensuring the highest standards of corporate governance through continuous improvement of policies, procedures and processes related to ethics
- Increasing the frequency and scope of employee training related to organizational ethics and workplace behavior
- Including ESG issues in the goals set for managers implementing sustainable development initiatives
- Further improvement of the customer relationship building process by expanding KYC activities, based on internal policies, IT system and tailored training system to the customer's identified AML risk profile

KPIs/measures of success

- Periodical process for reviewing internal corporate governance standards and their application within the organization
- Minimum 90% of employees trained on ethics in the organization during the year
- Including ESG factors in evaluation criteria for managers implementing sustainability initiatives
- Monitoring of a comprehensive AML training program on a monthly basis

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Corporate governance | We are committed to providing transparent information about the Millennium Group's activities in the ESG area to everyone interested

Reporting and disclosures

Planned initiatives

- Maintaining the highest standards of professionalism and transparency in ESG reporting within the Group, based on GRI standards, taking into account changing legislation in the area of sustainable development

KPIs/measures of success

- Annual publication of a comprehensive ESG report

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Climate risk management

Planned initiatives

- Continues improvement of a climate risk management approach

KPIs/measures of success

- Development and regular reporting of RAS measures in terms of ESG factors
- Taking climatic factors into account in stress tests
- Further development of internal regulations in the field of climate risk management

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Corporate governance | We start sustainable change with ourselves, but aim to cover the entire value chain

Sustainable supply chain policies

Planned initiatives

- Further development of ESG aspects in the process of selecting and cooperating with suppliers
- Promoting sustainable development aspects among suppliers in the Millennium Group value chain

KPIs/measures of success

- Development of the Group's purchasing policy by including further elements from the areas of: environmental, social and internal governance to the supplier assessment process
- Developing guidelines including best ESG standards for suppliers

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Corporate governance | We consistently improve our communication processes so that the language we use with our customers is simple and understandable

Clear communication

Planned initiatives

- Using simple and understandable to a wide audience language in communication with customers
- Communication tailored to the customer's needs

KPIs/measures of success

- Covering all documentation addressed to clients with the principles of plain language
- Average value of the index of transparency of content presented to clients in electronic channels measured with Plain Language Index - 60%
- Obtaining an external certificate for Bank communication granted by the academic initiative: Pracownia Prostej Polszczyzny
- Reducing number of complaints related to customer misunderstanding of the product

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